
A STUDY ON ATTITUDE OF POLICY HOLDERS TOWARDS MICRO INSURANCE PRODUCTS WITH SPECIAL REFERENCE TO UDUPI DISTRICT

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Prof.KT.SUBHASHCHANDRA

Assistant Professor, Government RC College, Bangalore, Karnataka, India

Prof.K.SHAILA

*Research Scholar, Department of Commerce
Bharathiar University, Coimbatore, Tamil Nadu, India*

Abstract

Micro Insurance is a quintessential for fighting against poverty in India. The objective of this paper is to gather the opinion of policy holders in connection with micro insurance products and to know the satisfaction level among policy holders towards various variables with Micro insurance. The friedman test was used to find the opinion and weighted average method was used to find the satisfaction level among policy holders. Overall opinion were rated good. But respondents feels that adequate publicity was lacking which is having least mean rank. Our study also shows that policy holders are satisfied with the overall micro insurance products. But respondents were unhappy with the attributes such as sum assured and terms of policy

Keywords: *Micro Insurance, Opinion, Satisfaction, Policyholders*

Introduction

The lives of the poor in developing countries are characterized by constant economic insecurity. They are exposed to numerous risks in their daily lives. These risks can be life cycle related, economic, political, societal or natural disasters like floods or climate change. Most of them do not have adequate financial reserves to properly cope with crises that are caused by personal and environmental risks. Their capacity to deal with such risks is often very limited. "Every illness, every accident, every family death can push them deeper into poverty. In most parts of the world, the extended family or village community provides a safety net in times of crisis. That safety net is based on reciprocal exchange relationships. However, this traditional form of protection often fails in the face of severe emergencies or crises that affect entire communities, for example after a natural disaster. In such instances, people are forced to go into debt by taking out more loans, to reduce the amount they spend on food, to take their children out of school or, in extreme cases, to sell their productive assets, such as animals and fields" (Federal Ministry for Economic Cooperation and

Development (2011). To overcome this problem several risk strategies are there and one such risk coping mechanism specifically targeting the poor, is called micro insurance. "A number of alternatives, mostly informal safeguard mechanisms do in fact exist in families and village communities, including risk distribution systems (e.g. burial societies), networks for mutual support (e.g. loan arrangements; private money transfer), and measures to self-insure against hard times (e.g. savings; crop stockpiles). Many studies have shown, however, that these mechanisms typically only offer a low degree of protection and are also very cost intensive Micro insurance is the term used to refer the insurance to the low income people as it is different from insurance in general where micro insurance is a low value product with less premium and benefits. Micro insurance can boost resources for the rural poor, governments and private sector. The entire economy gains as the insurance industry matures further as well. There is a need for micro insurance in India's poverty reduction strategy. It increases the livelihood of the poor where they can eat well, have good health since they wouldn't have to save as much for emergencies Attitude is an important determinant of behaviour. Attitudes are a predisposition to feel or act in a given manner towards a specific person, group, object, institution or idea¹. Attitudes are an expression of inner feelings that reflect whether a person is favourably or unfavourably predisposed to some 'object' (e.g. price, a service, etc). As an outcome of some psychological processes, attitudes are not directly observable, but must be inferred from what people say or from their behaviour. According to Leon G. Schiffman, "an attitude is a learned predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object".²

1. Rustom S. Davar, Modern Marketing Management, Progressive Co-operation Private Limited, 1979, p.137.
2. .Leon G.Schiffman and Leslie Lazar Kanuk, Consumer Behavior, Prentice-Hall of India Private Limited, New Delhi, 1988, p.270.

Profile of the study area

This study has been taken in Udupi district of Karnataka.

Demographic details of Udupi District

Description	2011
Actual Population	1,177,361
Male	562,131
Female	615,230
Population Growth	5.85%
Area Sq. Km	3,582
Density/km ²	329
Proportion to Karnataka Population	1.93%

Source: <http://www.census2011.co.in/census/district/268-udupi.html>

Demographic details of Udupi district-Rural and Urban:

Description	Rural	Urban
Population (%)	71.63%	28.37%
Total Population	843,300	334,061
Male Population	398,847	163,284
Female Population	444,453	170,777
Average Literacy	83.91%	92.13%

Source: <http://www.census2011.co.in/census/district/268-udupi.html>

Review of literature

Sl. No	Title	Author's	Publication details	Findings
1	"Micro Insurance Schemes: Awareness and future prospects among labor class	P.P Singh and Shweta Miglani	International journal of academic conference proceeding Vol.1, No 1 (2011)	<p>"To study the preference level of micro insurance schemes among the labor class." 3. "To study the level of effective implementation in the insurance sector."</p> <p>Percentage The study concludes that policy and institutions are promoting micro insurance among grass root peoples of the county which forms the biggest part of the populations and almost without any coverage of social security. Although the present reach or coverage of insurance companies is very limited. But it is also influencing the public and private insurance companies to increase the reach of micro insurance while making micro insurance more commercial among these peoples. Low income people are contributing towards the micro insurance through small premium amounts this is showing the tiny growth of economy with micro insurance schemes.</p>
2	Impact of micro insurance initiatives for society for eliminating rural poverty (SERP	National insurance academy, Pune	http://www.aaby.ap.gov.in/RIAMicro_Insurance_initiative.pdf (May 2010)	<p>The study finding depicts that awareness about the micro insurance initiatives is satisfactory. However, the awareness about benefits under scheme, details of claim process is low in all districts. The socio economic impact of the project is encouraging. The project is successful in instilling the sense of security among people. They also feel that their social status has increased and they have become confident. The financial assistance has helped them in reducing vulnerability and has increased their creditworthiness.</p> <p>The study suggested that the role played by Radio and television in transferring information is nil. Keeping in view the fact that audio & visual media make more impact on the audience, these two sources can be utilized in future. So, The improvements in awareness, service delivery and will contribute to sustainability.</p>
3	"Insurance made available to socially backward people"	Poonam Arora	http://www.indiastat.com/article/04/parora/fulltext.pdf (March- April 2009)	<p>The study shows that the knowledge level of micro insurance products among the poor peoples is very low. Also most of the people think that insurance is affordable by rich class of the society. Poor people don't prefer to invest into insurance to bear any kind of unpredictable risk. Thus insurance companies must focus to remove risk conceptions among the people and try to attract as much poor</p>

				population. And this only possible with good creation of awareness about micro insurance.
4	"Building security for poor- Potential and prospects for micro insurance in India"	Anuradha K. Rajivan	"Human development report unit, UNDP Regional Centre in Colombo, Serving Asia and the Pacific (2007)"	The research concludes that scheduled real stages to discourse restraints like poverty will help direct the insurability of the deprived in the future and study too displays that micro insurance is on the advantage of fluctuating take off in India. The present attention from the diverse shareholders, joint with the hard programme providing by the November 2005 instruction of IRDA, real, balancing catalytic provision will allow all the investors to show an extra pro-active part. Though, rendering to the insurance companies micro insurance is so far to be a confirmed commercial proposal, so speculation from their side is partial and hard work from few NGO's and MFI's have caused in the outline of micro insurance as an add-on to their present micro recognition schemes & values for the rural poor's
5	"Why the poor are underinsured- A case study on micro insurance in south-east India"	Benedikt Link	Working paper http://arc.hhs.se/download.aspx?MediumId=456 (February 2008)	This study has been conducted into southern state of the country i.e., Tamil Nadu which is 2 month project. In this projects those problems were focused which are not growing. In this project 248 questionnaires were develop, 40 structures interviews were taken with below poverty person involving man and women and experts. Along with this 4 main hypothesis were tested and all of them were rejected. In these hypothesis it is tested that NGO's and insurers transaction cost is reducing or independent of each other. However, research suggestion that, though threat opposed, the target people for micro insurance produces is commonly uninformed of micro insurance obtainability, absences monetary literateness and sympathetic of basic insurance ideas and displays illogical or restricted rational behaviour obstructing the demand for micro insurance

Objective of study

1. To study the profile of micro insurance sector
2. To gather the opinion of policyholders in connection with micro-insurance products
3. To measure the level of satisfaction of micro-insurance policyholders towards various variables in connection with micro-insurance products

Methodology

The research was carried out in Udupi district. In Udupi district there are three taluks. From each taluk four each villages were randomly selected. Thus, in total, 12 villages were taken for study. Collectively 120 respondents were selected, without applying any sample selection standard. In this study both primary & secondary data are used. The structured questionnaire is used to collect primary data. The data were collected by administering the questionnaire to the selected respondents.

For the measurement of attitude towards micro insurance products and level of satisfaction, responses were elicited on Likert five point scale. Analysis was done through Frequency, Percentage, Friedman test.

Results

Table 1 Demographic profile of respondent

Basis	Category of respondent	No of respondent	Percentage
Gender	Female	46	38
	Male	74	62
	Total	120	100
Age (Years)	Below 25	20	17
	26-40	57	47.5
	41-55	36	30
	56 & Above	7	5.5
	Total	120	100
Education	SSLC	33	27.5
	PUC	58	48
	Diploma	8	7
	Graduates	21	17.5
	Others	Nil	Nil
	Total	120	100
Occupation	Agricultural Labour	13	11
	Agriculturist	7	6
	Dairy Based Activity	9	7.5
	Tailor	17	14
	Mechanic	5	4
	Small Business	15	13
	Bidi Workers	27	22.5
	Daily wage workers	4	3
	Fishing	23	19
	Total	120	100
Annual Family Income	Below 50,000	20	17
	50,001 – 1,00,000	36	30
	1,00,001 - 1,50,000	42	35
	1,50,001 - 2,00,000	15	13
	2,00,001 – 3,60,000	7	6
	Total	120	100
Marital Status	Single	Nil	
	Married	94	78
	Separated	Nil	
	Divorced	02	2
	Widow	11	9.17
	Widower	13	11
	Total	120	100
No of dependents	1	5	4
	2	49	41
	3	60	50
	4 & above	6	5
	Total	120	100

H0 = There is no significant differences regarding opinion of the respondents about Micro Insurance Products

H1 = There is significant differences regarding opinion of the respondents about Micro Insurance Products

In order to find out the opinion regarding the micro insurance product among policy holders, the researcher has applied the Friedman test. It is a non-parametric test. Friedman test was used to identify the agreement level

Table 2 Opinion regarding Micro Insurance Products

Variables	Mean Rank	Chi Square	Degree of Freedom	P Value
Designed for low income individuals	7.18	125.255	9	0.001
Affordable premium	6.29			
Simple to understand the products of MI	5.98			
Adequate publicity	4.19			
Flexible coverage for specific needs	4.83			
Easy accessibility	4.81			
Available without Medical Examination	6.70			
Helps in reducing the risks	5.25			
Facility to avail loan on policies	4.66			
Prompt services by agents	5.12			

Source: Primary data

Table 2 shows that P value of 0.001 which is less than the ideal P value of 0.05 and the null hypothesis is rejected at five per cent level of significance. Hence it is concluded that there is a significant differences regarding opinion about micro insurance products.

Based on the mean rank respondents are agreed that Micro insurance are designed for low income group which is having 7.18 followed by available without medical examination which is having 6.70 mean rank. The study shows that adequate publicity which is having least mean rank of 4.19

Table 3 Satisfaction score of policy holders towards Micro Insurance Products

Variables	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	Total	Obtained satisfaction score	Satisfaction score in %	Rank
Sum Assured	17	36	39	28	Nil	120	372	62%	8
Policy Term	24	27	34	16	19	120	381	63%	7
Mode of Premium	29	56	43	21	21	120	561	94%	1
Premium Rate	31	66	23	Nil	Nil	120	488	81%	2
Grace Period	10	21	71	18	Nil	120	383	64%	6
Personalized Service	23	66	18	13	Nil	120	459	77%	3
Revival of Policies	16	21	83	Nil	Nil	120	413	69%	5
Claim Settlement	32	46	21	21	Nil	120	449	75%	4

Table 3 shows the satisfaction level of policy holders towards micro insurance products

The opinions of the respondents were recorded in a five point scale and weights were assigned as 5,4,3,2,and 1 respectively.

From the above table it is clear that respondents were highly satisfied with the mode of premium which scored 94% satisfaction score. It is evident from the study that the premium rate makes the policy holders satisfied with the micro insurance products. Next to this variable like personalized service, claim settlement influenced the policy holders by satisfaction level of 77% & 75% respectively.

The study shows that policy holders are not satisfied much by sum assured and policy terms.

Findings

1. Table 1 depicts the socio demographic profile of the respondents. The study shows that majority of the respondents is in the age group of 26-40. Who are are educated. The study tells that most of the respondents chosen Bidi rolling or fishing as an occupation
In the study number of dependents in the family is between 2 to 3 that shows the potential need for micro insurance policy.
2. Table 2 shows the Opinion regarding Micro Insurance Products. Friedman test was used to find the significant influence of opinion regarding micro insurance products. The study shows that there is a significant differences regarding opinion about micro insurance products.
3. Table 3 depicts the Satisfaction score of policy holders towards Micro Insurance Products. Respondents were satisfied with the mode of premium. Respondents were

satisfied with the personalized service, claim settlement policy. But towards sum assured and term of policy they have reduced level of satisfaction.

Conclusion

The financial inclusion initiated by Government of India has opened a new vista for Micro insurance Industry in the country. Micro Insurance scheme could bring in sea change in standard of living of rural people. The customized products could better suit the need of individual customer. Training program for insurance professional ensures the penetration and higher demand of insurance products in the market

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