



SOCIO-ECONOMIC CHARACTERISTICS OF INSURED HOUSEHOLDS

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ABSTRACT

Insurance occupies an important place in the complex modern world since risk, which can be insured, has increased enormously in every walk of life. This has led to growth in the insurance business and evolution of various types of insurance covers. The insurance sector acts as a mobiliser of savings and a financial intermediary and is also a promoter of investment activities. It can play a significant role in the economic development of a country, while economic development itself can facilitate the growth of the insurance sector. Insurance is a mechanism adopted to share the financial losses that might occur to an individual or his family on the happening of a specified event. The event may be death of the earning member of the family in the case of life insurance, marine-perils in marine insurance, fire in fire insurance and other certain events in miscellaneous insurance. An attempt is made to study the socio-economic characteristics of insured households. This study highlights the insured households' socio-economic characteristics.

KEY WORDS

General Insurance, Health Insurance, Insurance, Insured Households, Life Insurance, Risk Management, Socio-Economic Characteristics

INTRODUCTION

A commonly acknowledged phenomenon is that there is countless risk in every sphere of life. For property, there are fire risks; for shipment of goods, there are perils of sea; for human life there are risks of death or disability and so on. The chances of occurrences of the events causing losses are quite uncertain because these may or may not take place. Therefore, with this view in mind, people create common fund. While it may not be possible to tell in advance which person will suffer the losses, it is possible to work out how many persons on an average, out of a group, may suffer losses. When risk occurs, the loss is made good out of the common fund. In this way, each and every one shares the risk. In fact, they share the loss by payment of premium, which is calculated on the likelihood of loss. In olden time, the contribution by the persons was made at the time of loss.

Insurance can be classified broadly into two categories, viz. (a) Life Insurance, and (b) General or Non-Life insurance. Life insurance is a contract between the policy owner and the insurer, where the insurer agrees to pay the designated beneficiary a sum of money upon the occurrence of the insured individual's death or other event, such as terminal or critical illness. In return, the policy owner agrees to pay a stipulated amount at regular intervals or in lump sum. Life-based contracts tend to fall into two major categories: They are – (a) Protection policies and (b) Investment policies. Protection policies are designed to provide a benefit in case of a specified event, typically against lump sum payment. A common form of this policy is term insurance. The main objective of the investment policies is to facilitate the growth of capital by single or regular premiums. The common forms in this category include whole life, universal life and variable life policies.

General insurance or non-life insurance policies, including automobile and homeowners' policies, provide payments depending on the loss from a particular financial event. General insurance typically comprises any insurance cover that is not deemed to be life insurance. Some categories of general insurance policies are: vehicle, home, health, property, accident, sickness and unemployment, liability, and credit. The terms of insurance generally depend on the company providing the cover.

The business of life insurance in its existing form entered into India from the United Kingdom (UK) with the establishment of Oriental Life Insurance Company (to British firm) in Calcutta in 1818 and followed by Bombay Life Assurance Company in 1823, the Madras Equitable Life Insurance Society in 1829 and Oriental Government Security Life Assurance Company in 1874. Prior to 1871 Indian lives were treated as sub-standard and charged an extra premium of 15 per cent to 20 per cent. Bombay Mutual Life Assurance Society, an Indian insurer which came into existence in 1871, was the first to cover Indian lives at normal rates.

General Insurance would appear to have developed with the industrial revolution in the West and the consequent growth of seafaring trade and commerce in the 17th Century. It came to India from UK. In India, the General Insurance Business was transacted by British and other foreign insurance companies through their agencies. The first general insurance company, viz., Triton Insurance Company Ltd., was established in Calcutta in 1850 whose shares were held mainly by the British. In pursuance of the Nationalization Act, the General Insurance Corporation of India (GIC) was incorporated as a private company under the Companies Act on November 22, 1972 and subsequently it was registered on January 1, 1973 under the Insurance Act, 1938 to carry on all types of General Insurance business. The Government of India subscribed to the capital of GIC and in turn the GIC subscribed to the capital of four subsidiary companies. In this background, the study is undertaken to analyze the socio-economic characteristics of insured households.

LITERATURE REVIEW

A literature review is the comprehensive study and interpretation of literature that relates to a particular topic. It is a vital tool because it provides a synthesis of research and information. Literature reviews are important because they seek to summarize the literature that is available on any one topic. They make sense of a body of research and present an analysis of the available literature so that the reader does not have to access each individual research report included in the review. Hence, this section is devoted to present the various literature reviews available in connection with insurance.

Chollet, Deborah J. (2000) has made an article on "Consumers, Insurers, and Market Behavior". In this article, the author examines exactly who is in the individual insurance market and how consumers in this market compare with the uninsured and employer-insured populations. Differences between the operation of the individual and group markets are considered, including variations related to the structure of sellers in the market. The article concludes with some thoughts about information that might improve public policy governing private health insurance with particular reference to the individual insurance market in America. Pradeep Kansal (2004) in his study titled "Transformation of Insurance in India" explained that the foreign investors are finding Indian market more attractive because even a small share of a growing market looks lucrative. He concluded that in this fast developing scenario it will not be enough if companies have the futuristic strategies. Implementation of the strategies and effectively adapting them to on going changes can spell success. Vivek Gupta (2004) in his paper "Insurance Industry: An Indian Perspective" discussed the major factors that have influenced the Indian insurance industry in the new millennium including the emergence of new distribution channels to market insurance companies, rapid developments in technology and changing industry laws and regulations. He also makes an in-depth analysis of the change in the Indian insurance industry after deregulation. Auit R. Belsare (2005) in his study "Product Development in General Insurance – A Look at the Indian Market" explained that the product life cycle can be slightly modified if somewhere during the maturity stage product innovation takes place and it is repositioned after making improvements in the product. He also expressed that another major constraint the industry faces is the lack of reliable statistics on past losses, insurance rates and prompt claim settlement. He concluded that the regulator will have to ensure that the interests of the policy holders are protected, but at the same time a lot of freedom will have to be given to insurance companies to evolve their own strategies to do business. Tapen Sinha (2005), Swiss Re Visiting Professor, carried out a report "The Indian Insurance Industry: Challenges and Prospects". The objectives of this report were to explore the current state of development in India's insurance market and enumerate the opportunities and challenges offered by this exciting market. This report consists of eight sections. Even though there is strong potential for expansion of insurance into rural areas, growth has so far remained slow. Considering that the bulk of the Indian population still resides in rural areas, it is imperative that the insurance industry's development should not miss this vast sector of the population. Rajesham, Ch. and K. Rajender (2006) in their paper titled "Changing Scenario of Indian Sector" examined the reasons for the entry of private and foreign insurance players into Indian insurance market and added that the present scenario of insurance sector needs to provide with a wide range of world class products and services at competitive price by adopting international best practices to maintain professional standards for enhancing their market share in global insurance players in Indian insurance market. Rao, G.V. (2007) in his paper titled "A Powerful Agent of Change – The Customer Perspective" analyzed the technology, competition and observed that consumers have transformed the way the insurance business transactions are now performed determine how the consumers would like them to be changed. He also stated that the customer is the powerful change agent of the market that would call the shots to shape the future of the insurance market.

The National Council of Applied Economic Research (2011) has made a Pan India Survey about awareness levels about insurance both amongst the uninsured and insured population during March-August, 2010 on behalf of the Insurance Regulatory and Development Authority (IRDA). The objectives of the survey were threefold: (a) To study and analyze awareness levels of the insured population regarding their rights under the Act, policy holder protection regulations, different types of insurance (life insurance including term, single, premium, endowment, unit linked insurance programmes (ULIPs), health insurance, general insurance including householders, burglary, etc.), and levels of protection available from various types of insurance. (b) To study and analyze the awareness levels of the uninsured regarding need for insurance, types of insurance available, insurance interest, benefits of insurance, and benefits of ULIP investment. To generate a socio-economic profile of the insured and uninsured population by socio-economic parameters such as household income, type of dwelling unit, type of ration card held, occupation, literacy levels, etc. The report of the study was presented in seven chapters. Venkatesh Babu, S. (2012) in his article titled "Insurance Business in India – An Overview" discusses the present scenario of insurance industry, the future developing channels and the perceptions and expectations of end users toward insurance industry. With new insurance company coming in India, increase in awareness about insurance in India and good marketing and advertising campaigns carried out by the marketers will give rise and will grow the insurance market in future. Manohar Giri and Devlina Chatterjee (2021) have carried out a research article titled "Factors affecting changes in insured status of rural and urban households: A study over two time periods in India". The main purpose of the study is to understand the socio-economic and demographic determinants of changes in life insurance consumption of Indian households. It seems from the above review that study has not been carried out and research gap is exists. Hence, the authors have undertaken this current research work.

STATEMENT OF THE PROBLEM

Insurance is a mechanism adopted to share the financial losses that might occur to an individual or his family on the happening of a specified event. The event may be death of the earning member of the family in the case of life insurance, marine-perils in marine insurance, fire in fire insurance and other certain events in miscellaneous insurance. The loss arising from these events, if insured, is shared by all the insured in the form of premium. Hence, risk is transferred from one individual to a group.

Insurance is a form of risk management which is used primarily to hedge against the risk of a contingent, uncertain loss. Insurance is defined as the equitable transfer of the risk of loss, from one entity to another, in exchange for payment. Insurance is essentially an arrangement where the losses experienced by a few are extended among many who are exposed to similar risks. It is a protection against financial loss that may occur due to an unexpected event. The transaction involves the insured assuming a guaranteed and known, relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate or indemnify the insured in the case of a large, possibly devastating loss. The insured receives a contract called an insurance policy which details the conditions and circumstances under which the insured will be compensated. In this study, an attempt is made towards the insured households regarding their socio-economic profile.

OBJECTIVE OF THE STUDY

The main objective of the study is to review the socio-economic characteristics of the insured households and analyze the different types of insurance held by them.

METHODOLOGY

This study is both descriptive and analytical. For achieving the said objectives, both primary and secondary data have been used in this study. A comprehensive interview schedule, duly pre-tested, has been designed for collecting primary data. The non-probability method of Random Sampling was followed to choose the insured sample households. For the present analysis, the criterion for any household being considered 'insured' is that at least one member of the household must have insurance. The study is carried out in Madurai City.

The main source of data was primary. The researcher administered a comprehensive interview schedule for collecting primary data with regard to the behavioural approach of households towards insurance. This interview schedule was carefully designed with the consultation of insurance advisor and it was duly pre-tested. Pilot study was also undertaken and necessary changes were incorporated before finalization. Sample size selected for the study is 293. For gathering information, the researcher met all the 293 sample households living in different parts of Madurai City. All the analyses and inferences were made on the basis of this primary data. The secondary data have collected from journals, newspapers, reports, theses, and other published research works. In addition, data have been collected from relevant books on Risk Management, Principles of Insurance, Consumer Behaviour, and Marketing Management.

ANALYSIS AND INTERPRETATION

Analysis and interpretation were carried out based on the primary data generated with the help of an Interview Schedule. The socio-economic characteristics of the insured households have been examined and analyses are given. For the purpose of the study, the criterion for any household being considered 'insured' is that at least one member of the household must have insurance.

ANNUAL INCOME

The households have been classified based on their annual income by the application of mean and standard deviation. In the study, the household's minimum annual income is Rs.60,000 and the maximum is Rs.10,00,000. The mean annual income work out to Rs.2,47,908 and the computed standard deviation is Rs.2,20,874 for a sample of 293 households. The computed annual income which is greater than or equal to mean plus standard deviation is treated as 'High Income' households and the computed annual income which is less than or equal to mean minus standard deviation is known as 'Low Income' households. The annual income in between the 'low' and 'high' have been termed as 'Middle Income' households. The computed results are shown below.

High Income = Mean + Standard Deviation = Rs.2,47,908 + 2,20,874 = Rs.4,68,782

Low Income = Mean – Standard Deviation = Rs.2,47,908 – 2,20,874 = Rs.27,034

Middle Income = Between Low and High = Rs.27,034 to Rs.4,68,782

Based on the above computation the insured sample households have been classified. The distribution of households based on the annual income is shown in the following Table 1.

TABLE – 1
Distribution of Households based on Annual Income

Annual Income	No. of Households	Percentage
Low Income Households	0	0.00
Middle Income Households	238	81.23
High Income Households	55	18.77
Total	293	100.00

From Table 1, it is understood that none of the household belongs to 'low income' category in this study. Around 81.23 per cent of households belong to middle income and 18.77 per cent fall under high income category.

As income is considered as the main criterion for buying the insurance, all analyses are carried out based on income category, viz. middle and high income, for further analyses.

GENDER AND AGE

The households are categorized based on their gender, age and marital status and it is shown in Table 2. The member who responded during the survey has been considered for distribution of sample households.

TABLE – 2
Distribution of Households by Sex, Age and Marital Status

Particulars	Number and Percentage of Sample Households					
	Middle Income		High Income		Total	
	No.	%	No.	%	No.	%
Sex						
Male	182	76.5	40	72.7	222	75.8
Female	56	23.5	15	27.3	71	24.2
Age						
18 to 30 Years	22	9.2	3	5.5	25	8.5
31 to 45 Years	93	39.1	24	43.6	117	39.9
46 to 60 Years	107	45.0	25	45.5	132	45.1
Above 60 Years	16	6.7	3	5.5	19	6.5
Marital Status						
Married	212	89.1	52	94.5	264	90.1
Unmarried	26	10.9	3	5.5	29	9.9
Total	238	100.0	55	100.0	293	100.0

From the Table 2, the distribution of the sample shows that most of the households (75.8%) interviewed were male and around one-fourth was female. In high income category, around 27.3 per cent of female participated in the survey whereas it was 23.5 per cent in middle income category.

The age-wise profile reveals that a major portion of the households (45.1%) fall in '46 to 60 years' category and 39.9 per cent come under '31 to 45 years' category. While comparison, a higher proportion of high income households (43.6%) in the age group of 31 to 45 years participated in the survey.

Regarding the marital status, 89.1 per cent of middle income category and 94.5 per cent of high income category got married. Overall around 90.1 per cent of households are married members.

The general perception is male respondents normally participate in the survey and they belong to above 30 years. In addition, married respondents dominate more in the survey. The sample population tells the sample story and this holds true for gender and age-wise distribution.

RELIGION AND CASTE

An attempt is made to group the respondents on the basis of their religion and caste. This also forms one of the aspects of social characteristics of the insured households. Religion has been grouped into Hindu, Muslim and Christian. But the caste has been classified as Scheduled Caste/Tribe, Most Backward Class, Backward Class and Others (i.e. who come under general category). A classification of households by religion and caste is given in Table 3.

TABLE – 3
Distribution of Households by Religion and Caste

Particulars	Number and Percentage of Sample Households					
	Middle Income		High Income		Total	
	No.	%	No.	%	No.	%
Religion						
Hindu	153	64.3	38	69.1	191	65.2
Muslim	47	19.7	7	12.7	54	18.4
Christian	38	16.0	10	18.2	48	16.4
Caste						
Schedule Caste/Tribe	23	9.7	6	10.9	29	9.9
Most Backward Class	49	20.6	16	29.1	65	22.2
Backward Class	95	39.9	14	25.5	109	37.2
Others	71	29.8	19	34.5	90	30.7
Total	238	100.0	55	100.0	293	100.0

It is observed from Table 3 that a majority of 65.2 per cent of households belong to 'Hindu' religion. But the Muslim and Christian religious households account for 18.4 per cent and 16.4 per cent respectively in overall. In high income category, 69.1 per cent fall in Hindu, 12.7 per cent in Muslim and 18.2 per cent in Christian whereas it is 64.3, 19.7 and 16 per cent respectively in middle income category.

Regarding caste-wise distribution, 37.2 per cent belong to Backward Class, 30.7 per cent come under 'others' category, 22.2 per cent fall in 'Most Backward Class' and Scheduled Caste/Tribe accounts for 9.9 per cent only. While comparing income-wise, 'Backward Class' dominates more in middle income category (39.9%) and 'Other' community dominates in high income (29.8%).

The general opinion is the Hindu religious people account more than other religious people in Madurai City. Like that the 'most backward class' and 'other community' account for a major portion. The same opinion is observed from the study.

OCCUPATION AND EDUCATION

The occupation which forms the major source of income for the family has been taken into account as the occupation of the household. Similarly, the highest level of education of any member in the household has been taken as its level of education. This was done because, even where the head of the family is not literate, the younger members might be well educated and, being aware of insurance, they become responsible for the household becoming insured.

The distribution of households by occupation and level of education is given in Table 4. The occupation is normally classified as private service, government service, business/profession, self-employed and others. The level of education is classified into four categories, viz. illiterate, up to secondary level, up to higher secondary and graduate and above.

TABLE – 4
Distribution of Households by Main Occupation and Level of Education

Particulars	Number and Percentage of Sample Households					
	Middle Income		High Income		Total	
	No.	%	No.	%	No.	%
Occupation						
Private Service	61	25.6	15	27.3	76	25.9
Government Service	74	31.1	19	34.5	93	31.3
Business / Profession	54	22.7	15	27.3	69	23.5
Self-employed	26	10.9	5	9.1	31	10.6
Others	23	9.7	1	1.8	24	8.2
Highest Level of Education						
Illiterate	15	6.3	5	9.1	20	6.8
Up to Secondary School	58	24.4	18	32.7	76	25.9
Up to Higher Secondary	73	30.7	12	21.8	85	29.0
Graduate and Above	92	38.7	20	36.4	112	38.2
Total	238	100.0	55	100.0	293	100.0

It can be seen from Table 4 that a high percentage of the insured households are – a) government service to the extent of 31.3 per cent; b) private service accounts for 25.9 per cent; and c) business or profession to the tune of 23.5 per cent. It is also observed from the table that a high proportion of high income households are insured than the middle income households. The low percentage of insured households are – self employed (10.6%) and others category (8.2%). Among these households, middle income households dominate more than high income households towards insurance.

As regards the highest level of education, around 38.7 per cent are 'graduates and above' in middle income households and 36.4 per cent are in high income households. Around 30.7 per cent of middle income households and 21.8 per cent of high income households have studied 'up to higher secondary' level of education. About 33 per cent of high income households and 24 per cent of middle income households' education are 'up to secondary level'. The 'illiterate' account for 9.1 per cent in high income and 6.3 per cent in middle income category. This shows that the proportion of illiterate households is slightly higher in high income than middle income households.

It is also observed from Table 4 that in the sample study around 93 per cent are educated. Thus the education influences the households to take insurance. Among the income group, the highest proportion of illiterates is seen in high income category (9.1%).

TYPE OF DWELLING UNIT AND FAMILY

An attempt is made to ascertain the type of dwelling in which the household lives and its ownership. Further, the family type of the household is also ascertained for analysis. A classification of households by ownership of dwelling unit, type of dwelling unit and family type is exhibited in Table 5.

TABLE – 5
Distribution of Households by Ownership of Dwelling Unit, Type of Dwelling Unit and Family Type

Particulars	Number and Percentage of Sample Households					
	Middle Income		High Income		Total	
	No.	%	No.	%	No.	%
Ownership of Dwelling Unit						
Own	105	44.1	26	47.3	131	44.7
Rented	72	30.3	18	32.7	90	30.7
Leased	47	19.7	10	18.2	57	19.5
Others	14	5.9	1	1.8	15	5.1
Type of Dwelling Unit						
Pucca	133	55.9	29	52.7	162	55.3
Semi-Pucca	105	44.1	26	47.3	131	44.7
Others	0	0	0	0	0	0
Family Type						
Nuclear	163	68.5	33	60.0	196	66.9
Joint	75	31.5	22	40.0	97	33.1
Total	238	100.0	55	100.0	293	100.0

It is found from Table 5 that a comparatively higher percentage of high income category households (47.3%) own dwelling type in comparison with middle income category (44.1%). Overall, in the study unit around 44.7 per cent of households own dwelling unit. Next to this, rented households account for 30.7 per cent and leased households form 19.5 per cent.

Households living in pucca houses account for 55.9 per cent in middle income category whereas it is 52.7 per cent in high income category. In total, 55.3 per cent lives in pucca houses and 44.7 per cent in semi-pucca houses. It seems that the living conditions of the insured households are better.

The general perception is that people living in joint families are emotionally and financially more secure, and so it makes more sense for people living in nuclear families to have insurance. However, the data from the sample population tells a different story. It can be seen from Table 5 that a higher proportion of households in nuclear family (66.9%) have insurance than the joint family (33.1%).

TYPE OF RATION CARD

The households are categorized by the type of ration card they possess. The type has been classified as Above Poverty Line (APL), Below Poverty Line (BPL) and no card. The distribution is displayed in Table 6.

TABLE – 6
Distribution of Households by Type of Ration Card

Type of Ration Card	Number and Percentage of Sample Households					
	Middle Income		High Income		Total	
	No.	%	No.	%	No.	%
Above Poverty Line	150	63.0	41	74.5	191	65.2
Below Poverty Line	59	24.8	0	0	59	20.1
No Card	29	12.2	14	25.5	43	14.7
Total	238	100.0	55	100.0	293	100.0

Table 6 shows the possession of different types of ration card by the sample households. A higher proportion of high income households (74.5%) possess 'Above Poverty Line' cards while comparing with middle income households. Below Poverty Line cards are possessed only by the middle income households in the sample study. Around 25.5 per cent of high income households and 12.2 per cent of middle income households do not possess any cards.

From the above observations, it is concluded that a majority of 65.2 per cent of sample households possess 'Above Poverty Line' cards and 20.1 per cent possess 'Below Poverty Line' cards.

SAVINGS AND EXPENDITURE

The percentage of annual savings and expenditure of the sample households have been attempted by the researcher. This is analyzed by finding out the minimum, maximum and mean. The distribution is shown in Table 7.

TABLE – 7
Households' Average Annual Savings and Expenditure

Particulars	Minimum %	Maximum %	Average %
Average Savings			
Savings	8.00	30.00	14.0375
Average Expenditure			
Food	10.00	30.00	18.9761
Clothing	9.00	15.00	10.9932
Medical (Health)	3.00	8.00	5.1775
Rent and Taxes	10.00	30.00	19.6997
Education	8.00	12.00	9.7679
Entertainment	3.00	6.00	4.3584
Insurance Premiums	3.00	15.00	8.3003
Others	3.00	17.00	8.6894

It can be seen from Table 7 that a minimum of 8 per cent and a maximum of 30 per cent have been saved by the households. The average (i.e. mean) worked out to 14.04 per cent. The minimum and maximum expenditure on various items are – a) Food (10 to 30%), b) Clothing (9 to 15%), c) Medical (3 to 8 %), d) Rent and Taxes (10 to 30%), e) Education (8 to 12%), f) Entertainment (3 to 6%), g) Insurance Premiums (3 to 15%), and h) Others (3 to 17%).

It is noted from Table 7 that the average spending is higher on rent and taxes (19.70%), food (18.98%) and clothing (10.99%) when compared to other items of expenditure. The lowest spending is on entertainment (4.36%) followed by medical (5.18%).

REASONS FOR DEBT

An observation regarding the debt position of the households and the reasons for that has been made. Out of the total of 238 middle income households, a vast majority of 197 households constituting 88.77 per cent have debt. In high income category, out of 55 sample households 39 households constituting 70.91 per cent have debt in the sample study. The reason for having debt is gathered from households and the same is exhibited in Table 8.

TABLE – 8
Distribution of Households by Reasons for Debt

Reasons	Number and Percentage of Sample Households					
	Middle Income		High Income		Total	
	No.	%	No.	%	No.	%
Children's Education	11	5.6	5	12.8	16	6.8
Construction of House	154	78.2	26	66.7	180	76.3
Medical Treatment	8	4.1	1	2.6	9	3.8
Wedding in Family	6	3.0	0	0	6	2.5
Emergency Needs	13	6.6	4	10.2	17	7.2
Others	5	2.5	3	7.7	8	3.4
Total	197	100.0	39	100.0	236	100.0

It is found from Table 8 that a major portion of households (76.3%) reported having debt for construction of house. Next to this, around 7.2 per cent have borrowed money for emergency needs; following this 6.8 per cent reported having debt due to children's education.

Regarding income-wise distribution, 78.2 per cent of middle income households borrowed money for construction of house where it is 66.7 per cent in high income households. The reason for debt 'emergency needs' and 'children's education' account for 6.6 per cent and 5.6 per cent in middle income segment. But it is 10.2 per cent and 12.8 per cent in high income segment. No high income household borrowed money for wedding in their family.

From the above, it is understood that due to the construction of houses by the households most of them are having debt.

TYPE OF INSURANCE HELD

The distribution of households by type of insurance held is depicted in Table 9.

TABLE – 9
Distribution of Households by Type of Insurance Taken

Type of Insurance Held	Ranking by Sample Households					
	Middle Income		High Income		Total	
	No.	Rank	No.	Rank	No.	Rank
Life Insurance	189 (79.4)	II	31 (56.4)	II	220 (75.1)	II
Health Insurance	238 (100.0)	I	55 (100.0)	I	293 (100.0)	I
Motor Insurance	164 (68.9)	III	28 (50.9)	III	192 (65.5)	III
Accident Insurance	92 (38.7)	IV	7 (12.7)	IV	99 (33.8)	IV
Property Insurance	0 (0.0)	-	1 (1.8)	VI	1 (0.3)	VI
Fire Insurance	6 (2.5)	V	4 (7.3)	V	10 (3.4)	V
Total Sample Households	238		55		293	

(Figures in parenthesis indicate percentage)

It is evident from Table 9 that all the sample respondents have health insurance in this study and hence it is positioned in the first position. It is noteworthy that out of 238 middle income households, 189 households constituting 79.4 per cent have life insurance. It is 56.4 per cent in high income segment. Overall 75.1 per cent households have life insurance in addition to health insurance. Hence, it is placed in the second rank. The third rank is assigned to 'motor insurance' by both the middle and high income households. Accident insurance and fire insurance are placed in the fourth and the fifth ranks respectively. Property insurance is held only by one of the high income household in the sample study and a meagre per cent (i.e. 1.8) is accounted for this. So, the last rank (i.e. sixth rank) is given to this type of insurance.

From the observation it is concluded that a higher proportion of life insurance is held by the sample households in addition to the health insurance. This proportion is higher in middle income than the high income segment. Following this, a major portion of households have taken motor insurance in the sample unit.

DETAILS OF POLICIES HELD BY MEMBERS OF HOUSEHOLDS

The survey collected shows detailed information about the insurance policies held by different members of the households like whether they have taken the insurance cover from government or private companies, the amount of annual premium paid, amount insured, etc. All these details are analyzed in this part.

Proportion of Policyholders:

Table 10 provides information about the proportion of household members having life insurance, health insurance and general insurance under both public (i.e. government) and private sectors, based on their income categories. As more than one member from the same household can opt for insurance, the table shows the number of members and not the number of households.

TABLE – 10
Distribution of Household Members with Insurance

Insurance Category	No. of Members Insured					
	Middle Income		High Income		Total	
	No.	%	No.	%	No.	%
Life Insurance – Govt.	209	92.1	18	7.9	227	100.0
Life Insurance – Private	43	62.3	26	37.7	69	100.0
Health Insurance – Govt.	264	78.6	72	21.4	336	100.0
Health Insurance - Private	32	60.4	21	39.6	53	100.0
General Insurance – Govt.	114	87.0	17	13.0	131	100.0
General Insurance - Private	52	86.7	8	13.3	60	100.0

While examining the Table 10 it is found that the insurance in government sector shows a higher proportion in life (92.1%) and health insurance (78.6%) than the private sector in middle income segment. But in high income segment, it is just reversed, i.e. private sector dominates more than the public sector. In both income segments, the percentage of members insured in general insurance under public and private sectors have comparatively an equal proportion.

Gender-wise Distribution of Policyholders:

The details of insurance policies held by members of households have been classified based on gender. The distribution of policyholders by gender is shown in Table 11.

TABLE – 11
Distribution of Policyholders by Gender

Insurance Category	No. of Members Insured					
	Male		Female		Total	
	No.	%	No.	%	No.	%
Life Insurance – Govt.	193	85.0	34	15.0	227	100.0
Life Insurance – Private	48	69.6	21	30.4	69	100.0
Health Insurance – Govt.	273	81.3	63	18.7	336	100.0
Health Insurance - Private	35	66.0	18	34.0	53	100.0
General Insurance – Govt.	102	77.9	29	22.1	131	100.0
General Insurance - Private	53	88.3	7	11.7	60	100.0

It can be seen from Table 11 that while comparing the government and private insurance category, a higher proportion of male member is insured with government life and health insurance. But in case of general insurance, more male members are insured with private insurance sector. It is just reversed in the case of female insured members in the households. The details of insured female are – life insurance – government (15%), private (30.4%); health insurance – government (18.7%), private (34%); general insurance – government (22.1%), private (11.7%). It is observed that the views in respect of male and female are differ with regard to insurance policy.

Average Annual Insurance Premium:

The minimum, maximum and average annual insurance premium paid by the members of households for all the three categories of insurance is given in Table 12.

TABLE – 12
Average Annual Insurance Premium Paid

Particulars	Minimum (Rs.)	Maximum (Rs.)	Average (Rs.)
Life Insurance – Govt.	1,025	82,000	16,382
Life Insurance – Private	1,200	58,000	11,226
Health Insurance – Govt.	3,600	14,000	6,894
Health Insurance - Private	3,200	13,500	5,291
General Insurance – Govt.	800	4,000	1,489
General Insurance - Private	850	5,400	1,513

It is found from Table 12 that the minimum and maximum insurance premium paid by the members of households for different categories of insurance are – Life insurance (Govt.) Rs.1,025 and Rs.82,000; Life insurance (Private) Rs.1,200 and Rs.58,000; Health insurance (Govt.) Rs.3,600 and Rs.14,000; Health insurance (Private) Rs.3,200 and Rs.13,500; General insurance (Govt.) Rs.800 and Rs.4,000; and General insurance (Private) Rs. 850 and Rs.5,400. From this it seems that in minimum category a higher proportion is paid for private life insurance and general insurance. But in health insurance, a higher proportion is paid for the government health insurance.

The average annual premium paid by the members of households for government life insurance is Rs.16,382 whereas it is Rs.11,226 in private life insurance. In case of health insurance it is Rs.6,894 for government sector and Rs.5,291 for private sector. The premium paid towards government sector is higher in case of life insurance and health insurance but it is low for general insurance.

From Table 12 it is understood that most of members of households preferred the government sector insurance than the private sector for life and health.

MAJOR SOURCES OF INFORMATION

An attempt is made to analyze the major sources of information regarding insurance. The result of analysis is presented in Table 13.

TABLE – 13
Distribution of Households by Major Sources of Information

Sources	Number and Percentage of Sample Households					
	Middle Income		High Income		Total	
	No.	%	No.	%	No.	%
Newspapers/Magazines	12	5.0	4	7.3	16	5.5
Radio	9	3.8	0	0.0	9	3.1
Television	10	4.2	2	3.6	12	4.1
Internet	13	5.5	3	5.5	16	5.5
Agents	129	54.2	27	49.1	156	53.2
Relatives and Friends	28	11.8	11	20.0	39	13.3
Neighbours and Colleagues	14	5.9	6	10.9	20	6.8
Others	6	2.5	0	0.0	6	2.0
None	17	7.1	2	3.6	19	6.5
Total	238	100.0	55	100.0	293	100.0

It is observed from Table 13 that the 'agents' is the main source of information for both the middle and high income households and it accounts by 54.2 per cent and 49.1 per cent respectively. Following this, relatives and friends who exchange information in the middle income households work out to 11.8 per cent and it is 20 per cent in high income households. The source 'relatives and friends' enjoyed a higher proportion in high income segment. Next to this, 'neighbours and colleagues' accounted for 5.9 per cent and 10.9 per cent by the middle and high income households respectively. The other sources come in order.

The overall analysis shows that 'agents' is the main source of information (53.2%), followed by relatives and friends (13.3%) who exchange news. The other major sources of information are neighbours and colleagues (6.8%), internet (5.5%) and newspapers/magazines (5.5%). It is evident from the analysis that around 6.5 per cent of households are not influenced by any sources.

HEALTH INSURANCE – SIMILAR TO SAVINGS

A question has been asked to the sample households to express their opinion whether the health insurance is similar to thrift/savings or not. The opinion is different from one household to another. The sample households' opinions are illustrated in Table 14.

TABLE – 14
Opinion of Households towards Health Insurance Similar to Savings

Opinion	Number and Percentage of Sample Households					
	Middle Income		High Income		Total	
	No.	%	No.	%	No.	%
Yes	45	18.9	12	21.8	57	19.5
No	193	81.1	43	78.2	236	80.5
Total	238	100.0	55	100.0	293	100.0

From Table 14 it is understood that out of 293 sample households, 236 households constituting 80.5 per cent expressed that health insurance is not similar to thrift or savings and the remaining 57 households constituting 19.5 per cent have treated health insurance as similar to savings. About 21.8 per cent of high income households have thought that the health insurance is similar to savings but it is 18.9 per cent in middle income households. It is observed from the study that majority of households know that the health insurance is not similar to savings.

FINDINGS

The following are the important findings of the study.

1. In this study, middle income households accounts for 81.23 per cent and high income accounts for 18.77 per cent.
2. Majority of the households (75.8%) were male and around one-fourth was female.
3. It is evident from the study that a high percentage of the insured households are – a) government service to the extent of 31.3 per cent; b) private service accounts for 25.9 per cent; and c) business or profession to the tune of 23.5 per cent. Among these households, middle income households dominate more than high income households towards insurance.
4. All the sample respondents have health insurance in this study and hence it is positioned in the first position. It is noteworthy that out of 238 middle income households, 189 households constituting 79.4 per cent have life insurance. It is 56.4 per cent in high income segment. Overall 75.1 per cent households have life insurance in addition to health insurance. Hence, it is placed in the second rank.
5. It is found that the insurance in government sector shows a higher proportion in life (92.1%) and health insurance (78.6%) than the private sector in middle income segment.
6. The source 'agents' is the main source of information for both the middle and high income households and it accounts by 54.2 per cent and 49.1 per cent respectively.

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