



BANK'S ROLE IN INCREASING PENETRATION OF INSURANCE IN INDIA (A Case Study of Central Bank of India and Its Insurance Business in Krishna District of Andhra Pradesh)

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The paper contains 4 parts. Part-I deals with Introduction, Need and Importance of the Study, Part-II presents Objectives, Methodology and a Review of Literature, while Part-III analysis the performance of banks in the study area, and Part-IV offers Findings and Suggestions.

Part-I INTRODUCTION

1.1 INTRODUCTION

Economic development envisages development in economic, social, political administrative and spiritual fields of human activity. Economic development is not an end in itself. It is a means to the end of promoting human happiness to all the sections of the people in a society without the distinctions of colour, creed, caste and class. Any country taking to economic development sails smoothly towards its goal when it has a well develop strong efficient insurance sector. Insurance enhances economic welfare and efficiency by shielding individuals from major financial losses and by allowing business to continue operating despite the occurrence of catastrophic events.¹

In order to achieve the goal of financial inclusion banks have undertaken programmes to contribute significantly to the desired goal of providing insurance cover to the persons at grass root level. The Central Government's low premium insurance schemes like the Pradhan Mantri Jivan Jyothi Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) are popular in extending insurance coverage, which the banks promoted with missionary zeal.

Banks also undertake Bancassurance business. In India, bancassurance can gain from pro-active tendencies of government policies especially in health care and pension liabilities.

Banking sector occupies central position in a financial system. The Indian Banking sector is now undergoing sea changes in the sphere of the strategic and operational processes.

The term strategy is defined as "a central vehicle from achieving competitive advantage".² "The job of a strategist is to achieve superior performance relative to competition. In the key factors for business".³ The concept of strategy is built around the relationship between three key players – company, competitor and consumer. The



company should endeavour to differentiate itself by using its relative corporate strengths to offer better value and satisfaction to selected segments of the market.

The insurance sector has been growing rapidly after the opening up the economy with the inclusion of both domestic and foreign new players.

Bancassurance in India, which refers to banks selling insurance products, now follows a corporate agent structure. This means banks are selling insurance as a corporate agent under the regulations allowing each bank to sell insurance products of only one life, one general and one health (standalone product) insurance company each. The corporate agent is considered a representative of the insurer and enjoys immunity as the onus of any mis-selling/mistake on their part rests with the insurance company itself.⁴

The insurance regulatory and development authority (IRDA) permitted scheduled banks carry on insurance business. A bank can act as an insurance broker with conditions such as no requirement of capital and the validity of license lasting for three years. There is a condition that not more than 50 per cent of the insurance premium shall emanate from one client and not more than 25 per cent should be placed with the insurance company within the promoter group separately for life and non-life.

Banks are to familiarise themselves to the business of the clients to render advise on appropriate insurance terms, maintain detailed knowledge on available insurance markets, assist in negotiation of claims and maintain proper records of all documentation. Banks are accountable and are expected to support the customer. They should promote interest of the customers with products suitable for the needs of different customers, belonging to different classes. Assessment of suitability of products for customers is a guideline offered by the Reserve Bank of India. In India, insurance penetration has increased significantly especially on the life side since the market was opened to private participants.⁵

Through bancassurance additional growth can be pursued using a standardised, single channel sales approach and adopting a multiple channel distribution strategy. Deepening customer relationship, universal banking, add to the business of bancassurance.

The banks can undertake managing huge pension funds and take opportunity, to sell health insurance products to the pension sector customers. Group insurance, travel insurance, household insurance, healthcare insurance can be pursued for the advantage of the prospective policyholders. Bancassurance provide access to retirement planning tools using online banking portals. It can make customers know about retirement income products also.



Banks and low premium insurance schemes

Gross enrolments reported by banks as per government data, upto February 22, 2016 shows that total subscriptions to the PMJJBY and PMSBY stood at Rs.12.50 crore, out of which the share of rural India is 52 per cent while that of urban areas is 48 per cent. In rural areas women account for 40 per cent of assured, under the schemes. PMJJBY launched by the Central Government in May 2015 offers a renewable one-year life cover of Rs.2 lakh to all savings bank account holders in the age group of 18-50 years, covering death due to any reasons for a premium of Rs.330 per annum. The scheme is administered by the LIC of India.

PMSBY provides a renewable one-year accidental death-cum-disability cover of Rs.2 lakh for partial or permanent disability for those in the age group of 18-70 years for a premium of Rs.12 per annum through public sector general insurance policies.

The large enrolment is due to low premium, simple know-your-customer (KYC) norms, flexibility in subscribing to the scheme (just by a text message) and auto debit of premium from bank savings account. Role of banks in promoting PMJJBY and PMSBY. State Bank of India (SBI) tops the list with gross enrolment of Rs.2.26 crore followed by Punjab National Bank (PNB) with 89.87 lakh and Andhra Bank with Rs.78.02 lakh. The public sector banks contributed 76 per cent of total subscriptions while regional rural banks and private banks accounted for 18 per cent and 6 per cent respectively. The IRDA says that the total premium collected in life and general insurance schemes was about Rs.1,000 crore and Rs.100 crore respectively.⁶

There are five factors that influence bancassurance. They are market concentration, internet usage size of the insurance market, level of de-regulation and bank branch density.

Need for the study

The causes for low coverage of eligible insurable persons in India are analysed in studies. Many insurance advisers concentrated more on their business and approach people whom they think are insurable and capable of paying the premium. They did not tap the vast source of insurable lives in rural areas in which higher percentage of households make economic living. The economic value of person is insured. Not only men but also women have economic value as they undertake productive economic activity earning not only their livelihood but also contribute to the maintenance of the family, adding substantially to the family budgets. The need to explore rural markets to increase insurance coverage is a long felt need and now is the time to plan for bringing more rural insurable people under insurance cover. Thus the need is established.

Importance of the study

The importance of the study lies in tapping the idle economic resources that can be saved through banks which in turn add to the gross savings of the state to



enable capital formation and aid in the process of economic development which needs larger funds for the development of rural infrastructure to promote rural industrialisation, rural employment and rural development.

Part-II

OBJECTIVES, METHODOLOGY AND A REVIEW OF LITERATURE

2.1 OBJECTIVES OF STUDY

The study is undertaken with the following objectives:

1. To bring out the contribution of the selected scheduled bank called the central bank of India in selling insurance products to the customers under its area of operation.
2. To examine the level of awareness about insurance products that help the insured become economically strong.
3. To offer suitable suggestions to increase the awareness of insurance among those that still lie outside the insurance cover.

2.2 METHODOLOGY

The study is conducted using both the primary and the secondary data, during the months of September and December 2015.

Description of the study area

Krishna district is one of the richest districts in coastal Andhra Pradesh. The Gross District Domestic Product (GDDP) of Krishna district at constant (2004-05) prices is estimated at 2399842 lakhs during the year 2010-11 (SRE) with a share of around 11.52 per cent of GSDP. It occupies second place in the state. Its per capita income at factor cost of constant prices (2004-05) is 46629 it stands second place for the year 2010-11.

The district is known for its vibrant economic activities. Agriculture is main source of economic activity of people in the district while fisheries (mainly inland, marine and brackish water) contribute to the wealth of the district. The major food and commercial crops grown in the district are Paddy, Maize Pulses, Sugarcane, Cotton, Chilly and Tobacco. Major horticulture crops are Mango, Guava, Sapota, Banana, Oil Palm and Vegetables. In upland areas of the district mango is grown in about 67,000 hectares. The non-farm activities include handloom and industries based on livestock resources and agro based industries, viz., Hatcheries, Poultry feed, cattle feed, fish animal food supplements, Fruit processing, oil extraction plants, rice mills etc., traditional artisans are engaged in Kalamkari cloth printing, Kondapalli toys, manufacture of rolled gold jewellery (imitation jewellery) etc.

The district is named after the holy river Krishna. Large area of the district is covered under Canal irrigation, which comprises 50 per cent of the gross irrigated area. The delta region consists of Gudivada and Bandar divisions. The upland regions include Nuzvid and Vijayawada divisions.



2.3. Sampling Techniques

The stratified random sampling method is used. The convenient and judgement sampling techniques are also utilised. The researcher resorted to the direct contact method. The disguised observation type is followed.

2.3.1 Primary data

The primary data is collected by identifying the policyholders who are benefitted by the different products sold by Central Bank of India, in Krishna District. A sample of 120 policyholders who bought insurance products offered by the Central Bank is taken up for study. The policyholders are the bank's customers with different branches in the district.

2.3.2 Secondary Data

The Secondary data was obtained from the regional office of the Central Bank India, Vijayawada. Various other publications dealing with Insurance and Newspapers like the Hindu, Businessline and other National Newspapers are referred to. Journals like the Journal of Insurance Institute of India, *Yogakshema* and such journals are taken for reference.

The sample

A sample of 120 life insurance policyholders is selected from households belonging to occupations like employment and self-employment in agriculture and non-agriculture sectors. Agricultural labour, casual labour, households are also included along with regular wagers, salaried people and other types of workers considered for this study.

2.4 REVIEW OF LITERATURE

The review of literature focuses on different aspects of bancassurance, determinants of Insurance, persistence ratio and practices that are found resorted to by the important players in the insurance sector -- the insurer, the insured and the government in the promotion welfare of people through insurance.

In Insurance literature universal banking, group insurance, travel insurance, householders insurance are explained. The corporate bancassurance has also found its importance place.

Corporate Bancassurance is an area that could be of interest to bankers to exploit the corporate customers and tie-up for insurance of the employees of corporate clients. It would be an avenue paving easy access. Banks provide salary disbursement and loan facilities and Bancassurance provide insurance cover also.

Mishra and Das (1977) highlighted that insurance is an essential service, which a welfare state must provide to its people and the state must assure the responsibility of rendering this service to one and all.⁷



Jha (1999) commented that improvement in life span and advancement in medial science has changed the consumers needs for insurance products worldwide.⁸

Anurag (2000) suggested that life insurance products could become source of long-term contractual savings.⁹

Raman Lal and Neelam Dhanda observed that population does not have much impact on life insurance coverage. But income level of the economy affects the insurance coverage. United States of America enjoys the highest gross domestic product and also enjoys first place for non-life insurance penetration.¹⁰

Through a variety of insurance products consumers are expected to benefit in three ways. They include more of choice, the easier access and better customer services. They are attracted by diverse products and varied distribution.¹¹

Marc (2001) in his study revealed that the good faith is the lifeblood of insurance contract. Anything contrary to it makes the contract invalid. The bad faith is one of the grounds on which the insurance claim will be denied. He had quoted number court judgements which revealed that the 'genuine issue' doctrine whereby an insurance company may defeat the bad faith claim against it by showing that it denied coverage on a basis constituting a genuine issue as to coverage.¹²

Insurance literature also dealt with payment of claims repudiation of claims and procedures associated with insurers in associated with insurers in dealing with policyholders. Scott (2004) describes an insurance a contract between insurer and insured and defines various terms and conditions for payment of claim. The language used and terms included in this contract plays an important role in claim settlement operations. The doctrine of 'contra proferentum' is applied in insurance contract at the end, once extrinsic evidence is exhausted.¹³

Vijayalakshmi (2002) in her work identified that the number of cases repudiated are small in number. She maintained that repudiation is important to safeguard the interest of honest policyholders, and also observed that the speed ratios of claim settlement in all zones of LIC (Life Insurance Corporation) of India are quite satisfactory.¹⁴

Bodla and Garg (2003) in their work on insurance procedures identified problems of insurance companies in settling the death claims.¹⁵

Palande and Shah (2003) gave the overall problems relating to early claim settlement by LIC of India.¹⁶

Daleep (2003) felt that grievance redressal machinery is to be strengthened to safeguard the interest of claimants against the clauses of insurance contract.¹⁷



Usha (2004) brought that under the section 64 UMH of Insurance Act 1938, IRDA has been conferred the power to direct payment of claims. But, the IRDA's power to adjudicate has very limited scope. She felt, there is a need to establish a full-fledged grievance redressal at the centre as well as the States to look into the problem.¹⁸

The Government also announce plans of insurance for various classes of customers. Government of India in the Union Budget 2014-2015, announced the revival of Varishtha Pension Bima Yojana. Excerpts from budget speech by Honorable Finance Minister are, "NDA Government during its last term in office had introduced the Varishtha Pension Bima Yojana (VPBY) as a pension scheme for senior citizens. Under the scheme a total number of 3.16 lakh annuitants are being benefited and corpus amounts to Rs.6,095 Crore. The scheme is revived for a limited period from 15th August 2014 to 14th August 2015 for the benefit of citizens aged 60 years and above" LIC of India has been given the sole privilege to operate this scheme.¹⁹

Part-III

CENTRAL BANK'S ROLE IN INCREASING INSURANCE PENETRATION IN THE STUDY AREA

The Central Bank's role in selling insurance products is to be analysed in the background of its branch network and association with the tied up insurance companies. The Central Bank of India tie up with LIC of India to promote insurance business. It has also business tie-up with Chola Mandalam, M.S. Insurance company based in Chennai. Bajaj Alliance Life has also insurance business tie-up. The bank has branches in Krishna district and details are shown in table 1.

Table 1 makes it clear that there are 9 Central Bank of India's branches in Urban areas followed by 7 rural Branches and the same number of sub-urban branches. The Nationalisation of Banks in 1969 has aimed at making available banking services to all rural and urban people alike and tap the ideal savings potential in rural areas which are dominated by indigenous money-lenders. The rural population expressed their distress over the hardships they have to face in the hands of the rural moneylenders who extract exorbitant rates of interest. Banks are to free them from the cruel clutches of such moneylenders. Eligible Banks are given licences to carry out insurance business with a view to extending insurance services to the rural people who cannot afford to approach insurers situated in urban and city areas in different states of India. The rural, urban, suburban branches are classified based upon the criteria of deposit mobilisation credit needs and norms and guidelines provided by the IRDA (Insurance Regulatory Authority of India) and RBI (Reserve Bank of India).

The Central Bank of India conducted insurance business with its tied up insurers offering different products like, loan products for different purposes, like education of children and construction of houses through instruments like educational



loans and housing loans which carry premiums payable under guidelines issued by insurers and government.

Table 1: List of branches of Central Bank of India in Krishna district with rural, urban and sub-urban divide

S.No.	Name of the place	Nature of the Area
1	Alluru	Rural
2	Benz Circle	Urban
3	Bhavanipuram	Urban
4	Chilakalapudi	Urban
5	Currency Nagar	Urban
6	Gangineni	Rural
7	G. Konduru	Rural
8	Governorpet	Urban
9	Gollapudi	Sub-Urban
10	Gudivada	Urban
11	Jaggaihpeta	Sub-Urban
12	Kanchikacherla	Sub-Urban
13	Kankipadu	Sub-Urban
14	Kesarapalli	Rural
15	LBR College	Sub-Urban
16	Mango Market	Urban
17	Manikonda	Rural
18	Mantada	Rural
19	MCB, Vijayawada	Urban
20	Mustabada	Rural
21	Mylavaram	Sub-Urban
22	Nandigama	Sub-Urban
23	Vijayawada	Urban

Source: Central Bank of India Regional Office, Vijayawada

All the 23 branches in Krishna District are said to be in Vijayawada region. Vijayawada being designated as a capital city of the newly formed Andhra Pradesh state after bifurcation into 2014. It is generally known to people that bank does banking business by raising deposits and giving loans for different sectors like the priority sector and non-priority sector, agricultural loans, industrial loans, loans for small and medium enterprises and loans for small scale industries. The self-employed persons are also encouraged by banking sector by way of giving suitable loans. Insurance is saving-cum-investment plan. It is a long-term contact. The bank lends for different purposes like education of children in the name of educational loans and for construction of house in the name of housing loans. These are called loan products. Premium is the payment made to keep the insurance policy alive. Loans are granted against the collateral security of insurance premiums. Bajaj Alliance Company has tied-up with Central Bank of India and the details of the educational loans premium and housing loans premium provided in table-2.



Table 2: Details of Premium collected under education loans, housing loans as loan products sold by Central Bank of India in Krishna district with tied-up Bajaj Alliance as on 27th January 2016

(Rupees in Thousands)

Sl. No.	Name of Branch	Educational Loans Premium		Housing Loans Premiums		Total	
		NOP	Premium	NOP	Premium	NOP	Premium
1	Governorpet	11	213675	1	8673	12	222348
2	Benz Circle	10	119669	0	0	10	119669
3	G.Konduru	6	75645	0	0	6	75645
4	Mustabada	2	8573	2	22911	4	31484
5	Mango Market	4	30439	0	0	4	30439
6	Alluru	3	30383	0	0	3	30383
7	Jaggaiahpet	1	17106	1	8804	2	25910
8	Nandigama	1	23051	0	0	1	23051
9	Mantada	1	16142	0	0	1	16142
10	Gudivada	4	13318	0	0	4	13318
11	Mylavaram	1	7243	0	0	1	7243
12	Bhavanipuram	0	0	0	0	0	0
13	Gangineni	0	0	0	0	0	0
14	Gollapudi	0	0	0	0	0	0
15	Kanchikacharla	0	0	0	0	0	0
16	Kankipadu	0	0	0	0	0	0
17	Manikonda	0	0	0	0	0	0
18	MCB Vijayawada	0	0	0	0	0	0
	Total	44	555244	4	40388	48	595632

Source: Central Bank of India Regional Office, Vijayawada

Note: The Figures relate to the financial year 2015-16.

NOP = Number of Policies

The table declares that highest premium of Rs.2,13,675 thousands was recorded at the Governorpet Branch with 11 policies followed by Benz Circle Branch with Rs.1,19,669 thousands under 10 policies. The lowest premium recorded was at Mylavaram with Rs.7,243 thousand under one policy. As regards, housing loans premium the highest was recorded at Mustabada branch with two policies and the premium being Rs.22,911 thousand Governorpet branch with Rs.8,673 premium under one policy. Branches at Bhavanipuram, Gangineni, Gollapudi, Kanchikacharla, Kankipadu, Manikonda, MCB Vijayawada, recorded zero loans premiums.

The Central Bank's insurance business is note-worthy. The business particulars are shown in Table 3.



Table 3: Details of volume of business done by Central Bank of India under tie-up with LIC of India as on 25-1-2016

(Rupees in lakhs)

Sl. No.	Name of Branch	As at 25-1-2016		VPBY 14-8-15		Total	
		Policies	Premium	Policies	Premium	Policies	Premium
1	Alluru	10	3.63	1	6.40	11	10.03
2	Benz Circle	19	12.82	0	0.00	19	12.82
3	Bhavanipuram	1	0.04	0	0.00	1	0.04
4	Chilakalapudi	0	0.00	1	1.15	1	1.15
5	Gangineni	1	0.03	0	0.00	1	0.03
6	Gollapudi	0	0.00	0	0.00	0	0.00
7	Governorpet	2	10.08	1	1.33	3	11.42
8	Gudivada	1	0.04	0	0.00	1.00	0.04
9	Indrapalem, Machilipatnam	1	0.05	0	0.00	1	0.05
10	Jaggaihpeta	2	0.11	0	0.00	2	0.11
11	Kanchikacharla	6	0.70	0	0.00	6	0.70
12	Kankipadu	0	0.00	0	0.00	0	0.00
13	Kesarapalli	1	0.18	0	0.00	1	0.18
14	Manikonda	2	0.07	0	0.00	2	0.07
15	Mantada	0	0.00	0	0.00	0	0.00
16	MCB Vijayawada	1	0.07	0	0.00	1	0.07
17	Mustabada	3	0.09	0	0.00	3	0.09
18	Mylavaram	1	0.04	0	0.00	1	0.04
19	Nandigama	2	0.04	0	0.00	2	0.04
20	Retail Asset Branch	1	0.01	0	0.00	1	0.01
21	Vijayawada	1	0.04	0	0.00	1	0.04
	Total	55	28.04	3	8.88	58	36.93

Source: Central Bank of India Regional Office, Vijayawada

Note: The Figures relate to the financial year 2015-16.

VPBY = Varishta Pension Bima Yojana

Table 3 furnishes details of number of policies with premium amount under insurance policies other than pension policies. Details of Varishta Pension Bima Yojana (VPBY) are also provided in the table. The total number of policies and premium amounts collected determines the rankings. Benz circle branch occupied the first place with 19 policies and premium of Rs.12.82 lakhs. There are non-pension policies, also called non-pension plans. The second place is won by the Governorpet branch with premium of Rs.11.42 lakhs under three policies. They include two under 2 pension and 1 non-pension plan. The premiums are 10.08 lakhs and 10.33 lakhs respectively. The third position is taken by Alluru branch with 11 policies and premium of Rs.10.03 lakhs. The total includes 10 policies with premium Rs.3.63 lakhs under non-pension plans with premium of Rs.6.40 lakhs under pension plan the category of VPBY.



It is evident from the table that pension plans are not attractive to the customers. Because only 3 out of 58 policies sold are pension plan policies. It is clear that customers prefer endowment policies and policies with facilities of moneys coming back in specified intervals of time shown as an important feature of the products designed. Insurance business is high at branches located around cities like Vijayawada.

The Bank in association with Chola Mandalam MS Insurance Company, Extended general insurance services also. The quantum of business is exhibited in Table 4.

Table 4: Details of insurance business of Central Bank of India under tie-up with Chola Mandalam, M.S. Insurance company as on 23-01-16

(Rupees in thousands)

Sl. No.	Name of Branch	Total				Total	
		CSP		GI		NOP	Premium
		NOP	Premium	NOP	Premium		
1	Alluru	0	0	29	51425	29	51425
2	Benz Circle	9	46883	71	475147	80	522030
3	Bhavanipuram	1	2955	8	5410	9	8365
4	Chilakalapudi	0	0	65	507359	65	507359
5	G. Konduru	0	0	17	80139	17	80139
6	Gangineni	0	0	35	30199	35	30199
7	Gollapudi						
8	Governorpet	1	2955	45	486040	46	488995
9	Gudivada	0	0	30	60585	30	60585
10	Jaggaihpeta	0	0	22	91652	22	91652
11	Kanchikacharla	1	2955	26	181365	27	184320
12	Kankipadu	0	0	2	-3047	2	-3047
13	Lakkireddy Balireddy College of Engg.	0	0	5	28162	5	28162
14	Mango Market	3	8865	56	475802	59	484667
15	Manikonda	0	0	2	-1707	2	-1707
16	Mantada	0	0	8	28614	8	28614
16	Mid Corp Br. Vijayawada	1	5144	16	1713423	17	1718567
17	Mustabada	2	156757	26	148504	28	305261
18	Mylavaram	0	0	6	47259	6	47259
19	Nandigama	4	14009	39	31204	43	45213
20	Retail Asset Br. Vijayawada	2	9034	36	346095	38	355129
21	Vijayawada	2	9034	100	212067	102	221101
	Total	26	258591	644	4995697	670	5254288

Source: Central Bank of India Regional Office, Vijayawada

Note: The Figures relate to the financial year 2015-16.



Table 4 furnishes the details of CSP and GI policies with premium amounts. The insurance products are of general insurance category. Mid-Corporation Branch Vijayawada recorded highest premium with Rs.17,18,567 thousands and number of policies being 17. It is followed by Chilakalapudi branch with premium 507359 and 522030 under 80 policies. The business being in the nature of general insurance, no conclusion can be derived with respect to life insurance plans.

The business a company or a corporate agency carries out depends on goodwill the organisation builds up among its customers. The awareness, preference, attitudes of the buyers determines the extent of business of the company in question.

The respondents questioned are all active account holders with the branches of Central Bank of India in Krishna district. They are 120 in number. The distribution of sample respondents occupation-wise is shown in the table 5.

Table 5: Occupation-wise classification of respondents

S.No.	Name of occupation	No. of respondents	Percentage
1	Self-employed and engaged in agriculture	22	18.00
2	Agircultural Labour	2	2.00
3	Casual labour	14	12.00
4	Employed and Self-employed in non-agricultural sector	36	30.00
5	Regular wage earners and salaried people	41	34.00
6	Others	5	4.00
	Total	120	100.00

Source: Computed.

As has been presented in the table, the sample consists of highest number of respondents 41 (34 per cent) belonging to regular wage earners and salaried people category followed by those employed and self-employed in non-agricultural sector 36 (30 per cent), persons who are self-employed and engaged in agriculture 22 (18 per cent). Casual labour constitutes 14 (12 per cent) of the sample, while a meagre 2 (2 per cent) is agricultural labour. Others engaged in various small business activities constitute 5 in number (4 per cent).

The analysis of the sample data reveals the insurance business potential and success of insurer in the study area. The respondents are asked questions to find out the extent of awareness and their attitudes towards products and insurance as such. The sample includes educated and salaried people also. The details of the extent of awareness of educated and salaried people are provided in table 6.



Table 6: Details of awareness of Insurance of the sample respondents

S.No.	Parameters	Positive Responses	Percentage
1	Insurance is a must buy	77	64
2	Preference for specific insurance plan	53	44
3	Preference for distribution channel	53	44
4	Expectation from insurance contract i).Quick settlement of claims ii).High returns from investment	34	28
5	Most essential factor of financial planning (Preference for long term savings plans)	48	40
6	High cost of Insurance policy	53	44

Source: Computed.

Table 6 provides that maximum number of respondents 77 (64 per cent) feel that insurance is must buy and 44 per cent of the respondents prefer specific insurance plans to suit their interests. The same number of respondents prefer distributive channels like agents. 36 per cent of them prefer banks as a better distributive channel. As regards the expectations from insurance contract, the respondents feel that quick settlement of claims and high return from investments would attract them to invest in insurance companies. Their percentage is 28. As regards the preference for long term savings which can be designated as the most essential financial planning 48 respondents preferred fixed deposits (FD) and recurring deposits (RD) offered by banks. 53 respondents prefer a dependable distribute channel like Central Bank of India. 45 per cent of the sample have a feeling that insurance policy costs high. It can be derived from the table that the awareness of insurance and the expectation from insurance show signs of positive attitude towards insurance and no negative impact on the minds of the insurance customers is noticeable.

Part-IV FINDINGS AND SUGGESTIONS

Findings:

1. The main findings of the study is that banks efforts to popularise schemes and increased familiarity with customers builds up confidence in the bank which in turn leads to increasing penetration of insurance.
2. The study observes that the level of awareness of insurance and expectations from insurance show science of positive attitudes towards insurance.
3. Low cost premiums high returns and relatively shorter duration of term are preferred features of insurance products, desired by larger number of customers.
4. Customers are confident that bank deposits are safe and insurance funds invested with banks are also equally safe.
5. Banks are the dependable distributive channel. Over the years, the efforts of insurers to create their awareness that insurance is a must buy bore fruits.



6. The study finds out that efforts must be made to make pension and retirement plans more attractive and more popular through low cost and high returns plans of investment in retirement insurance policies.
7. The insurance coverage can be increased by plans that offer periodic returns at a low cost savings cum investment plans.
8. Insurance agents or insurance advisers' role is vital. Hence, insurance advisers need special training without which the persistency ratio may drop and become low resulting in lapsation of policies.

Suggestions:

- 1) The respondents attention can be won by improving corporate image, brand name and transfer dealings.
- 2) Liquidity, surrender value, extra coverage, bonus pay-out, rate of return, tax benefit are important factors in turning customers towards insurance products from other forms of savings and investments offered by non-insurance agencies.
- 3) Assured coverage protection to family, need to be emphasised to make an impact on the customers to buy insurance.
- 4) The message of insurance can be spread in rural areas with an army of trained professional insurance advisors.
- 5) In any economic activity rate of return attracts the persons. Insurance also as an investment need be an attractive source of lucrative returns.
- 6) The rural base for insurance can be further increased by advertisements which influence the minds of the consumers.
- 7) More number of women can be bought under insurance coverage by roping in women coming from middle and lower income groups.
- 8) Educational plans and home loans may further be made accessible for larger section of lower middle class families and families in which women play the lead role.

Foot Notes

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