

IMPACT OF SOCIO - ECONOMIC DEVELOPMENT TOWARDS MICRO INSURANCE POLICY HOLDERS

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ABSTRACT

India is the largest country in terms of purchasing power parity and is considered one of the fastest emerging economies in the world. Micro Insurance is one of the insurance schemes which are affordable to the poor and the marginalized people who are not included in the insurance. Though the concept of micro insurance was introduced in the year 2005, it could not achieve and reach the unreached people in the country. But, in the present study various factors like that a financial cover, assets holding in our home, savings money for our income levels, problems faced by policyholders, socio and economic impact level and create wealth and so on significantly support the peoples to preference by micro insurance plans. In this research paper involved micro insurance policyholder socio economic impact of micro insurance plans deals with structured questionnaire for framed. The sample size was 398 respondents then statistical tools used for research paper like percentage analysis, one sample t-test, Chi-Square test and ANOVA which are used to estimate the policyholders' impact level of micro insurance plans. Insurance sectors are playing a major role not only in providing risk coverage to its clients but also in mobilizing the capital to the economic development of the nation.

Keywords: *Micro Insurance Plans, Family Security, Investment, Socio-Economic Development.*

INTRODUCTION

Insurance is one of the major financial services which help to mobilize the investment from small pool of savings. The insurance providers offer varieties of products to business and individuals in order to provide protection from common risk and to ensure financial security. Insurance plays a positive role to meet out the financial needs through security plans which was involved in offering micro insurance plans which were comparatively new insurance type and were specially designed to cater to those with low income. The micro insurance plans were social and commercial life insurance policy to meet out the requirements of low income rural people and offers them protection. Micro Insurance contributes significantly to alleviate poverty and to raise the income savings standard of the people of country. Micro Insurance is a simple saving related to life insurance plans for low income people with an affordable cost. It had an in-built accident benefit rider which provides double risk cover in case of death due to accident. This plan also offers various benefits such as maturity bonus, death, surrender value, loyalty addition, loan facility; auto cover period, revival and grace period etc., The LIC has introduced life micro insurance plans such as Jeevan Maadur, Jeevan Mangal, Jeevan Deep plans. It is simple savings related to life micro insurance plans the policyholders to pay premiums at monthly, quarterly, yearly intervals over the term of policies. This research articles various factors like a financial cover, protect family members, accident & death of policyholders family member, LIC service, affordable cost, increase self-confidence, changes food security, managerial abilities, implements of earned activities, community development create wealth and so on significantly impact the policyholders to preference the purchased by micro insurance plans. It is a tool for economic growth and development by providing small scale business, little savings low income household insure to insurance policies to increase members of the of society in the developing world. Micro Insurance products was social protection, government support schemes is recognized as affordable premium so invest the poor peoples and reduce poverty alleviate as a tool for economic development.

REVIEW OF LITERATURE

Arttabandhujena (2014) the study analyze that Indian life insurance companies continue to play a vital role to solve as well as increase the socio-economic development, standard of living, poverty alleviation, employment problem etc., so far as India is concerned. Alieroharumamohammed and Shuaibumukhtar (2010) said that the acceptability of micro insurance in rural areas will depend on the level of income, type of assets owned, level of education of the rural dwellers and the availability of infrastructural facilities in the areas. Amruthavarshini and Suresh (2013) have said that micro insurance is a tool for the country's poor people to protect themselves from adversities. It will reduce financial risks and provide optimism to policyholders, helping them cope with financial emergencies. Dennis and Hansel (2010) have highlighted that micro insurance schemes following the mutual principles of self-governance and self-responsibility have a value proposition that mitigates inherent incentive problems in the insurance business moral hazard and adverse selection. Basantasahu (2010) has highlighted that the timing of this study is strategic when there is a renewed policy interest in micro insurance sector in India to achieve variety of socio-economic goals. Jain and Saini (2012) in their article has highlighted the role of IRDA for life in insurance industry in India and has concluded that social, cultural, political, personal, psychological and demographic factors influence the consumer behavior. Finally, being they considered the success of insurance marketing dependent on understanding the social and cultural needs of the target population. Singh (2014) main purpose for which the study was conducted was to assess the socio-economic status of respondents and to examine the impact of status on insurance purchasing capacity. It was found that government servicemen of 26-45 years of age buy more insurance products and middle income group insurance policies. Meenakshi and Jerinabi (2015) have concluded that micro insurance is not only the mechanism for reducing vulnerability but also ensures social and economic security to the poor. It protects rural households against those risks that they are unable to protect themselves through informal mechanisms, savings or credit.

IMPORTANCE OF THE STUDY

Micro Insurance products in rural areas must be visualized by insurers not only as a commercial activity of theirs but also as one that is imposed with a sense of corporate social responsibility. Micro Insurance refers to the insurance of the low income people. Today, the promise of providing social security to all is not being fulfilled in India. Only 20 per cent of the world population enjoys adequate social protection. Therefore, there is a need of understanding the importance and impact of socio economic towards empowering micro insurance plans rural population in the study area. In this regard, the presented studies discuss the policyholders' problems and outreach and effectiveness of the micro insurance in Tamilnadu. The main objective of micro insurance is to offer insurance products to the low income population. By reducing the poverty of the low income households, micro insurance helps in the macro economic development of the country and controls the impact of shocks. It also helps controls the income stream of families, hence reducing their chances of falling into extreme poverty. These families can now focus on the education of their children, improving their quality and standard of life, launching new entrepreneurial ventures that can lead to the development of the rural areas. Making availability of financial services across all the segments of society is very important to ensure broad level of economic development of the country.

OBJECTIVES OF THE STUDY

- I. To examine the house holding assets of policyholder regarding with micro insurance plans in Tamil Nadu Branch.
- II. To find out the saving patterns of policyholders regarding with micro insurance plan.
- III. To analyze the socio - economic impact of policyholders towards micro insurance plans in Tamil Nadu Branch.

RESEARCH METHODOLOGY

The research methodology of the current research paper adapts to the nature of empirical study. The policyholders are eliciting their opinions based on the objectives of the study. The study involves usage of both primary and secondary data. The base of the research is exclusively based on the primary data. The primary data is collected from the policy holders of micro insurance plans. The study has used structured interview schedule for the purpose of collecting the primary data from the respondents. The Area of study selected in Tami Nadu. The population frame of the study consists of the definite population of policyholders in micro insurance. The frame of the population involved in the study is finite and it warrants for adoption of random sampling technique. The proportionate sampling technique was adopted to have proportionate representation of the population that is selected as the sample. The sample is selected from all branch wise based sample size has 398 micro insurance respondents adopted sampling method. Collected data was analyzed through SPSS. The following test was used in this study such as simple percentage, One-Sample t-test, Chi-Square test and ANOVA.

ANALYSIS AND INTERPRETATION OF THE STUDY**Table: 1:** Demographic Profiles of the Policyholders towards Micro Insurance Plans

Particulars	Frequency	Percent
Gender		
Male	203	51.0
Female	195	49.0
Residential Place		
Rural	142	35.7
Urban	124	31.2
Semi-Urban	132	33.2
Educational Qualifications		
Illiterate	84	21.1
Know to read and write	21	5.3
Elementary Education	87	21.9
High School Education	96	24.1
Higher Secondary	37	9.3
Diploma	28	7.0
Graduate Level	44	11.1
Others	1.0	0.3
Marital Status		
Married	299	75.1
Unmarried	46	11.6
Widows	41	10.3
Divorce	12	3.0
Family Type		
Nuclear Family	318	79.9
Joint Family	80	20.1
Occupation		
Agriculture	27	6.8
Agricultural Labour	94	23.6
Self-Employed	59	14.8
Daily Wages Worker	138	34.7

Cattle Rearing Job	15	3.8
Weaver	1.0	0.3
Housekeeping Worker	15	3.8
Others	49	12.3
Income		
UptoRs. 2500	57	14.3
2501-5000	104	26.1
5001-7500	146	36.7
Above 7501	91	22.9
Total	398	100

(Source: Primary Data)

From the above table shows that the socio economic profiles of policyholders were analyzed and the results are presented. The results indicated that about 38.4 percent of the policyholders belong to the rural area and 22.4 percent and least of the respondents are urban area. The above table explains the majority of the policyholders of life micro insurance product buy male with 53.0 percent and remaining 47.0 percent tends to be respondents are female. From the above table it can be seen that 21.1 percent of the respondents are Illiterate, 7 percent of the respondents are known to read and write, 16.8 percent of the respondents are 0.3 percent of the respondents have others. From the above table it can be seen that 10.3 percent of the respondents are agriculture, 11.8 percent of the respondents have others (specify). with respect to marital status of the respondents it is inferred that, 305 respondents constituting 76.6 percent of the total number of respondents are married and 10 respondents constituting 2.5 percent of respondents are divorce. It is also inferred that, 77.4 percent of the total numbers of respondents live in nuclear family and 22.6 percent of the total number of respondents belong to joint family. The lowers 16.6 percent of the respondents are Up to 2500 monthly, 5001 – 7500 and 22.4 percent of the respondents are above 7500 income receiving the policyholders.

Table: 2: House holding Assets of Policyholders regarding with Micro Insurance Plans

Assets	Valid	Frequency	Percent
Kitchen Materials (Cooker, Mixi ,Gas Stove etc.,)	Yes	361	90.7
	No	37	9.3
Mobile phone	Yes	362	91.0
	No	36	9.0
Radio/FM	Yes	274	68.8
	No	124	1.2
TV	Yes	368	92.5
	No	30	7.5
Steel/Wood Cart	Yes	228	57.3
	No	170	42.7
Bureau	Yes	289	72.6
	No	109	27.4
Computer/Laptop	Yes	114	28.6
	No	284	71.4
Air Cooler	Yes	87	21.9

	No	311	78.1
Refrigerator	Yes	194	48.7
	No	204	51.3
Washing Machine	Yes	74	18.6
	No	24	81.4
Air Conditioner	Yes	62	15.6
	No	336	84.4
Vehicles –Two Wheeler	Yes	288	72.4
	No	110	27.6
Livestock	Yes	166	41.7
	No	232	58.3
Agricultural Land	Yes	124	31.2
	No	274	68.8
Ornaments	Yes	335	84.2
	No	63	15.8
Total		398	100.0

(Source: Primary Data)

From the above table shows that the socio economic profiles of policyholders were analyzed and the results are presented. Table number two gives the item of assets possessed by the yes as well as no valid for assets in micro-insurance policyholders. The major item of assets possessed by the policyholders are kitchen materials cooker, mixi, gas, stove etc., Most of respondents are yes 90.7 percent, most of respondents are yes television 92.5 percent, most of respondents are yes bureau 72.6 percent, most of respondents are yes radio/FM 68.8 percent, most of respondents are yes steel/wood cart 57.3 percent, washing machine 18.6 percent, vehicles two-wheeler 72.4 percent and ornaments 84.2 percent. Most of the policyholders are possess in our life necessity house assets are yes valued in micro insurance policyholders. The policyholders house holding assets like that no valid are computer/laptop 71.4 percent, air cooler 78.1 percent, air conditioner 84.4 percent, refrigerator 51.3 percent, most of respondents are no valid, livestock 58.3 percent, and agricultural land 68.8 percent. While comparing yes or no valid, it is found that much difference is seen in percentage of holdings of assets. It is concluded that majority of respondents possess the major item of assets listed in the house are yes value.

Table: 3: Saving Patterns of Policyholders regarding with Micro Insurance Plan

Factors	Valid	Frequency	Percent
Value of Money to Save	Less than 50	16	4.0
	50-150	97	24.4
	150-00	134	33.7
	Above 300	151	37.9
Main Purpose of your Savings	Emergency Situation	47	11.8
	Savings for Future	114	28.6
	For Family	141	35.4
	For Food/Clothes	9	2.4
	Kid's Education and Marriages	85	21.4
	Others	2	0.5
Park your Money	Co-Operative Societies	7	1.8
	Post Office Schemes	36	9.0
	Banks	46	11.6
	Chit Funds	18	4.5

	Insurance Schemes	287	72.1
	Other Investment	4	1.0
Influence to Saving Money and Making Decision	Agent	179	45.0
	Self Interest	112	28.1
	Parents	30	7.5
	Spouse	62	15.3
	Friends and Relatives	16	4.0
Total		398	100.0

(Source: Primary Data)

The table number three shows that, 37.9 percent of the respondents are value of money to save for above Rs. 300, main purpose of our savings for families 35.4 percent of the respondent, maximum respondent park of our money in insurance schemes 72.1 percent level are secured life, then finally influence to saving money and making decision 45.0 percent. Because, they felt that it is the best option for them and also invest money and saving the facility for families. It is an easy way to micro insurance policyholder's patterns of savings in our life about micro insurance plans in best options.

Impact of Policyholders in Socio –Economic Levels regarding with Micro Insurance

H₀: There is no significant between impact levels of socio -economic regarding with micro insurance policyholders.

H₁: There is a significant relationship between impact levels of socio -economic regarding with micro insurance policyholders.

Table: 4: Impact Levels of Socio -Economic regarding with Micro Insurance Policyholders

Impact Levels	Mean	SD	t value	p value
Social Impact				
Increase Self Confidence.	3.96	0.605	11.22	<0.001**
Increase Family Income	3.60	0.756	5.61	<0.001**
Changes in Food Security	4.24	0.797	11.00	<0.001**
Improvement in Family Education Level	4.20	0.670	12.66	<0.001**
Increase Managerial Abilities	4.44	0.541	18.83	<0.001**
Reduce Poverty	4.06	0.712	10.53	<0.001**
Improvement of Social Status	3.94	0.873	-0.135	<0.001**
Economic Impact				
Increase in Savings	3.44	0.984	-1.09	<0.047*
Improvement the Standards of Living	4.22	1.114	-0.11	<0.006**
Employment Opportunities	4.28	0.669	0.61	0.765
Implements of Earned Activities	4.61	0.502	1.71	0.761
Improving Economic Status	4.00	0.767	-0.44	0.745

(**- indicates significance @ 1 % level and *- indicates significance @ 5 %level)

The p-values of the one sample t-test reveals that the twelve variables that are used to measure the impact of socio-economic levels of policyholder towards micro insurance is correlated among themselves and found that there is socio-economic impact among the policyholder in micro insurance. The p-values of the variables are increase self-confidence (0.001), increase family income (0.001), changes in food security (0.001), improvement in family education level (0.001), increase managerial abilities (0.001), reduce poverty (0.001), improvement of social status (0.001), and increase in savings (0.047) and improvement the standards of living (0.006). Among these variables employment opportunities (0.765), implements of earned activities (0.761) and improving economic status (0.745) are statistically insignificant. The

hypothesis of the test is statistically insignificant and the null hypothesis is accepted. These variables do not differ significantly therefore the micro insurance schemes do not have any positive impact on socio-economic of policyholder.

Association between Gender and Purchase of Micro Insurance Products

The each person has different perception which determines about purchase of micro insurance products. It also analyzes the various factors that induce the policyholder to purchase the micro insurance product. The association between the gender and purchase of micro insurance products is explained in the analysis of cross tabulation and chi-square test

H_0 : There is no association between gender and purchase of micro insurance products

H_1 : There is an association between gender and purchase of micro insurance products

Table: 5: Association between Gender and Purchase of Micro Insurance Plans

Gender	Purchase of Micro Insurance products				Chi- Square	P value
	JeevanMadhur	JeevanMangal	Jeevan Deep	Total		
Male	70	49	84	203	2.374	0.321
Female	60	50	85	195		
Total	154	99	145	398		

(** - indicates significance @ 1 % level and * - indicates significance @ 5 % level)

The cross tabulation explains the relationship between categories of the gender and various factors that micro insurance product purchased by policyholder. The classification reveals that male and female are nearly same number to purchase the micro insurance products and jeevan deep products is selected by them. The gender do not change much based on the purchase micro insurance product which is revealed by the cross tabulation. The association is further tested with the above hypothesis. The p-value of the chi-square test is more than 0.05 which clearly shows that the value is statistically not significant at five percent level. The null hypothesis of the test gets accepted and the alternate hypothesis is rejected. Therefore it can be concluded that there is no association between the gender and purchase of micro insurance products which is identified from the responses of policyholder involved in the study.

IMPLICATIONS

The implications based on the major findings of the current investigation are as follows.

- The socio-economic distribution of the people involved explains that majority of them are daily wages workers who have an income of Rs. 5,001 to Rs. 7,500 with which they are availing micro-insurance for having financial stability at the time of emergency.
- The micro-insured people don't have the facilities of having an agricultural land or livestock facilities for their livelihood purpose which may have an impact on the lifestyle if provided daily wages.
- The awareness on features of life micro insurance is missing on the areas of maturity age, underwriting terms and revival of lapsed policy, used to be lacking among the people who are the policy holders of micro insurance.
- The people reveal that major reason for selection of micro insurance seems to be benefits and affordable premium cost given by the companies.
- The people who have opted for micro-life insurance are having highly impact towards micro insurance policyholders which upgrades their life standards and fulfill their financial needs
- The ability of the micro life insurance in terms of creation of wealth and having financial stability has to be made aware to the members of the public which will influence them to opt for micro insurance.

- g. The major problem faced by micro-insurance is complicated claim procedures and delay in claim settlement which has a huge impact on the minds of insurers. The insurance agencies should simplify the procedure and create single window clearance for settlement of claims of death or any financial emergency. This will exhibit the goodwill of the companies to the micro insurers.
- h. Most of the policyholders are agreed that Micro insurance impact level support to improve the micro insurance policyholders life. The variables are not statistically not significant between demography variables of policyholders and impact of micro insurance products. As regards the impact of micro insurance in social impact, majority of the respondents (47.5 percent) are moderately influenced and as regards the impact of micro insurance economic empowerment, majority of the respondents (40.7 percent) are moderately influenced.

CONCLUSION

Insurance has played a very positive impact on the economic development of our nation. In addition, insurance has directly as well as indirectly enhanced employment opportunities in India. This sector is not the only contribute to the country's Gross Domestic Product (GDP) and infrastructure facilities also contribute to increasing investments and savings each and every year. The objectives of the micro insurance policy are to cover the economically underprivileged segments of society. Life micro insurance helps to increase individual savings. Each and every poor of society will have financial security against their daily risks and also the insurers fulfill their social obligations through socio economic impact of micro insurance plans. Micro-insurance plans are not only to promote business perspective, but also, protection to the rural poor peoples and socio-economic development. To make micro insurance popular, demand has to be created for micro insurance plans aspects needs to be considered are adequacy of risk protection, accessibility by required person, appropriateness of timing, maturity valued, affordability and awareness of improved education level etc., There are several kinds of insurance products which can be offered as micro insurance to rural as well as urban poor populace. Insurance policy has boosted the employment for contribute the family security and freedom from poverty peoples in India. Micro Insurance has effectual investment for source of clean live hood and income levels for human's quality of life. Micro Insurance consists of wide scope and it will reach huge segment of the peoples. It has made an impact on social and economic empowerment of the people impact.

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