

Importance of Insurance _ views of younger generation:

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Abstract: Services are economic activities that bring about a desired change in, or on behalf of, the service recipient, thereby creating value and providing benefits for the customers. Thus, the focus remains on customer satisfaction, just as in goods, but in services, emphasis is on the personal reception of these benefits. Value generation, customer-centricity and customer satisfaction are the key attributes of services as economic activities. The service sector is going through almost revolutionary change, which dramatically affects the way in which we live and work. The size of the service sector is increasing in almost economies around the world². Insurance covers the risk of the policy holders and in turn they collect premium. The article specifically analyze the views of younger generation between the age of 18 to 40 who are having the sources of earning or dependent? The reason of choosing the dependent here is that in most of the family parents usually take insurance policy for their children, at the age of 18 only they can be converted in to an independent person in handling their duties. This article will give some idea about how the younger generation realize about the importance of insurance.

Keywords: Awareness; Insurance; Income; Investments; Policy Holder; etc.

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I. INTRODUCTION

Uncertainty in life makes the people to think about the security for it; here insurance plays a vital role. Insurance has been defined to be that in which a sum of money as a premium is paid by the insured in consideration of the insurer's bearing the risk of paying large sum upon a given contingency. Thus it is a contract whereby

- (a) Certain sum, termed as premium, is charged in consideration
 - (b) Against the said consideration, a large amount is guaranteed to be paid by the insurer, who received the premium,
 - (c) The compensation will be made in a certain definite sum, i.e., the loss or the policy amount whichever may be, and
 - (d) The payment is made only upon a contingency,
- more over insurance may defined as a contract wherein one party (the insurer) agrees to pay to the other party (the insured) or his beneficiary, a certain sum upon a given contingency (the risk) against which is required³.

Need for insurance based on the following aspects:

- Plan for retirement
- Plan for unforeseen situation
- Funding to accomplish future goal
- To have inflation shield

The history of insurance can be traced back to the early civilization. As civilization progressed, the incidence of losses started increasing giving rise to the concept of loss sharing. The Aryans through their village co-operatives practiced loss of profits insurance. Insurance in its current form has its own history:

- **1818:** when Oriental Life Insurance Company was started by Anita Bhavsar in Kolkata to cater the needs of European community, during that time different premiums were charged to Indian and English people's lives.
- **1870:** the Bombay Mutual Life Insurance Society started and charged same premium for all the people.
- **1912:** Insurance regulation was started under Life Insurance Regulation Act and the Provident Fund Act.
- **1938:** Amended Insurance Act in order to protect the interest of the insuring public and also to have the aim of providing the strict state control over the insurance business.
- **1956:** 245 Indian and foreign insurers' provident societies were taken over by the Central Government and nationalized. LIC formed by an Act of parliament Viz., LIC Act 1956 with a contribution of 5 crore from the Government of India.

- **1972:** The General Insurance Business (Nationalization) Act nationalized the general insurance business in India with effect from 1st January 1973. 107 insurers amalgamated and grouped in to four companies viz.,
 - National Insurance Company Ltd.,
 - New India Assurance Company Ltd.,
 - The Oriental Insurance Company Ltd.,
 - The United India Insurance Company Ltd.,

The Government of India set up these four subsidiary companies with the following twin objectives:

- To ensure that these are so situated as to render their combined services effectively and in all parts of India;
- To ensure proper service to the public through mutual competition.

Insurance sector has been opened up for competition from Indian Private Insurance Companies with the enactment of Insurance Regulatory and Development Authority Act, 1999 (IRDA), there by de-regulating the insurance sector and allowing private companies.

As per the provisions of IRDA Act 1999, Insurance Regulatory and Development Authority (IRDA) was established on 19th April 2000 to protect the interests of holders of insurance policy and to regulate, promote and ensure orderly growth of the insurance industry. IRDA Act 1999 paved the way for the entry of private players into the insurance market which was hitherto the exclusive privilege of public sector insurance companies/ corporations.

II. OBJECTIVE OF THE STUDY

1. To study the views of the younger generation about insurance
2. To study the areas in which lack in awareness of the importance of insurance

III. RESEARCH METHODOLOGY:

The article is based on the primary data & secondary data

Primary data: Collected with a small sample of 50 respondents, purposive random sample is applied to collect the information from the age group of 18 to 40 years.

Secondary data: Collected from the IRDA annual reports and the websites.

4. Insurance Scenario in India:

REGISTERED INSURERS IN INDIA AS ON 31/3/2016

	PUBLIC	PRIVATE	TOTAL
Life	1	23	24
General	6	18	24
Health	-	05	05
Re-Insurance	1		01
	8	46	54

Source: IRDA Annual report 2015-16.

LIFE INSURANCE

<p>PUBLIC SECTOR 1. Life Insurance Corporation of India</p> <p>PRIVATE SECTOR</p> <ol style="list-style-type: none"> 1. Aegon Life Insurance Co. Ltd. 2. Aviva Life Insurance Co. India Ltd. 3. Bajaj Allianz Life Insurance Co. Ltd. 4. Bharti AXA Life Insurance Co. Ltd. 5. Birla Sun Life Insurance Co. Ltd. 6. Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd. 7. DHFL Pramerica Life Insurance Co. Ltd. 8. Edleweiss Tokio Life Insurance Co. Ltd. 9. Exide Life Insurance Co. Ltd. 10. Future Generali India Life Insurance Co. Ltd. 11. HDFC Standard Life Insurance Co. Ltd. 12. ICICI Prudential Life Insurance Co. Ltd. 	<p>PRIVATE SECTOR</p> <ol style="list-style-type: none"> 13. IDBI Federal Life Insurance Co. Ltd. 14. India First Life Insurance Co. Ltd. 15. Kotak Mahindra Old Mutual Life Insurance Ltd. 16. Max Life Insurance Co. Ltd. 17. PNB Met Life India Insurance Co. Ltd. 18. Reliance Nippon Life Insurance Co. Ltd. 19. Sahara India Life Insurance Co. Ltd. 20. SBI Life Insurance Co. Ltd. 21. Shriram Life Insurance Co. Ltd. 22. Star Union Dai-ichi Life Insurance Co. Ltd. 23. TATA AIA Life Insurance Co. Ltd.
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Source: IRDA Annual report 2015-16.

NON-LIFE INSURERS:

<p>Public Sector</p> <ol style="list-style-type: none"> 1. National Insurance Co. Ltd 2. The New India Assurance Co. Ltd. 3. The Oriental Insurance Co. Ltd 4. United India Insurance Co. Ltd. <p>Specialised Insurers</p> <ol style="list-style-type: none"> 5. Agriculture Insurance Co. of India Ltd . 6. Export Credit Guarantee <p>RE – INSURER* General Insurance Corporation of India</p>	<p>Private Sector</p> <ol style="list-style-type: none"> 1. Bajaj Allianz General Insurance Co. Ltd. 2. Bharti AXA General Insurance Co. Ltd. 3. Cholamandalam MS General Insurance Co. Ltd 4. Future Generali India Insurance Co. Ltd. 5. HDFC ERGO General Insurance Co. Ltd. 6. ICICI Lombard General Insurance Co. Ltd. 7. FFCO Tokio General Insurance Co. Ltd. 8. L & T General Insurance Co. Ltd 9. Liberty Videocon General Insurance Co. Ltd. 10. Magma HDI General Insurance Co. Ltd. 11. Raheja QBE General Insurance Co. Ltd. 12. Reliance General Insurance Co. Ltd. 13. Royal Sundaram General Insurance Co. Ltd. 14. SBI General Insurance Co. Ltd. 15. Shriram General Insurance Co. Ltd. 16. TATA AIG General Insurance Co. Ltd. 17. Universal Sompo General Insurance Co. Ltd. 18. Kotak Mahindra General Insurance Co. Ltd. <p>Standalone Health Insurers</p> <ol style="list-style-type: none"> 19. Apollo Munich Health Insurance Co. Ltd. 20. Cigna TTK Health Insurance Co. Ltd 21. Max Bupa Health Insurance Co. Ltd. 22. Religare Health Insurance Co. Ltd 23. Star Health and Allied Insurance Co. Ltd.
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Source: IRDA Annual report 2015-16.

**ANALYSIS AND INTERPRETATION:
OCCUPATION OF THE RESPONDENTS:**

Occupation	No of Respondents	Percentage
Student	9	18
Private Sector	22	44
Public Sector	19	38
Total	50	100

MONTHLY INCOME OF THE RESPONDENTS:

Monthly Income	No of Respondents	Percentage
Below 20,000	6	12
21,000 – 30,000	19	38
31,000 – 40,000	14	28
Above 40,000	11	22
Total	50	100

SAVINGS LEVEL OF THE RESPONDENTS:

Savings	No of Respondents	Percentage
Up to 10 %	16	32
11 – 20 %	2	4
21 – 30 %	32	64
Above 30 %	0	0
Total	50	100

REASON TO CHOOSE INSURANCE:

Reason	No of Respondents	Percentage
Safety	27	54
Savings purpose	14	28
Meet future expenses	9	18
Total	50	100

CHOICE OF INSURANCE:

Choice	No of Respondents	Percentage
Public Insurance	15	30
Private Insurance	16	32
Both	19	38
Total	50	100

TYPE OF INSURANCE POLICY:

Type Of Policy	No of Respondents	Percentage
Life Insurance	18	36
Vehicle Insurance	13	26
Medical Insurance	16	32
others	3	6
Total	50	100

NO OF POLICIES:

Number Of Policies	No of Respondents	Percentage
One	19	38
Two	14	28
More than two	17	34
Total	50	100

MODE OF PAYMENT:

Payment	No of Respondents	Percentage
Monthly	13	26
Quarterly	13	26
Half-Yearly	4	8
Yearly	20	40
Lump sum	0	0
Total	50	100

AMOUNT SPENT ON INSURANCE POLICY:

Amount Spent for Insurance Policy Per Year	No of Respondents	Percentage
Below 10000	23	46
10000-20000	9	18
Above 30000	18	36
Total	50	100

TABLE SHOWING MEAN AND RANKING FOR VARIOUS INVESTMENTS ACCORDING TO RESPONDENTS PREFERENCES:

Investment Factors	Total	Mean	Rank
Bonds and Debentures	1974	39.5	IX
Equity/Shares	2110	42.2	VIII
Mutual Fund	2477	49.5	VI
Public Provident Fund	2768	55.4	II
Post Office	2699	54	III
Insurance	3309	66.2	I
Bank Deposit	2659	53.2	IV
Real Estate	2362	47.2	VII
Gold & Silver	2593	51.9	V
Others	1877	37.5	X

TABLE SHOWING RANKING FOR PARAMETERS CONSIDERED BY THE RESPONDENTS WHILE BUYING INSURANCE POLICY:

Highly Important (1)	Important (2)	Neutral (3)	Least Important (4)	Not Important (5)
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	1	2	3	4	5	Total	Mean	Rank
Premium Charges	(2*1) 2	(1*2) 2	(2*3) 6	(18*4) 72	(27*5) 135	217	14.5	2
Policy Term	(1*1) 1	(2*2) 4	(5*3) 15	(23*4) 92	(19*5) 95	207	13.8	5
Rider Benefits	(1*1) 1	(3*2) 6	(6*3) 18	(19*4) 76	(21*5) 105	206	13.7	6
Bonus and Interests	(1*1) 1	(5*2) 10	(13*3) 39	(20*4) 80	(11*5) 55	185	12.3	7
Pre & Post Services	(1*1) 1	(1*2) 2	(2*3) 6	(20*4) 80	(26*5) 130	219	14.6	1
Accessibility	(1*1) 1	(2*2) 4	(4*3) 12	(21*4) 84	(22*5) 110	211	14.1	3
Company Image	(3*1) 3	(2*2) 4	(4*3) 12	(16*4) 64	(25*5) 125	208	13.9	4

IV. FINDINGS OF THE STUDY

This article helps us to find the views of the younger generation, based on their education, earning capacity, percentage of saving, choice of insurance policy, number of insurance policy, payment mode etc.

Younger generations at this present scenario are thinking about their career, earning capacity, planning for future, based on that they are investing their part of money for future need. The most important choice they are giving to the insurance, as per the analysis we can be in a position to find that the 36% of the respondents are spending above Rs.30, 000 of their total earning towards insurance and 46% of the respondents are spending below 10,000 which shows that they will increase their level of saving when there is a increase in their earning capacity.

With reference to the company they are choosing for investment their choice are equal to private as well as public insurance companies. The service provision which is offered attracts the respondents to take up the policy. The advertisement as well as the approach makes the customers to take up the policy in the related company.

The parameter which is considered by the respondents initiates them to take up the policy, as per the views of the respondent; they are expecting the pre and post investment services. The other important parameters are premium charge, accessibility, image, policy term, benefits etc.

It can be seen from views of the respondent that the younger generations are having the perfect planning about their future, only thing the insurance companies should make them to increase their saving by providing the good service facilities, educate them about the new arrivals of their products at a regular intervals.

V. SUGGESTIONS

1. Conducting awareness programs at college level can increase the level of thinking of the investment in the insurance sector.
2. Frequent advertisement about the new products is very important to educate them with reference to insurance products.
3. IRDA regulations should reach the ultimate society in order to create the image of safety investment in the insurance sector.
4. In remote areas younger generations are not aware about the importance of the investment in the insurance sector
5. Agents are to be appointed to these remote areas to cover the maximum policy holders.

VI. CONCLUSION

It can be seen from the respondents view that they aware about the importance insurance, only the upcoming generation is to be educated about the importance of the insurance. It is in the hands of the insurance agents to induce the importance of the insurance at the rural areas where the younger generations are not aware about their future savings. They have to be educated properly in order to increase the insurance investment. They have to be educated about the safety of their investment in the insurance sector; because of the lack of awareness people are still thinking that only Public Insurance Company is safe, this thinking is to be removed.

As per the views we can conclude that the younger generations are the back bone of the country, their investments are very important for the development of the society of the whole. All the remedial measures are to be under taken by the insurance companies to boost the saving of the younger generations.

REFERENCE

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QUESTIONNAIRE:

Importance of Insurance _ views of younger generation:

Dear respondent, this questionnaire is aimed at understanding the views of younger generation regarding the importance of insurance. Your response will be dealt with strict confidentiality and it will be used only for academic purpose. Thank you for spending your valuable time to fill this questionnaire.

1. Name: _____

2. Gender Male / Female

3. Age as on 2017: _____

4. Marital Status Married b) Unmarried

5. Place of residence a) Rural b) Urban c) Semi Urban

6. Educational Qualifications: _____

7. Occupation: _____

8. Annual Income

- a) Below 20,000 21,000 – 30,000
c) 31,000 – 40,000 Above 40,000

9. What Percentage of Monthly Salary do you save

- a) Up to 10 % b) 11 – 20 % c) 21 – 30 % d) Above 30 %

10. Rank these various investments according to your preferences:

Bonds and Debentures	
Equity/Shares	
Mutual Fund	
Public Provident Fund	
Post Office	
Insurance	
Bank Deposit	
Real Estate	
Gold & Silver	
Others	

11. Reason to choose Insurance Investment:

Safety Savings purpose Meet future expenses

12. What is your choice: Public Insurance Private Insurance Both

13. The Private Insurance Companies which you are having policy (kindly mention name Of the Insurance company):

14. Type of policy you are having: Life Insurance Vehicle Insurance
Medical Insurance others

15. Total number of policies bought a) One b) Two c) More than two

16. Mode of Payment a) Monthly b) Quarterly c) Half-Yearly d) Yearly

17. Amount you are spending for the insurance policy per year –

18. What parameters you have looked into at the time of buying policy
Parameters considered (Please Put tick in the relevant place)

	Highly Important	Important	Neutral	Least Important	Not Important
Premium Charges					
Policy Term					
Rider Benefits					
Bonus and Interests					
Pre & Post Services					
Accessibility					
Company Image					

19. Suggestions if any:

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