

Changing Social Paradigm of Life Insurance Consumers : A study in Visakhapatnam city of Andhra Pradesh

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Introduction

The basic concept of insurance is not minimization of risk, but to arrange for compensation of risk. A person who opts for an insurance policy, be it life or general, is in a way trying to compensate the expected losses which he or she may face in case of happening of an event. Keeping in mind that basic purpose of insurance is not to earn profits but hedging against expected losses (George, E Rejda 2002). Insurance business in India is divided into four classes: 1) Life Insurance 2) Fire Insurance 3) Marine Insurance and 4) Miscellaneous Insurance. Life Insurers transact life insurance business; General Insurers transact the rest. No composites are permitted as per law (Sharma.S.P, 1986).

India has a population of more than a billion people. Of these, it is estimated that around 300 million make up the consuming class (India Census 2001). With a high savings rate of approximately 27% (RBI Report on Currency and Finance, 1999-2000) and a very low insurance penetration rate (Wasaw, Bernard 1986) of 2.5% of the gross domestic product (Rao, D.Tripati, 1999) the opportunities are enormous. In developed countries, the owners have insured even pet dogs (Skipper Harold D Jr, 1998), whereas in India, about 80 percent of human beings and major natural

resources have not been insured in globalization era (Bajpai.G.N, 2000). The latest series of bomb attacks, attack on parliament, attack on Ayodya, attacks of the Maoists, nature calamities like tsunami, floods and drought, ragging are prevailed in the country and need not to say about the farmer who has been insecure about rains, seeds, crops and suitable price for his crop.

After liberalization of insurance sector in 1999-2000, insurers have introduced innovative products and tailor made products which are absolutely fit to Indian population. Efforts at increasing consumer awareness and putting the regulatory framework for protection of policyholder's interest have been made both the industry and regulatory level. Global market conditions have also resulted in driving down premium rates/charges in respect of certain products and in improving the quality of services offered by the insurer (Emmett Vaughan., 2001).

Life insurance sector of India

India's insurance industry accounts for 12 per cent of total GDP in 2000-01, the year in which this sector was liberalized, increased to 20.1 per cent in 2005-06. The total market for life insurance was worth

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about Rs.35, 000 cr. in 2000-01, but estimated potential for this segment is Rs. 80,500 cr (RBI Report 1999-2000). If the average growth rates (20-25%) are sustained, the market would grow to Rs.2, 60,000cr by 2010.

The services sector recorded a growth of 10.3 per cent during 2005-06 higher than the average growth of 8.6 per cent during the last five years. The sector, a key driver of growth in 2005-06, contributed nearly 75 per cent to the overall real GDP growth. There has been an improved performance in 'finance, insurance, real estate and business services' which grew by 9.7 per cent in 2005-06. The robust performance of the services sector was led mainly by 'trade, hotels, transport and communication', which contributed almost one-half of the sector's growth. So, there is a large growth potential to the insurance services in India to compete with other services which also growing in the economy.

Life insurance market covers the entire age range of the population of 1000 million in India. However taking into account their economic conditions and their ability to pay the premium for some sort of life insurance cover or an annuity (Beenstock, Michael; Gerry Dickinson; and Sajay Khajuria, 1986), the number of eligible prospects for life insurance may be put around 30 per cent of the total population viz, 300 million (Based on Profile of Housing Stock, Census 2001). With a population of more than 1 billion, 16% of the rural population is insured, where average population insured in India is 21 %, remember 72% of the Indian population lives in the rural area, the potential is highly attractive. It means only 21% of the

total insurable population of India is covered under various life insurance schemes, the penetration rates of health and other non-life insurances in India is also well below the international level (Statistical Outline of India 2000-01, Tata Services Limited). These facts indicate the immense growth potential of the life insurance sector in India.

Imperative need for reforms:

However, in 1956, the year in which the Indian insurance sector was nationalized, life insurance industry was made up of 154 domestic life insurers, 16 foreign life insurers and 75 provident funds, and was still governed by the Insurance Act of 1938. The result was the Life Insurance Corporation of India (LIC) Act of 1956 and the formation of the national insurer, LIC. The industry remained relatively unchanged until 1990 when the Indian government, under pressure to dismantle the LIC's monopoly, decided to allow foreign investment. The market finally opened up when the Insurance Regulatory & Development Authority (IRDA) Act of 1999 was passed and foreign players entered the Indian insurance arena subject to various conditions (Malhotra, R.M, 1994). In the nearly 10 years it took to deregulate, the Indian market became quite an attraction for many US and European players.

The year 1999 saw a revolution in the Indian insurance sector, as major structural changes took place with the ending of government monopoly and the passage of the Insurance Regulatory and Development Authority (IRDA) Bill, lifting all entry restrictions for private players and allowing foreign players to enter the market with some limits on direct foreign ownership.

Though, the existing rule says that a foreign partner can hold 26% equity in an insurance company, a proposal to increase this limit to 49% is pending with the government. Since opening up of the insurance sector in 1999, foreign investments of Rs. 8.7 billion have poured into the Indian market till March 2005 and 21 private companies have been granted licenses. At present (2006) there are 16 life insurance players operating in India (Table 1) which includes public sector giant LIC of India.

Innovative products, smart marketing, and aggressive distribution (Berry, L. L, 2002) have enabled fledgling private insurance companies to sign up Indian customers faster than anyone expected. Indians, who had always seen life insurance as a tax saving device, are now suddenly turning to the private sector and snapping up the new innovative products on offer.

The life insurance industry in India grew by an impressive 36%, with premium income from new business at Rs. 253.43 billion during the fiscal year 2004-2005, braving stiff competition from private insurers. RNCOS's report, "Indian Insurance Industry: New Avenues for Growth 2012", finds that the market share of the state behemoth, LIC, has clocked 21.87% growth in business at Rs.197.86 billion by selling 2.4 billion new policies in 2004-05. But this was still not enough to arrest the fall in its market share, as private players grew by 129% to mop up Rs. 55.57 billion in 2004-05 from Rs. 24.29 billion in 2003-04. Though the total volume of LIC's business increased in the last fiscal year (2004-2005) compared to the previous one, its market share came down

from 87.04 to 78.07%. Among the private insurers 14 were increased their market share from about 13% to about 22% in a year's time after they entered the market. The figures for the first two months of the fiscal year 2005-06 also speak of the growing share of the private insurers. The share of LIC for this period has further come down to 75 percent, while the private players have grabbed over 24 percent. Though the focus of this market research report is on the potential growth on the Indian Insurance Sector, it also talks about the market size, market segmentation, and key developments in the market after 1999. To understand these conditions one has to properly study the consumers' behavior in the life insurance market. The purpose of this paper is to analyze the consumers' view points in accordance with the conditions prevailing in Indian life insurance market and their hopes regarding the future of life assurance covers.

Changing social paradigm of life insurance consumers: To gain a better understanding of consumers in the insurance market, the author conducted two focus groups with 10 participants each and a telephone survey of 140 adult residents in the Visakhapatnam city area. Focusing exclusively on life insurance and examined consumers' attitudes toward insurance, purchasing dynamics, sources of information on insurance, and media preferences.

The following comments from focus group participants offer some insights into consumers' attitudes toward insurance. "You need to have insurance, because you don't know what the future will bring to you and your family. You need to be prepared

for the future. Insurance is something you must have for yourself and your family.” Radhika Murthy, an employee of one public sector company, who insured her life at her age of 28, now in her early 50s grew a bit impatient and did not hesitate to make that remark once she heard her husband Krishna Murthy. Mr. Murthy told her, that he has no life insurance cover, because other things in his life take priority over purchasing insurance. When I met Mr. Murthy personally, who did not insure his life, turned defensive when he responded by saying, “I know it is important to have insurance. But when money is tight and you have other things going on, insurance is hardly your top priority.”

Harshitha, a 23 year old college student, another focus group participant, who came to the Visakhapatnam city a couple of years ago, residing with Murthy's family, interjected into the conversation (perhaps in an attempt to side with Mr. Murthy) by saying, “You know, in India, insurance is never considered something you must have. It is not like food. Some people even think that it is a waste of money [to purchase insurance]. Many others would think it is something you can live without.” Chandra Mohan then broke his silence and started to talk about his relative who had a terrible traffic accident. He said he even took another job to help pay premiums for his 17-year-old daughter's life insurance.

Although it is also always encourage focus group participants to express their opinions freely without hesitation in the sessions, it is also did not necessarily anticipate such a candid and emotional exchange to occur among participants during a focus group session with 10

insurance consumers participants. Nor did it is also fully realize at that time that those exchanges would point us to findings from a later telephone survey. 1) Samples for the survey drawn from the Visakhapatnam consolidated city Statistical Area encompassing Pedda Waltair and Chinna Waltair are representing middle-class families, Kirlampudi and Dasapalla layouts representing high-class families, MVP colony representing employees and professionals, Dwaraka Nagar and Siripuram representing business class. 2) To ensure confidentiality, author uses fictitious names throughout his report when referring to study respondents.

As mentioned, being properly insured is important. However it is also covered, some consumers randomly, who are not the respondents in our study, who did not have any life insurance. Some firmly consider it very important to have insurance, while some others do not. Such variations suggest that consumers are not a monolithic consumer group.

To address the question of how consumers participate in the insurance market? (Dickson, G.C.A, 1991). This study paid close attention to variations within the life insurance consumers' community. In particular, it attempted to ascertain how consumers' attitudes, preferences, and behaviors toward life insurance differ depending on language preference, education, income, age, and gender. The results from the study are presented in reference to the following four key questions:

What insurance products do consumers buy?

What do consumers like about insurance?

What do they consider when they purchase insurance?

How do consumers want information about insurance?

It is found that consumers with certain demographic characteristics are more likely than others to own insurance. Consumers who are older, with higher income, or more education are more likely than their counterparts to own life insurance. It should be noted that, although they do not own life insurance, a majority of consumers value insurance. They are receptive toward insurance and express confidence in the insurance industry. However, the study also revealed that consumers remain a largely untapped pool of consumers, and that the insurance industry is expected to encounter little negative reaction or suspicion from the life insurance consumers community as it attempts to penetrate the community's great market potential.

Consumer participation in life insurance market: Data from a survey of 160 (including focus group) life insurance consumers, who are adult residents—regardless of place of birth and legal status—in the Visakhapatnam city area revealed that they are equally likely to own Life Insurance. The ownership of life insurance tends to vary with age, education, income, and length of residence among consumers. The survey reveals that the older they are, the more likely consumers are to have life insurance. For example, as shown in Table 2, 64% of consumers age 41 or older have life insurance, while only 12% of consumers age 21 to 30 report so.

“It is also have other priorities [than buying life insurance],” said Miss Sanghvi, a 24 year old focus group participant who seemed to feel compelled to justify why she owned life insurance. This sentiment was shared by most, if not all, younger focus group participants in their 20s. “It is also feel uncomfortable recommending to our parents to purchase life insurance,” added Joseph “I don’t want them to think I wanted them to die.”

Older focus group participants also seemed to recognize the value of life insurance. Now it is ... I have children and wouldn’t want to be caught dead without life insurance,” said Balaramu in his 50s, who frequently visits tourist places in India. Mahesh Maidh in his 40s echoed this sentiment with an interesting twist. “When I see my wife, I wonder whether I really need to have life insurance. She would probably spend all my money with other woman for luxuries. But when I see my children, I feel that I really need to have life insurance ... for their future.”

Having children certainly changes one’s life style and perspective. It is perhaps the most important factor that prompts consumers to purchase life insurance. Most Telugu-speaking respondents said that if they had to choose one form of any security for their lives to buy, they would purchase life insurance. They said that the secure future of their family was the motive driving their choice.

Table 2 shows that the ownership of life insurance varies depending on the level of education. Eighty-four percent of consumers with a graduation report having life insurance. In contrast, only 6% of consumers with less than a high school education have life insurance.

The ownership of life insurance varies with income in the same way as it does with education: The higher the income, the more likely consumers are to have life insurance. For example, 41% of consumers with annual income over Rs.1, 20,000, as compared to 25% of consumers with income less than Rs.91, 000, have life insurance. To mention, income is the dependent factor on the type of occupation that an individual holds, Table 2, depicts the type of occupation of the consumers and percentage of respondents insured. When considering gender, there is little difference between male and female consumers in owning life insurance.

As reported in Table 2, a long-time resident consumer has a positive effect on the ownership of life insurance. Forty-three percent of consumers, who resides in the city for more than 30 years, report having life insurance compared with only 11% of short-time resident consumers with a less than 11 years of their residence. Further, among short-time resident consumers, the longer they have lived in the city, the more likely they are to have life insurance.

Taken together, Table 2 suggests that acculturation plays a role in increasing the ownership of life insurance: As they settle in and become more accustomed to the norms and practices of the host society, they seem to become more inclined to have life insurance.

Those who have life insurance are asked the total rupees amount of their life insurance policy. As reported in Table 3, a policy that pays an amount between Rs.75, 000 and Rs.1, 00,000 appears to be most popular, accounting for 27% of consumers' life insurance policies. Thirty-nine percent

of insurance holders report having a policy that pays Rs.1, 00,000 or more. Eight percent of the consumers do have the life insurance policy cover of Rs.50, 000 or less. Surprisingly, however, 14% of those who report having life insurance cannot recall or do not know the total rupees amount of their life insurance policy.

Of those who have life insurance, consumers more often have their own coverage rather than employer-provided coverage. As shown in Table 3, 65% of respondents have their own policy, 23% have coverage by their employers, and 12% have both types of life insurance coverage. Of those who have their own coverage, two-thirds have whole life-risk cover; while one-third have term life insurance.

Despite the variation in the levels of insurance ownership, the survey found that a majority of consumers value life insurance. Consumers have a receptive attitude toward life insurance and express confidence in the insurance industry.

Consumers' attitude towards life insurance: As reported in the previous section, little differences in age, sex, income and occupational categories of the consumers does not have any impact on the attitude towards the value of life insurance. The study found that a majority of consumers value insurance. Consumers have a receptive attitude toward insurance and express confidence in the insurance industry. In fact, a majority i.e., 77 percentage of respondents (Table 4), consider it trustworthy. Consumers' attitudes towards insurance, however, appear to vary in particular with length of residence in the city. As shown in Table 4, only 3% of consumers feel that insurance

is an unnecessary expense and 23% think of insurance as something one must have to secure your life. However, a majority are more affirmative about insurance. Forty-eight percent consider it a protection against unexpected expenses. Further, 26% feel that it is a tool to help protect and grow wealth.

The survey findings are consistent with findings from the focus groups. Ramani Rao, who has let her life insurance policy lapse and now joined with a unit-linked life insurance policy, and Dheeraj, who in the focus group session argued, "It is also have other priorities [than buying life insurance]," did not say that they consider insurance to be unnecessary. "I know you need insurance. It is better to have it," said Mrs. Rao. She then added, "I simply don't have enough money to continue my life insurance at that time."

While most, if not all, focus group participants valued insurance, few saw it as an investment. Gopal Kanumuri, a medical representative, indicated that the price of insurance is somewhat discouraged him from thinking of it initially as an investment. "All insurance is too expensive given the typical salary individuals make. It doesn't seem like an investment. It can help you out at certain points in life if something happens but it is money that is coming out of your pocket every month that you can use for something else," said Kanumuri in Telugu. Almost all participants seemed to agree with him on this point.

Most focus group participants, however, indicated that having insurance would make them feel more secure and

comfortable about the future. With insurance, they said that they do not have to worry about unexpected expenditures during a crisis. In particular, several participants mentioned the importance of life insurance for their children, should they pass away. "Life insurance is very important for children. My children are small and I think about their education. They want to go to college so at least if I won't be alive, they can go ahead and get a college education," said Joseph, Ravikanth in his late 30s said in English, "In reality, you are ensuring the future of your children when you get life insurance. None of us know when it is also are going to die ... the cost is not important to me. What matters to me is that their future is insured". Mahesh Maidh earlier made the same point. It is also; once again, see one key factor that motivates consumers to purchase insurance for their children.

At the same time, the study also reveals some facts that, there is no significant variation across different income groups in their attitudes toward life insurance. A great majority of consumers acknowledge the need to have life insurance and respondents attitudes toward insurance do not seem to vary significantly with education, age, gender, or length of residency. Thus, the lack of insurance observed, however, among younger, low-income, less educated, and less acculturated consumers may be due to other factors and not attributable to a view that life insurance is an unnecessary expense.

Further, a majority of consumers have a positive opinion of the life insurance industry. As reported in Table 4, 77% of consumers consider the insurance

industry trustworthy, while only 12% think that the insurance industry is not trustworthy at all. There seems to be little significant variation in consumers' opinion of the insurance industry by income, education, age, gender, length of residence, and language preference. Across the board, over two-thirds of consumers express a trust in the life insurance industry.

However, this does not mean that consumers have almost blind faith in all companies, policies, and brokers or agents in the life insurance industry. In fact, several focus group participants expressed their displeasure with some specific life insurance companies and agents. Ramesh Yadav in his 40s said that he was satisfied with his policy but had a bad experience with insurance agents. "Because you don't earn much, [insurance agents] make you feel like you are at the bottom of the totem pole", stressed Yadav. Further, several focus group participants said that they either saw others experience, or they personally experienced, problems with some insurance companies. Some others also complained about life insurance brokers who did not fully explain the insurance policies. "That is why I prefer to buy from more established [insurance] companies," said Balaramu, who travels frequently to visit tourist places in India.

The survey asked respondents, what is most likely to happen if they file an insurance claim? As shown in Table 5, 23% of respondents expect they will get good returns once they file a claim. Twenty-four percent believe that the insurer will pay with no consequences, while seven percent expect their insurer to deny the

claim and 27% think their insurance will be cancelled or delayed after filing an insurance claim. It seems to be very telling, however, that almost one in five does not know what to expect.

As shown in Table 6, some significant variation in the expected consequences after filing an insurance claim emerges across different levels of education—the lower the level of education, the less likely consumers are to know what to expect after filing an insurance claim. Thirty-one percent of those who did not graduate from any university indicate that they do not know what to expect and only a quarter of them expect their insurance rates to increase. About one-half of those with a secondary school or higher education expect that their insurance rates will go up after filing an insurance claim. This pattern applies to variation by income—the lower the level of income, the less likely consumers are to know what to expect.

Older consumers tend to be unsure about what to expect. Table 7 reveals that over 20% of consumers age 31 and older do not know what to expect after filing an insurance claim compared with only 13% of consumers age 30 and younger. Further, 53% of consumers ages 18 to 20 believe that their insurance rates will go up once they file an insurance claim. However, about one half of the residents expect their rates to go up after filing an insurance claim. It should be noted that there is no significant variation by length of residence in what to expect after filing an insurance claim.

Table 8 reveals that consumers in Telugu-speaking families tend to be

unsure about what to expect after filing an insurance claim. Almost a quarter of consumers living in a Telugu dominant household indicate that they do not know what to expect, while only four percent of consumers whose primary language spoken at home is English feel the same way. Hindi, Tamil and other languages speaking families are also having the same expectations of their own.

What consumers consider while insuring their lives: Those who have life insurance are asked what they expect the rupees amount of the death benefit to cover. Table 9 reveals that consumers with life insurance tend to expect that the death benefit will cover care for children (39%), funeral expenses (38%), education of children (27%), care of spouse (26%), investment (31%), and something else expected (24%).

Randomly some trail and error phone calls of those without life insurance are asked what they would expect the rupee amount of the death benefit to cover if they have life insurance. Surprisingly, same answers were encountered in the survey.

Consumers' view points of insurance information: As reported in Table 10, consumers refer to family members and relatives (27%) most often as the most reliable and trustworthy source of information about life insurance. When looking for information about life insurance, consumers also rely most on friends (23%), insurance agents (10%) and television (8%).

Overall, consumers most trusted sources of information do not vary

significantly with demographic factors. However, some variations are noteworthy. First, females appear to be more likely than males to rely on family members and relatives for information. Second, consumers are more likely to report family members and relatives as the most reliable and trustworthy source of information about insurance. This is likely due to the fact that consumers are more likely to be surrounded by family members and relatives already rooted in the city thus, they can relatively easily rely on and tap into the resources of their family members. Finally, younger consumers more frequently consider the Internet as the most reliable source of information.

As shown in Table 11, when asked in what language they prefer to receive information about insurance, 68% of respondents indicate that they prefer Telugu, while 12% prefer English. Twenty percent say they prefer to receive information in Hindi and other languages. Preference to receive information about insurance in Telugu is largely because over 76 % of respondents are having Telugu as their primary language spoken at home (see consumers' demographics).

Table 11 also shows the influence of acculturation on language preference. 72% of those who have lived in the city up to 10 years want to receive information about insurance in Telugu, while only two percent prefer English. In contrast, 44% of those who have lived in the city more than 30 years indicate they prefer Telugu. Twenty-one percent of those long timers prefer English.

Conclusion

The study site encompasses a city area with the one of the largest increasing consumer population in the state of Andhra Pradesh, so arguably it is the biggest and most important consumers market with the potential to speak to national trends. To the extent that consumers' attitudes, preferences, and behavior vary across regional groups and areas of residence, however, the findings from the study may not be readily generalized into the entire nation consumer population. With that said, it is also having presented a number of important and interesting findings.

1. The study clearly shows that consumers under-utilize insurance. A majority of consumers do not have life insurance.

2. The under-utilization of insurance however does not mean that consumers do not value insurance nor are they suspicious of the insurance industry. As reported, it is also find that consumers maintain affirmative attitudes and a receptive view on insurance. Only 3% of consumers think that insurance is an unnecessary expense. Further, consumers consider the insurance industry trustworthy. This reveals that the insurance industry would encounter little negative reaction or suspicion from the consumers community as it attempts to tap into the community's great market potential.

3. The study found that consumers are *price-conscious* of a number of factors that have influenced, or would influence,

their decision in buying insurance, price is the most influential. Quality of customer service and terms of coverage are also ranked higher than other factors, such as size of the company or name recognition.

4. Consumers seem to rely most on informal sources of information. More consumers consider family members and friends the most reliable and trustworthy source of information about life insurance. However, insurance agents are also very highly regarded as a reliable and trustworthy source of information. All this reveals that consumers most prefer to receive information through *personal contact*, although television is also among the most frequently mentioned sources of information about life insurance.

5. Almost three-quarters of consumers prefer to receive information about insurance in Telugu. This signifies the importance of the Telugu language as a medium to reach out to the consumers market.

Finally, the Consumers community is not homogenous. There are variations within the community. Consumers differ depending on their level of income and education. More importantly, however, consumers' attitudes, preferences, and behavior vary significantly by length of residence in the city. Life insurance in its different forms is an integral financial component for most of the consumers. Market opportunities exist for the insurance industry as it is also increased financial protection for consumers as a whole.

Table 1: Details of private insurance companies in India registered with IRDA

S. No	Registration Number	Date of Registration	Name of the Company
1	101	23-10-2000	HDFC Standard Life Insurance Company Ltd.
2	104	15-11-2000	Max New York Life Insurance Co. Ltd
3	105	24-11-2000	ICICI Prudential Life Insurance Company Ltd
4	107	10-01-2001	Kotak Mahindra Old Mutual Life Insurance Ltd
5	109	31-01-2001	Birla Sun Life Insurance Company Ltd.
6	110	12-02-2001	Tata AIG Life Insurance Company Ltd.
7	111	03-03-2001	SBI Life Insurance Company Limited
8	114	02-08-2001	ING Vysya Life Insurance Company Pvt Limited
9	116	03-08-2001	Bajaj Allianz Life Insurance Company Limited
10	117	06-08-2001	MetLife India Insurance Company Pvt. Ltd
11	121	03-01-2002	AMP Sanmar Life Insurance Company Limited*.
12	122	14-05-2002	Aviva Life Insurance Co. India Pvt. Ltd.
13	127	06-02-2004	Sahara India Insurance Company Ltd
14	128	17-11-2005	Shriram Life Insurance Company Ltd
15	129	01-03-2006	Bharti AXA Life Insurance Company Ltd.

Source: various issues of Insurance Regulatory and Development Authority (IRDA) annual reports.

*Reliance Life Insurance takes over the company in the year 2007.

Table 2: Category wise the ownership of life insurance.

(Figures in parentheses indicate percentages to total respondents, N= 160)

Age.(in years)	Education level	Occupation	Length of Residence(in years)
1	2	3	4
10-20 (7)	Primary (3)	Housewives (13)	0-10 (11)
21-30 (12)	Secondary (11)	Employees (39)	11-20 (28)
31-40 (17)	Graduate (73)	Professionals (17)	21-30 (18)
41-50 (23)	Post-Graduate (13)	Businessmen (28)	31 & above (43)
51 & above (41)	Illiterate (0)	Others (3)	

Table 3: Holding of life insurance policies.

(Figures in parentheses indicate percentages to total respondents, N= 160)

Total Amount of Life Insurance Cover	Coverage of policy
1	2
Rs.25,000 & below (2)	By Employer (23)
Rs.25,001 - 50,000 (6)	By Own (65)
Rs.50,001 - 75,000 (12)	Both (12)
Rs.75,001 - 1,00,000 (27)	
Rs.1,00,001 - 1,50,000 (18)	
Rs.1,50,001 - 2,00,000 (12)	
Over 2,00,000 (9)	

Table 4: Attitudes and opinions of life insurance industry

(Figures in parentheses indicate percentages to total respondents, N= 160)

Attitudes	Opinions
1	2
A tool to help protect and grow wealth (26)	Very trust worthy (32)
An Unnecessary Expense (3)	Somewhat trustworthy (45)
Something you must have (23)	Somewhat untrustworthy (11)
Protect against unexpected expenses (48)	Not trustworthy at all (12)

Table 5: Variations in the expected consequences after filing an insurance claim

(Figs. in percentage) N=160

Expected Consequences	Respondents
The Insurer will pay with no consequences	24
Will get good return on claim	23
The insurer will deny the claims	7
My insurance will be delayed or cancelled	27
Don't Know	19
Total	100

Table 6: Variations in expected consequences by education level.

(Figs. in percentage) N=160

Expected consequences	Primary	Secondary	Graduate	Post-Graduate +
The insurer will pay with no consequences	28	31	33	38
My rates will go up	24	50	52	48
The insurer will deny the claim	9	3	6	6
My insurance will be cancelled	8	5	5	2
Don't Know	31	11	4	6
Total	100	100	100	100

Table 7: Variations in expected consequences by age

(Figs. in percentage) N=160

Expected consequences	10-20 Years	21-30 Years	31-40 Years	41-50 Years	51 + Years
The insurer will pay with no consequences	19	34	32	36	28
My rates will go up	53	41	36	31	35
The insurer will deny the claim	6	5	6	6	7
My insurance will be cancelled	9	7	5	6	4
Don't Know	13	13	21	21	26
Total	100	100	100	100	100

Table 8: Variations in expected consequences by language

(Figs. in percentage) N=160

Expected consequences Languages	English	Telugu	Hindi and Other
The insurer will pay with no consequences	33	31	26
My rates will go up	56	31	46
The insurer will deny the claim	4	7	5
My insurance will be cancelled	3	7	7
Don't Know	4	24	16
Total	100	100	100

Table 9: Considerations of benefits to cover
(Figs. in percentage) N=160

Considerations	Respondents
Care for children	39
Pay for funeral expenses	38
Education of children	27
Care for spouse	26
Investment for cost of living expenses	31
Care for older parents	9

Table 10: Most reliable and trustworthy source of information
(Figs. in percentage) N=160

Information source	Respondents
Family/Relatives	27
Financial advisor	2
Friends/Neighbors	23
Television	8
Insurance agents	10
News papers	3
Co-workers	7
Internet	5
Phonebook	1
Community/Religious organizations	5
Radio	1
Billboards	4
Something else	4

Table 11: Preferred language of information
(Figs. in percentage) N=160

Language	Preference	Preference by length of residence			
		0-10 Years	11-20 Years	21-30 Years	31 + Years
Telugu	68	72	60	58	44
English	12	2	3	5	21
Hindi & others	20	26	37	37	35
Total	100	100	100	100	100

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Appendix-A: Methods

The author conducted two focus groups and a telephone survey of Consumers adults for the study. Two focus groups with 10 participants each—one in Telugu and the other in English. Each session lasted two hours. A telephone survey of Consumers adults ages 18 and over (regardless of their status) residing in the Visakhapatnam City Statistical Area was conducted over a three week period during the months of May and June, 2006. Focus group participants asked to fill out a brief questionnaire (intended to gather their demographic information) upon arriving at the focus group facility contracted for the study. Then, during the focus group session, participants answered questions on the following topics:

- i. General knowledge about insurance
- ii. Barriers to purchasing insurance
- iii. Insurance purchasing dynamics
- iv. Media preferences
- v. Product preferences

Samples for the telephone survey were drawn from the (telephone) directory listed households with different surnames. Both English and Telugu versions of the questionnaire were prepared. Respondents were given the option of answering the survey in either English or Telugu.

Appendix-B: Demographic profile of the focus group participants

Focus Group 1 (in Telugu)

Ten participants who reside in Visakhapatnam City were recruited through a focus group facility. Of those, 6 participants trace their ancestry to city, three are out-born, and only one is temporary resident came for further studies. All most all the participants in this group indicated that they prefer to speak Telugu at home, three prefer to speak in English occasionally, and five can speak both languages equally. Almost all (9) prefer to watch television in Telugu. All the participants own life insurance. Seven completed some college education, most (8) over age 20 and six had family incomes between Rs.90, 000 and Rs.1, 20,000.

Focus Group 2 (in English, Hindi and Other languages)

Ten participants who reside in Visakhapatnam city also recruited through the same focus group facility. Of those, 4 participants trace their ancestry to city, two born in the city and none had an out-born parent. Seven indicate that they prefer to speak Hindi at home and watch television in Hindi. All the group members own life insurance. One had only a primary school education. Three had some high school education, four are graduates and two had some post graduate degree. Nine had four or more people living in their household, 5 are age 30 or older and six had incomes over Rs. 1, 20,000.

Appendix C: Demographic profile of the sample for the telephone survey

Age (N=160)		Gender (N=160)		Family Income (N=160)	
Age in Years	Sample (%age)	Gender	Sample (%age)	Income (Rs in '000)	Sample (%age)
10-20	22	Male	60	30 – 60	9
21-30	23			61 – 90	16
31-40	33	Female	40	91 – 120	34
41-50	12			121 – 150	23
51 + years	10			151 & Above	18

Primary language spoken at home (N=160)		Employees insured under SSS*(N=62)		Membership in organizations	
Language	Sample	Insured (%age)	Sample	Organization (%age)	Sample (%age)
Telugu	76	Under SSS	78	Religious	19
English	4	Not under SSS	22	Service	38
Hindi &	20			Unions	5
Others				Others	38

*Salary Savings Scheme