

TREND AND PROGRESS OF MICRO INSURANCE IN SOUTH ZONE

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Abstract

Micro insurance is one of the innovative products for rural people because it covers the risk. Rural population has to face many risks and hardships. Therefore, there is a need of understanding the significance and impact of micro insurance towards empowering rural population in the study area. In this regard, the presented studies discuss the trend and progress of the micro insurance in south zone, with respect to Jeevan Madhur, Jeevan Mangal and Bhakaya Lakshmi of Life Insurance Corporation of India.

Keywords: *Micro Insurance, Trend and progress, South zone, Poor people, Public and private micro insurance.*

Introduction

Micro insurance is one major part of the manufacturing industries sector. Its protected rural people and industrial labour risk are bearing part of life. India has Monopoly Life Insurance Company there functioning three micro insurance schemes Jeevan Madhu, Jeevan Mangal and Bhakaya Lakshmi. This schemes main motive of unorganized sectors people risk cover, but Life insurance agent not willing to promote this scheme, reason is low premium cost of the schemes but they are got low commission.

Literature Review

Paramasivan and Rajaram (2015) noted that micro insurance is one of the schemes of the life insurance corporation of India which introduced through Jeevan mangal micro insurance policy to reach the unreached people. Jeevan mangal micro insurance south zone performing significantly with attractive policies

Paramasivan and Rajaram (2016) analysed that micro insurance is a special kind of insurance, which helps to attract and meet the needs of the unreached people with an affordable cost. Life Insurance Corporation introduced a micro insurance policy in the

name of Jeevan Madhur. A simple saving related life insurance plan for low income persons was launched in 2006. On the death of the policy holder, death benefit amount equal to the total premiums payable during the entire term of the policy will be paid along with bonus if any micro insurance products easily reach the rural poor people.

Seema shokeen (2017) Micro Insurance is an instrument which can be used to provide protection to low income segment of the society against various uncertainties at low cost. The main objective of micro insurance is the development of the service at very low price through micro finance institution. It an effective tool which can be used to eliminate poverty of the country moreover government is also contributing in the development of micro insurance by providing various subsidies to make the micro insurance products less costly so that poor people can afford it easily. But micro insurance is still an emerging concept in India and it is facing challenges for its development as people are not average about it and there are no proper channels for its distribution.

Chrishina Maria roy and Elvina Varghese (2019) It's reveals that India is

considered to be an economically vulnerable country in the past, but with the introduction of micro insurance, India has become more stable among the lower income groups of the country. Micro insurance is one where the lower income groups of the society has to only pay a certain amount of premium which is in relevance to their risk level and affordability.

Gowsya Sheik and Raja Babu (2018) he analysis that the growth of micro insurance has been increasing in the past decade. In recent years, this concept has gained remarkable progress in our country. The developing country like India micro insurance in an economic instrument in supporting the sustainable development of the poor and reducing the inequality. Micro insurance is protection for the low income population. In India 70% of the population resides in the rural areas but they do not have small insurance coverage. Therefore, micro insurance is an enormous opportunity to get social protection to low income people especially those in the informal economy who tend to be underserved by mainstream commercial and social insurance schemes

Dilip Bania and Sankar Thappa (2018) Micro insurance is a tool for investment, savings and as a measure of social security to the poor. It increases the livelihood of the poor where they can eat well, have good health since they would not have to save as much for emergencies. The numbers of micro insurance agents are in growing trend both in LIC of India and private insurers too.

Srijanani Devarakonda (2018) He said micro insurance is an important instrument that ensures and increases social protection for the poor and destitute. Micro insurance is no longer about merely pushing out products. To create real impact there is a need for work to develop inclusive markets that includes creating the appropriate enabling and protective policy and regulatory environment and developing the necessary supporting infrastructure and capacity to facilitate offering a wide range of affordable products and services to diverse client segments. It is a truth that the world's poor will not achieve lasting prosperity without access to insurance.

Ram Neegamegam (2017) it observed that the potential of micro insurance is very high for a developing country like India where a major portion lives below poverty line.

Micro insurance in India is a new concept and in the real sense is yet to be tested for its suitability to the needs of target segment. Spreading awareness among this segment of insurable population and capacity building of delivery organisation are major challengers. In several cases social factors or guiding agencies like insurance agents, employer's friends and relatives influence the prospective buyers to invest in the micro insurance policy.

Deepak Kumar Adhana and Mayank Saxena (2017) Micro insurance is optimistic, there is a huge scope for developing the segment in the country. Small firms should make a compulsory contribution from the employer to actively take and participate in an insurance cover. The real problem lies with the corporate because they are still not ready to give importance to the rural market. There is a need of well laid out strategy to target rural market at corporate level. If micro insurance schemes are rightly implemented, it could bring sea change in the living standard of rural population living below poverty line.

Statement of Problem

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. Insurance selling should not merely be regarded as a program to sell insurance covers but must be regarded as a movement to inculcate the habit of buying insurance to protect the assets and health of the families to cash in on the growing levels of rural incomes in the future. 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. Paradoxically the poor, who are the most in need of social protection, are the excluded ones

Objectives

1. To analysis the trend and progress of micro insurance in south zone
2. To examine private and public sector micro insurance companies in south zone

Research Methodology

The present study is descriptive and analytical in nature by using primary data. Primary data were collected with the help of structured interview schedules which were distributed to the respondents of the micro

insurance policy holders. Stratified random sampling techniques were applied to select the sample respondents. Collected data were

analysed with the advanced and appropriate statistical tools.

Result and Discussion

Table -1: Mean differences in selected variables between private and public sector companies

	company	N	Mean	Std. Deviation	Std. Error Mean
Individual Live Insurance premium (in lakhs)	private	5	897.3840	111.60352	49.91061
	public	5	11295.3240	2448.50555	1095.00497
Number of policy holders(in lakhs)	private	5	749889.00	161909.059	72407.933
	public	5	3061843.60	1015345.680	454076.392
Individual Policy Holders Death claim paid (in lakhs)	private	5	1038.6940	1430.72088	639.83783
	public	5	3470.9240	4819.15139	2155.19002
Number of schemes	private	5	93.40	69.716	31.178
	public	5	5342.80	112.768	50.432
Number of individual Policy holders' live Insurance covered	private	5	1335685.20	594005.340	265647.264
	public	5	12555583.00	2049984.154	916780.784
Number of Micro insurance Agents	private	5	1251.80	491.620	219.859
	public	5	12561.00	4241.648	1896.923
Group policy holders' Death Insurance Claim Paid (in lakhs)	private	5	1533.2820	1434.60689	641.57571
	public	5	51644.7620	49700.32889	22226.66278
Number of Group Policy Holders live Insurance Covered	private	5	3388.80	1868.558	835.645
	public	5	78928.60	48606.604	21737.534
Group Live insurance premium Covered(in lakhs)	private	5	1338.8600	388.07418	173.55205
	public	5	16026.4460	5639.33480	2521.98719
Number of New Policies Issued(in lakhs)	private	5	95.3660	32.25110	14.42313
	public	5	365.8920	16.14474	7.22015
Number of Corporate Agents	private	5	1200.80	884.659	395.631
	public	5	280.20	138.938	62.135
Number of Individual Agents	private	5	1152726.20	222617.563	99557.601
	public	5	1277400.80	95955.662	42912.677
Group Life Insurance Premium(in Crore)	private	5	81491.5640	4557.26543	2038.07106
	public	5	207637.1740	18471.99339	8260.92658
State wise Distribution of Life Insurers	private	5	7521.40	1044.442	467.088
	public	5	3688.20	651.473	291.347

Table-2: Independent Samples t-test for Equality of Means

Variables	t-test for Equality of Means						
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
						Lower	Upper
Individual Live Insurance premium (in lakhs)	-9.486	8	.000	-10397.9	1096.141	-12925.6	-7870.2
Number of policy holders(in lakhs)	-5.028	8	.001	-231195	459813.30	-337228	-125162.0
Individual Policy Holders Death claim paid (in lakhs)	-1.082	8	.311	-2432.2	2248.16	-7616.5	2752.0
Number of schemes	88.536	8	.000	-5249.4	59.29	-5386.1	-5112.6
Number of individual Policy holders' live Insurance covered	11.755	8	.000	-11219897.8	954492.26	-13420960.9	-9018834.7
Number of Micro insurance Agents	-5.922	8	.000	-11309.2	1909.62	-15712.7	-6905.65

Group policy holders' Death Insurance Claim Paid (in lakhs)	-2.254	8	.054	-50111.4	22235.92	-101387.6	1164.6
Number of Group Policy Holders live Insurance Covered	-3.473	8	.008	-75539.8	21753.59	-125703.6	-25375.9
Group Live insurance premium Covered(in lakhs)	-5.810	8	.000	-14687.5	2527.95	-20517.0	-8858.1
Number of New Policies Issued(in lakhs)	-16.772	8	.000	-270.5	16.12	-307.7	-233.3
Number of Corporate Agents	2.299	8	.051	920.6	400.48	-2.9	1844.1
Number of Individual Agents	-1.150	8	.283	-124674.6	108412.23	-374673.6	125324.4
Group Life Insurance Premium(in Crore)	-14.826	8	.000	-126145.6	8508.62	-145766.5	-106524.6
State wise Distribution of Life Insurers	6.963	8	.000	3833.2	550.50	2563.7	5102.6

Ho1: There is no difference in mean Individual Live Insurance premium between private and public sector companies

The study shows that there is significant differences in mean premium income between private and public sector companies since $P=0.000$ is less than $\alpha=5\%$.

Ho2: There is no difference in mean number of policy holders between private and public sector companies

Similarly, the study highlights that there is statistically significant differences in mean number of policy holders between private and public sector companies since $P=0.001$ is less than $\alpha=5\%$.

Ho3: There is no mean difference in individual death claim payment between private and public sector companies

Since $P=0.311$ is higher than $\alpha=5\%$, the null hypothesis is accepted stating that there is no statistically significant difference between private and public sector companies in terms of individual death claim payments.

Ho4: There is no mean difference in number of schemes between private and public sector companies

The study shows that there is significant mean differences in number of schemes between private and public sector companies since $P=0.000$ is less than $\alpha=5\%$.

Ho5: There is no mean difference in live insurance covered between private and public sector companies

The study shows that there is significant mean differences in live insurance covered between private and public sector companies since $P=0.000$ is less than $\alpha=5\%$.

Ho6: There is no difference mean in number of micro insurance agents between private and public sector companies

Similarly, there is significant mean differences in number of micro insurance agents between private and public sector companies since $P=0.000$ is less than $\alpha=5\%$.

Ho7: There is no difference in mean number of policy holders between private and public sector companies

The $P\text{-value}=0.000$ is less than $\alpha=5\%$. Hence, the null hypothesis is rejected stating that there is statistically significant difference between private and public sector companies in terms of number of policy holders.

Ho8: There is no difference in mean group death insurance claim paid between private and public sector companies

The $P\text{-value}=0.54$ is higher than $\alpha=5\%$. Hence, the null hypothesis is accepted stating that there is no statistically significant difference between private and public sector companies in terms of group death claim payments.

Ho9: There is no mean difference in group live insurance coverage between private and public sector companies

Since $P=0.008$ is less than $\alpha=5\%$, the null hypothesis is rejected stating that there is statistically significant difference between private and public sector companies in terms of group live insurance coverage.

Ho10: There is no mean difference in group live insurance premium coverage between private and public sector companies

Since $P=0.000$ is less than $\alpha=5\%$, the null hypothesis is rejected stating that there is

statistically significant difference between private and public sector companies in terms of group life insurance premium coverage.

Ho11: There is no mean difference in number of new policies issued between private and public sector companies

The P-value=0.008 is less than $\alpha=5\%$. Hence, the null hypothesis is rejected stating that there is statistically significant difference between private and public sector companies in terms of number of new policies issued.

Ho12: There is no mean difference in number of corporate agents between private and public sector companies

The P-value=0.051 is higher than $\alpha=5\%$. Hence, the null hypothesis is accepted stating that there is no statistically significant difference between private and public sector companies in terms of number of agents.

Ho13: There is no mean difference in number of individual agents between private and public sector companies

Since the P-value=0.283 is higher than $\alpha=5\%$, the null hypothesis is thus accepted stating that there is no statistically significant difference between private and public sector companies in terms of number of individual agents.

Ho14: There is no mean difference in group life insurance premium between private and public sector companies

The study highlights that the null hypothesis is rejected since the P-value=0.000 is less than $\alpha=5\%$ stating that there is statistically significant differences between private and public sector insurance companies in terms of group life insurance premium.

Ho15: There is no mean difference in state wise distribution of life insurers between private and public sector companies

The P-value=0.000 is less than $\alpha=5\%$. Hence, the null hypothesis is rejected stating that there is statistically significant difference between private and public sector companies in terms of state wise distribution of life insurers.

Trends and Progress of Micro Insurance

Table-5 Regression Model -Individual Life Insurance Premium Analysis

Model	Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations		Collinearity Statistics	
	Beta			Lower Bound	Upper Bound	Zero-order	Partial Part	Tolerance	VIF
1	(Constant)	-.342	.741	-1897.55	1406.89				

In order to study the trends and progresses of micro insurance, the study employed a linear regression model. Ten explanatory variables have been entered in to the model and only few have shown significant association with the outcome variable while majority failed to explain the dependent variable due to co linearity problem and being removed from the model.

Table-3: Model Summary- Individual LI Premium

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.971 ^a	.943	.936	1447.82

a. Predictors: (Constant), Number of individual Policy holders' life Insurance covered

The analysis shows that the adjusted R² is found to be 93.6%. This indicates that the dependent variable which is individual life insurance premium is exclusively explained/dictated by the independent variable" which is number of individual policy holders' life insurance coverage" see Table-3.

Table-4 Analysis of Variance (ANOVA^a)- Individual LI Premium

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	27755383.649	1	27755383.649	132.408	.000 ^b
Residual	16769593.828	8	2096199.166		
Total	29432342.978	9			

a. Dependent Variable: Individual Live Insurance premium (in lakhs)

b. Predictors: (Constant), Number of individual Policy holders' live Insurance covered

The analysis of variance (ANOVA) shows that there is statistically significant association between individual life insurance premium and number of individual policy holders' live insurance coverage. It also shows that the fitness of the model is good and statistically significant since its P-value= 0.000 is less than $\alpha=5\%$ (see table-4).

Number of individual Policy holders' live Insurance covered	.971	11.50	.000	.001	.001	.971	.971	.971	1.000	1.000
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a. Dependent Variable: Individual Life Insurance Premium (in lakhs), **Coefficients^a**

In order to study the effects of micro insurance, a regression model has been applied. The analysis shows that from among the 10 variables entered in to the model, only one variable is found to be having statistically significant effect on the dependent variable. The remaining 9 variables are removed due to multi-collinearity problem from the model. According to this study, individual life insurance premium (company premium) is highly dictated by number of individual policy holders' life insurance coverage. This study indicates that there is positive and statistically significant association between premium and number of individual life insurance coverage since the P-value=0.000 is less than $\alpha=0.05$. Besides, the study shows that a unit increase in the number of individual life insurance coverage results in 97.1 per cent rise

(progress) in the individual life insurance premium (see table-5).

Table-6: Model Summary-Group LI Premium

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.989 ^a	.979	.973	11196.93

a. Predictors: : (Constant), Number of Micro insurance Agents, Number of individual Policy holders' live Insurance covered

Table-6 shows that 97.3% of the dependent variable (group life insurance premium) is explained by two independent variables, namely number of micro insurance agents and number of individual policy holders' life insurance coverage. Besides, table-7 indicates that the goodness of fit of the model is statistically significant at P-value of 0.000.

Table-7: Analysis of Variance (ANOVA^a)-Group LI Premium

Model	Sum of Squares	df	Mean Square	F	Sig.
2 Regression	40352121379.79	2	20176060689.89	160.93	.000 ^b
Residual	877598758.61	7	125371251.23		
Total	41229720138.40	9			

a. Dependent Variable: Group Life Insurance Premium (in Crore)

b. Predictors: (Constant), Number of Micro insurance Agents, Number of individual Policy holders' live Insurance covered

Table-8: Regression Model - Group Life Insurance Premium Analysis

Model	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B		Correlations		Collinearity Statistics		
				Lower Bound	Upper Bound	Zero-order	Partial Part	Tolerance	VIF	
(Constant)		12.31	.000	55445.79	81797.19					
2 Number of Micro insurance Agents	.569	5.58	.001	3.36	8.30	.957	.904	.308	.292	3.42
Number of individual Policy holders' live Insurance covered	.461	4.52	.003	.002	.008	.940	.863	.249	.292	3.42

a. Dependent Variable: Group Life Insurance Premium (in Crore); **Coefficients^a**

Similar analysis has been made to observe the effect of the explanatory variable on the outcome variable. Out of ten variables entered into the model, only two of them, namely number of micro insurance agents (with P-value is 0.001) and number of

individual policy holders' live insurance coverage (with P-value is 0.003) have statistically significant effect on group life insurance premium. The effect is positive in both cases. On one hand, a unit increase in the number of micro insurance agents result in an

increase in group life insurance premium by 56.9 per cent. On the other hand, a unit increase in number of individual policy holders' life insurance coverage increases group life insurance premium by 46.1 per cent. In general, the study shows that the progress of micro insurance is dependent on premium paid by groups and individuals which in turn is highly dictated by the aforementioned two explanatory variables.

The average individual policy holders' life insurance premium is declining over time for both public and private insurance companies (See fig.1). Moreover, figure-2 shows that the average group policy holders' life insurance premium is drastically declining from 12,100.91 lakhs in the year 2009/10 to rupees of 5,490.15 lakhs in 2011/12. It eventually increased to 10,901.33 lakhs from year 2011/12 to 2012/13. Finally it declined again to 7088.34 lakhs from year 2012/13 to 2013/14. The average number of policy holders has increased to 2,518,070 lakhs from 1,491,977 between the period of 2009/10 and 2012 and 13. Then this figure has drastically fallen down to 1,383,580 lakhs from 2012/13 to 2013/14 (see fig.3). The present study also shows that the average individual policy holders' death claim payment has slightly increased from 412.74 lakhs to 1,140.85 lakhs in the period 2009/10 and 2012/13. However, it has drastically raised to 7,815.50 lakhs with in the period of 2012/13 to 2013/14 (see fig.4). The analysis so far made also highlights that the average state wise distribution of life insurers has declined from the period 2009/10 to 2012/13 and then slightly raised between the period 2012/2013 and 2013/14 (see fig.5). Similar analysis shows that the mean number of schemes has slightly increased between the period 2009/10 and 2011/12 and then declined between the period 2011/12 to 2013/14 (see fig.6).

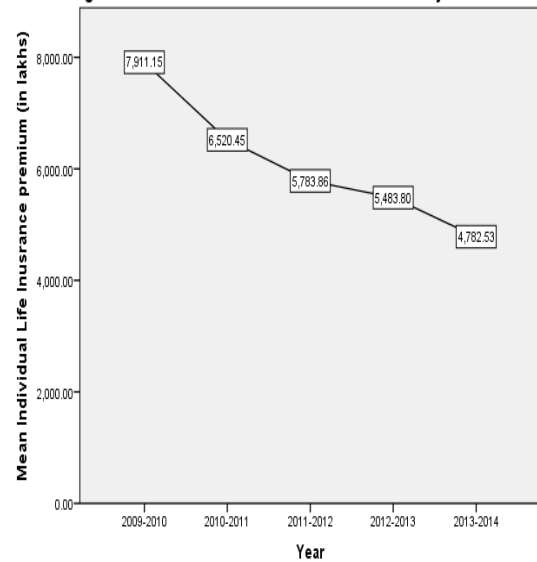
The study also shows that the average number of individual policy holders' life insurance coverage has declined from the period 2009/10 to 2011/12, then it has increased between 2011/12 and 2012/13 and finally came down from 2012/13 to 2013/14 (see fig.7). But, the average number of micro insurance agents has progressively increasing from 2009/10 through 2013/14 all over the five years (see fig.8). Similarly, the study shows that group policy holders' death insurance claim payment has slightly increased

over the period of 2009/10 through 2012/13 and raised at a faster rate after 2012/13 till 2013/14 (see fig.9). However, the average number of policy issued has eventually declined all over the five years period (see fig.10). On top of that, the average number of individual agents has declined at slower rate over the last five years periods (see fig. 11). However, the analysis shows that the average number of corporate agents has drastically declined over the subsequent five years (see fig.12).

Conclusion

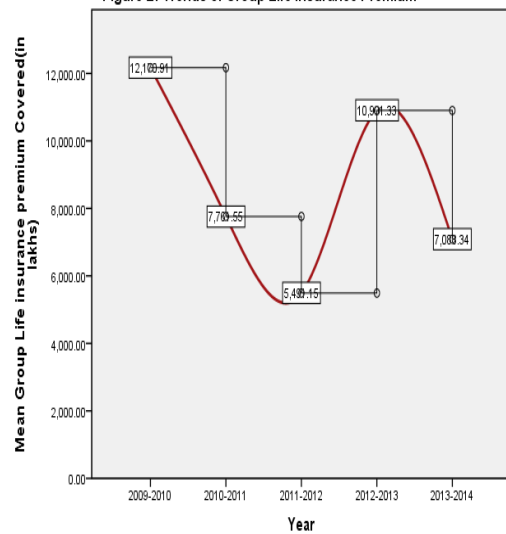
The micro insurance scheme is helpful to rural poor people and unorganized sectors labours so Indian government takes incentive for these micro insurance schemes to promote for development of our nation.

Figure-1: Trends of Individual Life Insurance Premium by Year



Source: Author 2017

Figure-2: Trends of Group Life Insurance Premium



Source: Author 2017

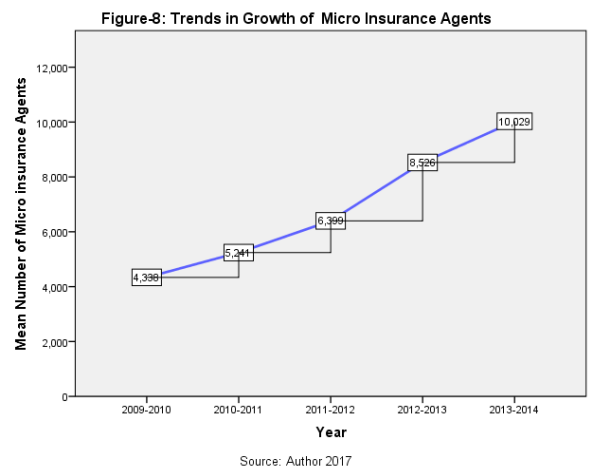
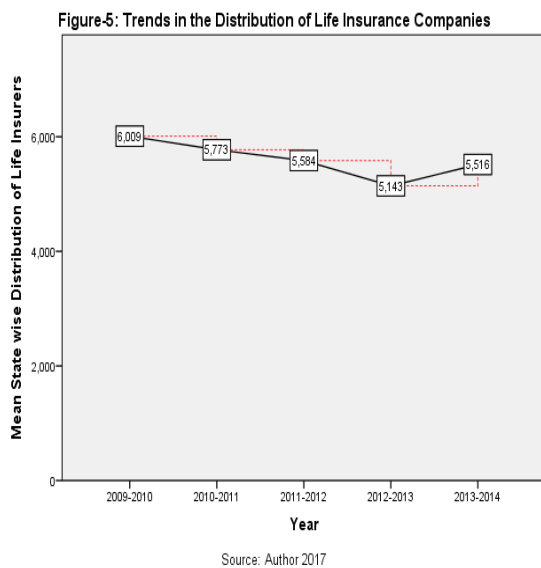
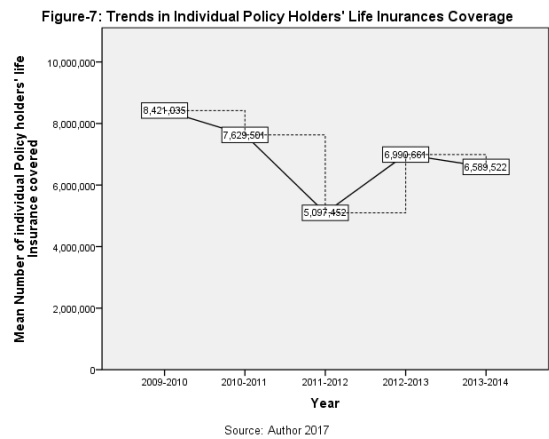
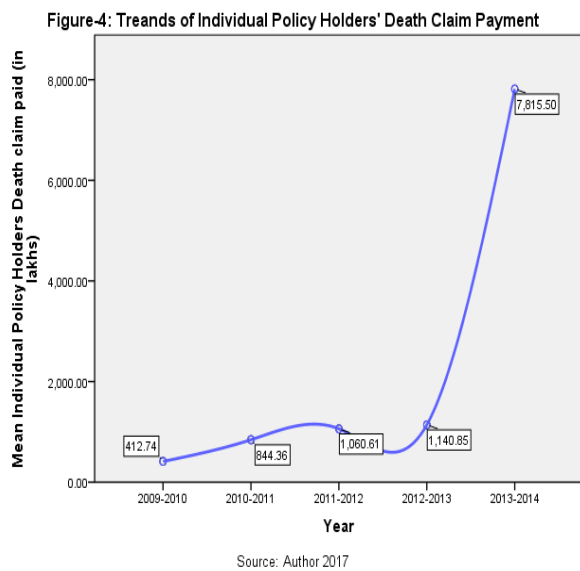
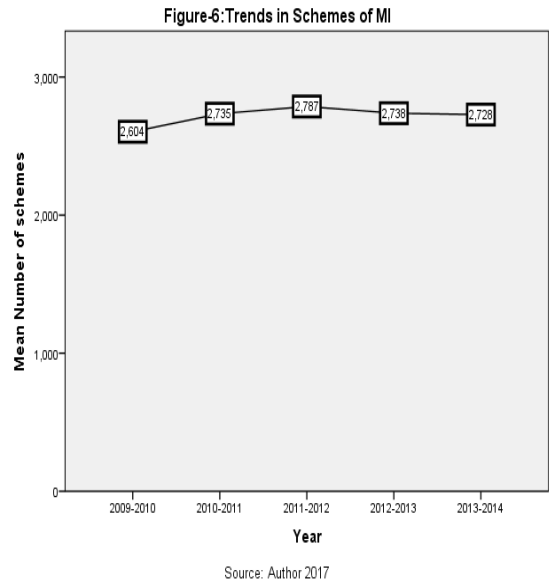
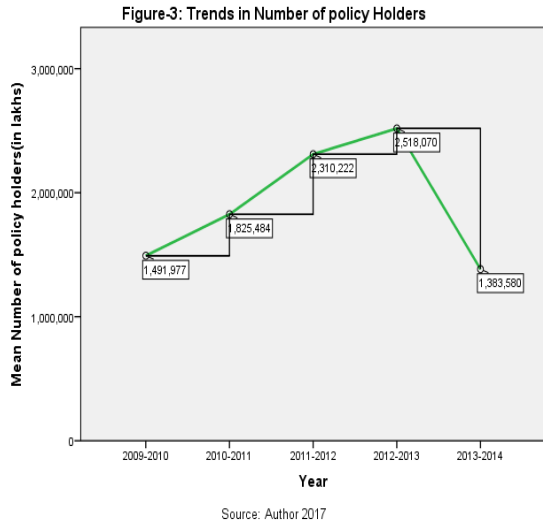


Figure-9: Trends of Group Policy Holders' Death Insurance Claim Payment

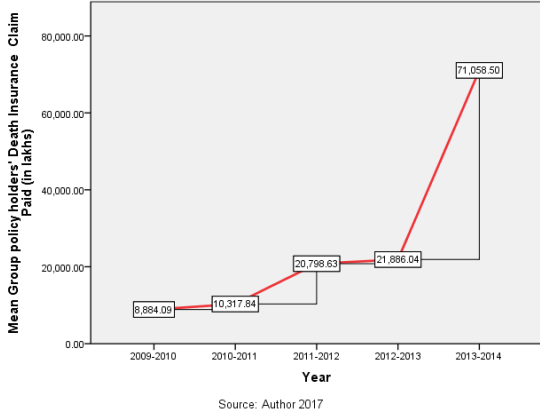


Figure-10: Trends in the Growth of New Policy Issued

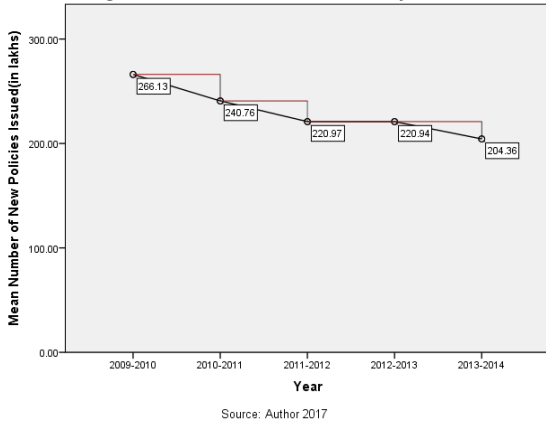


Figure-11: Trends in Growth of Individual Agents

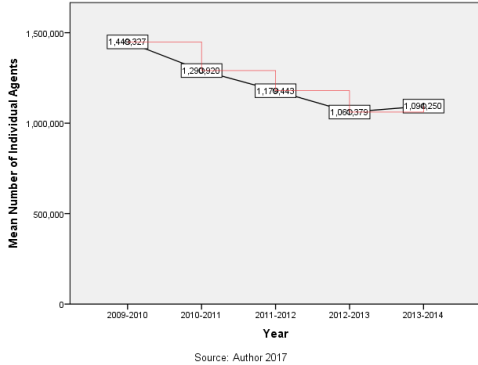
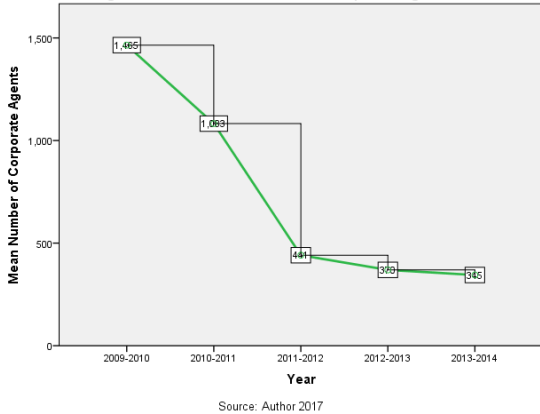
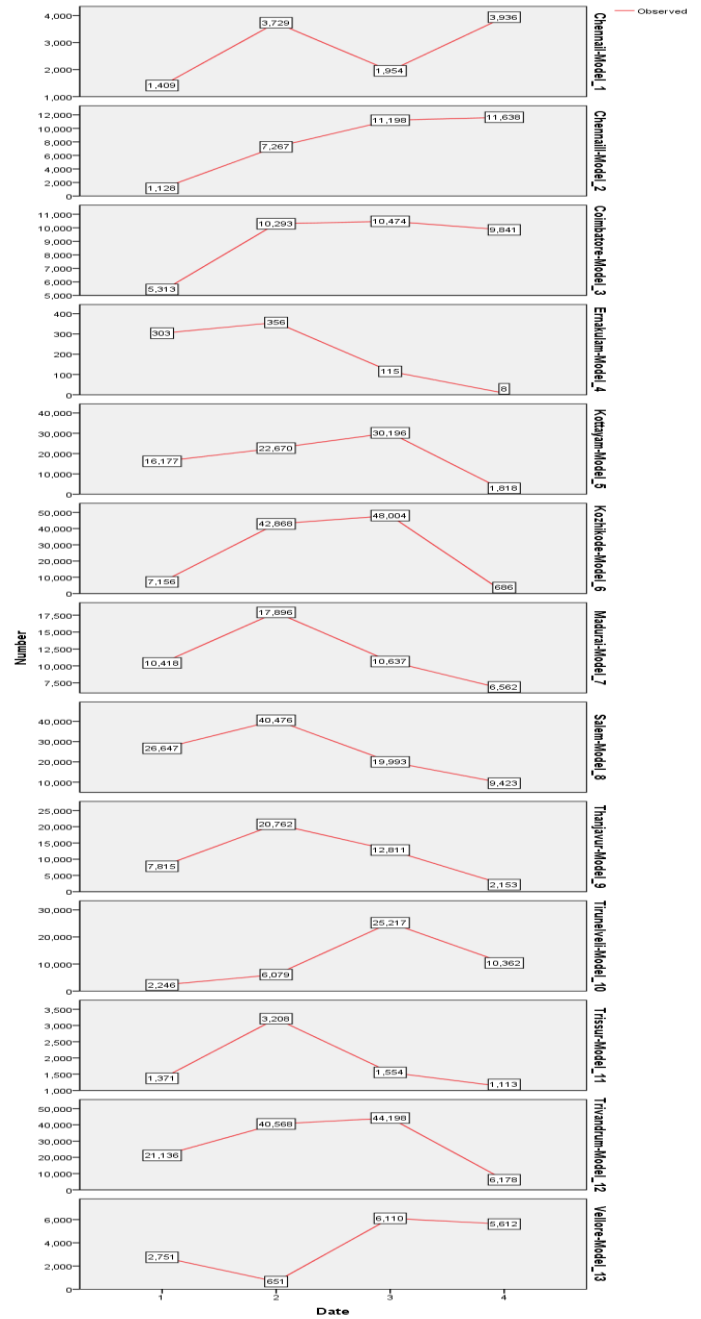


Figure-12: Trends in the Growth of Corporate Agents



Trends of Jeevan Madhur Micro insurance Policy holders



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