

Insuring the Uninsured - The Post Office Way

M.V. Rama Prasad & Upender Yennam

Abstract

This research-based paper aims to study the role of Post Office in covering the rural people under Rural Postal Life Insurance. It would throw light on the life insurance industry in general in terms of coverage and post office in particular. A case study was also made out studying the insurance awareness and their preferences in four Districts of Andhra Pradesh covering the specific rural poor segments which are culturally distinct, sociologically backward and geographically remote. This study reinforces the fact that the future of insurance lies in the bottom of the pyramid. The findings suggest that the rural poor desire life insurance and are willing to save money for that. The study highlights the need to vigorously pursue the micro-insurance initiatives in the rural areas. This particular study is timely as financial inclusion is one of the top most priorities of the government despite the fact that there are major gaps in its policy formulation and implementation. It is a fact that only 3,500 villages have Bank branches in the constructed premises leaving 0.57 million habitations uncovered. In the pursuit, Post Office is an option which is in advantageous position compared to other insurers.

Key Words: India Post, Post Office Rural Postal Life Insurance, Insurance Awareness, Tribal People, Micro-Insurance

Introduction

Post Office has been serving the Indians since 1854 and is associated with the life of every Indian in many forms at every stage of evolution. Out of a total of 155669 post offices in India, 139225 are in rural areas which accounts for about 89 percent. On an average, a post office covers an area of 21.2 Sq.kms and serves 7166 people across India. Postal Life Insurance is the oldest life insurance available in India provided by the Department of Posts. It came into effect when no welfare schemes were available to Central Government Employees, especially to the then Post & Telegraph Employees. In the light of sudden demise of a Sub Postmaster in Kolkata, late Dr.Auck, the Director of Postal Services and late F.R.Hogg, Postmaster-General took an initiative to introduce an Act for the Postal Department and as a result of this, Post Office Insurance Act was passed on 16.02.1884 and the Act was made effective from 01.02.1884. The scheme was found to be a welcome measure among the Postal Employees and accordingly, the scheme was gradually extended to other Government Employees over the years. As an offshoot of Postal Life Insurance, the Rural Postal Life Insurance scheme came into effect from 24.03.1995. This scheme envisaged to provide insurance cover to the rural public in general and benefit weaker sections and women workers of rural areas in particular.

reaching every nook and corner of India as it enjoys unparallel network. Therefore, mere presence alone guarantees the service delivery as it needs to be enabled properly. The crux of the issue is how to deliver the insurance service to the people that inhabit in the tribal areas known for abject poverty and almost no awareness about the insurance per se.

The Postal Department has a footprint on the hills in the shape of Branch Post Offices. These Branch Post Offices, if motivated, could transform the tribal society into a society which insures itself from the perils of nature and insulates itself from the exploitation of plain area people. Not only insuring the tribal society, the study team ensured 100% enrolment of 3 tribal villages namely Gujjuvai, Duggeru and Buradagadda Varaha villages of this Postal Division. For the first time, this experiment made the tribals aware of a Scheme of Insurance covering their lives and it is sure that this experiment amply demonstrated the capabilities of India Post in empowering not only the rural masses but also the tribal society.

Literature Review

According to India Rural Development Report (1999) of National Institute of Rural Development, the coastal Andhra comprising of nine districts including the districts under study namely Srikakulam, Vizianagaram, Visakhapatnam and East Godavari of Andhra Pradesh have accounted for a poverty ratio (head count) of 17.3 percent. It further stated that about 76.41 percent males and 88.22 percent females are engaged in agriculture in this National Sample

Statement of the Problem

The Indian Post Office has a core competency of

Survey region. About 43.2 percent males and 54.6 percent females were working as casual workers. As a result of poverty, the rural poor could not afford to make sufficient investment on health leading to deaths on account of serious illness. Therefore, the challenge of bringing this population deriving subsistence from agriculture under insurance cover is daunting.

Poonam Arora (2009), stresses that this kind of population form significant insurable market and micro-insurance is the better way to reach them. Of late, there have been attempts in providing micro-insurance, though in a small way. The Banks are trying hard through correspondent model to reach this segment.

The Insurance Regulatory Development Authority (IRDA) website gives the insurance density for the year 2007 in terms of a ratio of premium (in US Dollar) to total population as 40.4 in Life Insurance as against the world average of 358.1. Also, the insurance penetration in India in Life Insurance for the year 2007 as a ratio (in percent) of premium (US Dollar) to GDP(in US Dollar) is 4.00 as against the world average of 4.40. These figures will clearly demonstrate the extent of aggressively covering the rural segment under insurance.

Suvajit Chakraborty (2009) observed that micro-insurance the other part of micro-finance is playing only a negligible role in the sector. This can be further understood by the fact that the total number of no-frill accounts as of 31st March 2011 stood at 74.3 million, but the number of active accounts reported by various banks varies between a miniscule 3% and 20% as per the preliminary findings of the 'State of the Sector Report' for wholesome financial inclusion.

Dr. Gopalakrishna .G in his article 'Healthy Expansion of Insurance – adopting best Methods and Practices', has emphasised on the need to look beyond the 'policy' as product and to consider the policy owner's 'personal situation'. He further mentioned that the service includes selling the right policy to fill the policy owner's need, and the policy owner understands the transaction fully, arranging ownership and beneficiary designation to best advantage, keeping the premium within the buyer's means and making future changes as required.

Sunamya Khurana expresses that people have good knowledge about the insurance and according to him the life insurance has become an attractive investment channel along with risk coverage. In another article, the same author in the article 'Customer preferences in Life Insurance Industry in India' (2008) had observed that protection of life is the main purpose for buying an

insurance policy. The present study findings have also attested this conclusion.

Ramachandran in his article, Rural Insurance Potential and Challenges (2008), states that the penetration of life insurance in rural India is only 2.53 percent. Further, the paper says that only 20% of the insurable life is covered by life insurance and a very large proportion of rural population is untouched. The author further opines that the urban centric concept of individual's policies may not be a practicable proposition considering the vast mass of people to be covered. This is very apt considering the size of market opportunity waiting in the form of rural population.

Jayendra Kumar in his article on Indian Insurers: Eyeing Rural Sector (2008) states that the penetration of insurance in rural India is just 1.6% of GDP. He further adds that though the prospects in the rural section are promising the real challenge lies in distributing and delivering the systems cost effectively and efficiently. In fact, this particular challenge is the very important one forcing the companies to look for many viable alternative models, including the correspondent model being followed by Banks.

Venkata Ramana Rao (2008) in his article Life Insurance in Rural India: Micro Insurance Lessons to Unlearn and Teach states that micro insurance is not only an opportunity but also it is a responsibility too for the Indian Insurance Industry. He emphasises the need to Educate First the rural poor before marketing the insurance, which is very right.

Anabil Bhattacharya (2008) in his article Micro-Insurance in the Indian Market, asserts that if governments, donors, development agencies and others working for the welfare of the poor community are serious about combating poverty, 'insurance' has to be one of the weapons in their arsenal.

The ILO Report (2004) says that there are 51 schemes in micro insurance are operational in India covering a total of 5.2 million people. The majority of the insurance products (40 products or 52%) cover life or accidental related risks. The health coverage is offered by only 12 products.

The concept paper on Need for Developing Micro-Insurance in India (2004) of IRDA lays down the development goal to enable micro-insurance to be an integral part of a country's wider insurance system, it is important for every insurer to adjust the costs of serving marginal clients in remote areas, collecting premiums and instalments and offering doorstep services.

Rajeev Ahuja and Basudeb Guha-Khasnobis (2005) in their study paper on Micro-Insurance in India: Trends and Strategies for further extension, suggest flexibility in collecting premium as rural incomes display seasonality. India experiences three distinct seasons, namely, the summer, the winter and of course the monsoonal season.

Dr.Ramesh T.V.(2005) in his article Rural Initiatives Micro-Insurance brings out the fact that the insurance coverage in India is only 3.17 percent of GDP during the year 2005.He further shares his experience that the villager is not averse to the idea of insurance which was also reinforced in the present study.. If only one has the patience and perseverance to educate them, the villager is willing to listen and take policy. This is the crux of insurance marketing for rural areas.

The Consultative Group on Micro-Insurance constituted by Central Government (2003) suggested that the micro-insurance products must have the features of simplicity, availability, affordability, accessibility and flexibility.

A study commissioned by the United Nations Development Programme (UNDP) titled 'Building Security for the Poor-Potential and Prospects for Micro Insurance in India' says that 90 percent of the Indian Population-some 950 million people – are not covered by insurance and signify an untapped market of nearly US\$ 2 billion. The competing perspectives of the insured, viz., need, affordability and willingness

vis-a-vis the insurer's insurability, profitability and deliverability continue to be the core dilemma in micro-insurance through the institutional sources.

As per the Section 38 of Insurance Regulatory and Development Authority (obligations of Insurance to Rural or social sections) (Third Amendment) Regulations, 2008, the Insurer has to give compliance on writing of following per cent of policies in rural areas:

- (i) 18% in the 7th financial year
- (ii) 19% in the 8th and 9th financial year
- (iii) 20% in the 10th financial year

Objectives and the Scope of the paper

The first objective of the study is to analyse the role of India Post in insuring Rural India.

The second objective of the study is to know the level of awareness about life insurance in general and Rural Postal Life Insurance (RPLI) in particular among the tribal and most underdeveloped sections of society in four districts of Andhra Pradesh.

The Post Office and its Rural Life Insurance Products

There are six types of policies in force in post office as outlined below:

Table1: Type of Policies of India Post

S. No.	Name of the Policy	Age-limit (In Years)
1.	Whole-Life-Assurance (Gram Suraksha)	19 – 55
2.	Endowment Assurance (Gram Santosh)	19 – 55
3.	Convertible Whole Life Assurance (Gram Suvidha)	19 – 50

4.	Anticipated Endowment Assurance (Gram Sumangal) (a) 15 years term policy (b) 20 years term policy	19 – 45 19 - 40
5.	Ten Years Policy (Gram Priya)	19 – 50
6.	Children Policy -- Insured Age -- Age of the Children	Below 45 years 5 to 20 years

Source: www.indiapost.gov.in

The minimum limit of insurance is Rs.10000/- and the maximum limit of insurance is Rs.3 lakhs.

The growth of Life Insurance over the years is noted below:

Table 2: The Insurance Business of India Post vis-a-vis others

Year	India Post - No. of Policies	Sum Assured (crore)	All Life Insurers- No. of Policies	LIC-No. of Policies	Private Sector - No. of Policies
2003-04	2666540	12385.34	28626916	26968069	1658847
2004-05	3796773 (42.3%)	18895.93 (52.5%)	26211198 (-8.4%)	23978123 (-11.09%)	2233075 (34.62%)
2005-06	4702776 (23.8%)	25229.66 (33.5%)	35462117 (35.3%)	31590707 (31.75%)	3871410 (73.37%)
2006-07	5246673 (11.5%)	33865.66 (34.2%)	46151566 (30.1%)	38229292 (21.01%)	7922274 (104.6%)
2007-08	6167928 (17.5%)	41846.09 (23.5%)	50874157 (10.2%)	37612599 (-1.61%)	13261558 (67.40%)

Source: Financial Review of The Post Office Insurance Fund, 2007-08 and www.irdaindia.org

Note: Figure in bracket indicates the growth over the previous year in percent

From the above, it is seen that India Post growth in new policies since 2004-05 had registered a percent of 23.77. On the other hand, the growth percent in respect of LIC and Private Sector for the same period was 10 and 69.99 respectively. However, the growth percent of all insurers, other than India Post during the same

period has been 67.2. On the scale of sum assured of policies procured through Post Offices, the average growth was 35.9. Considering the industry growth, the growth percent of India post is not substantial.

The Rural Postal Life Insurance (RPLI) business written in the Post Offices during the year is as below:

Table 3: The RPLI Business over the years

Year	No. of Policies issued	Sum (Rs.in lakhs)	Average sum assured per policy (Rs.in lakhs)
2003-04	2666540	12385.34	0.80
2004-05	3796773	18895.93	0.88
2005-06	4702776	25229.66	0.61
2006-07	5246673	33865.66	0.54
2007-08	6167928	41846.09	0.55

Source: Financial Review of The Post Office insurance Fund, 2007 - 08

From the above it is seen that gradually the average sum assured per policy has risen from Rs.0.55 lakh to Rs.0.80 lakh in four year period. This is expected to come down as the Department is actively going for micro-insurance wherein policies with sum assured up to Rs.25000 are being targeted as part of covering rural people under micro-insurance.

As seen from the IRDA website (accessed on 10.01.2010), a total of 23 insurance players are authorised to sale Micro insurance products. The Department of Posts has also, though it is not under the purview of IRDA, is into the micro insurance. The policies intended to be within the sum assured of Rs.10000 to Rs.25000. Small amount policies help the rural poor to be able to pay the premiums without allowing the policies to lapse. As policies lapsing rate is low, the earnings per policies would be more ultimately benefiting the insured in terms of enhanced bonus.

The clear advantages with India Post are:

- Its vast network. Entire India is covered with over 155000 post offices, facilitating the villager to go to the post office located in his neighbourhood. The distribution network is undoubtedly the largest in India and the

channels are established over 155 years. The Post Office is itself into selling of insurance since over 125 years.

- The post office staff, the village post master and the village delivery postman stay in the village and are well known to the villagers and these are accessible all the time. They speak the language of the villagers and share their culture in every aspect as these postal employees are part of the village social eco system.
- The Postal system is known for loyalty and trust which was built up since many generations.
- The tag line of the postal insurance is 'Low Premium and High Bonus' is true when compared with the other service providers. The current Bonus rates for every thousand in case of different policies are as below:

Whole Life-Rs.60

Endowment - Rs.55 and for 10 Year Policy/
Anticipated Money Back- Rs.50.

The premiums are low because there is absence of agent commissions and no extra establishment costs in

terms of exclusive personnel, buildings, power and other overheads. The Village Postmasters and other village post office staff act as agents and procure business.

The limitations are:

- a. The product portfolio is limited and takes care of only individual life risk.
- b. There is very little advertising campaign. Largely it is word of mouth that plays key role in reaching the villagers.
- c. The Department, of late started inducting the technology which improves the service especially the after sales service.

The Objective 2 of the study is to know the level of awareness about life insurance in general and Rural Postal Life Insurance (RPLI) in particular among the tribal and most underdeveloped sections of society in four districts of Andhra Pradesh which is explained as below:

The study was undertaken in certain underdeveloped packets of four North Andhra Districts of Andhra Pradesh state namely, Srikakulam, Vizianagaram, Visakhapatnam and East Godavari. The people chosen are tribal inhabiting the Eastern Ghats, handicraftsmen of Etikoppaka toy industry and the fishermen of Visakhapatnam coastal belt.

A. Srikakulam-Vizianagaram Tribal Belt

This particular tribal belt is located in Parvatipuram Postal Division. Parvatipuram Postal Division is largely located in the tribal-belt of north-eastern part of Andhra Pradesh. This division predominantly covers tribal areas adjoining the neighbouring States of Orissa and Chhattisgarh. The study month was October 2009. There are four major types of tribal people, namely, Savara, Gadaba, Jatapu and Konda Dora. This area is famously known for the uprisings by tribals against the British rule that dates back to 1830. The then Naxalbari movement found its first presence in Andhra Pradesh in this area only which has roots in the poverty, under-development and exploitation of this tribal society.

One could see the innocent faces of tribal that are in semi-clad avatar. There are kachha roads and difficult pedestrian paths all around. It is not uncommon to see a Jeep carrying over 40 people. One can see the tribal people, men and women carrying head-loads of firewood to sell for some amount in the tribal town of Parvatipuram after walking for about 20 KMs or so. One can even spot the bicycles loaded with firewood

which could measure up to 5 feet from the backseat of the bicycles.

The Postal Department has a footprint on the hills in the shape of Branch Post Offices. These Branch Post Offices, if motivated, could transform the tribal society into a society which insures itself from the perils of nature and insulates itself from the exploitation of plain area people. Not only insuring the tribal society, the study team ensured 100% enrolment of 3 tribal villages namely Gujjuvai, Duggeru and Buradagadda Varaha villages of this Postal Division. For the first time, this experiment made the tribals aware of a Scheme of Insurance covering their lives and it is sure that this experiment amply demonstrated the capabilities of India Post in empowering not only the rural masses but also the tribal society.

B. Etikoppaka Handicrafts Village

Etikoppaka is a village on the banks of the Varaha River in Visakhapatnam district in Andhra Pradesh, India. Etikoppaka means, a group of houses on the banks of the river. It is 65 km from Visakhapatnam. Etikoppaka has a population of around 12,000. The village economy is mostly based on farming. More than 200 artisan families live in this village. Etikoppaka is famous for its age-old tradition of wooden carvings and artefacts, especially the toys, mythological figures and carvings that are created to resemble the shapes that were excavated at the sites of Mohenjo-Daro and Harappa. The toys are usually made of wood. The wood is soft and has a fine grain. Women and children pick it up from nearby hills and leave it to dry in the courtyards. The workplace and tools are primitive. It is a wonder that with these primitive tools, objects of such skill originate here. From small tops and toys for children, to candle-holders and table lamps, Etikoppaka makes them all in a range of rich and wonderful colours. The easy availability of softwood (*Wrightia tinctoria*) in the village has sustained the craft for nearly two centuries now.

C. The Tribes of East Godavari District

Konda Reddy/Reddy Dora, Konda Dora, Manne Dora, Kammara, Valmiki and Yerukala are the main tribes in East Godavari district. These tribes, though they eschewed slash and burn agriculture, are still dependent on rain. They are into livestock rearing and derive their sustenance from the animal stock. They celebrate festivals which are not found in the calendars during the harvesting seasons. Koya and Rela dances are quite popular in this tribal community. With the intervention of Tribal Development Agency, these

people have been introduced to the comforts of plain areas and getting their basic education. There are 120 post offices located in this tribal belt fulfilling basic communication needs. Hunting is still practiced in the community.

Methodology

A total sample of 384 villagers was taken covering the tribal areas of Srikakulam-Vizianagaram belt, the fishermen of Visakhapatnam East Coast and handicrafts men of Etikoppaka cottage toy industry. The sample was chosen based on a specific purpose of studying the insurance awareness in a particular community/ social set up. The sample was taken randomly from available customers that took RPLI policies after conducting the campaign. In fact, in these four districts during the year 2009-10, a total of 420000 lives were insured under micro-insurance scheme of the postal department.

A simple questionnaire was administered in person to the sample (Appendix I). Those who are illiterate were informed of the questions by reading out and their responses were obtained by the interviewer. These responses were coded and analysed with the help of simple statistical techniques like percentages, averages.

Results and Discussion

Part-I: General

Total Number of Respondents covered: 384

As seen from the Table 4, a major portion of sample belongs to younger group, which is a good sign that the younger group is adequately sensitised towards the need of getting insured. The active insurance age as evident from the sample characteristics is from 18 to 40.

Table 4: Age Profile

Age Group	18-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	60 Above	Not Indicated
Number	154	55	48	55	37	16	6	1	1	11
%	40.10	14.32	12.50	14.32	9.64	4.17	1.56	0.26	0.26	2.86

Further as seen from the Table 5, the village size is quite varying. 38% of sample is collected from villages having population about 500 which could be a hamlet

and on the other hand there is a sample from a medium populated and heavily populated. Thus the sample collected represents all possible mix of villages.

Table 5: Population size

Village Population	0-500	501-1000	1001-2000	2001-3000	3001-4000	4001-5000	5001-10000
Number	146	24	19	89	2	3	101
%	38.02	6.25	4.95	23.18	0.52	0.78	26.30

The education qualification characteristics are divergent as analysed in the Table 6. About 36% of sample are illiterate and about 50% had studies up

to high school. This is attributable to the interventions made by the Government agencies through various programmes.

Table 6: Education status

Education Qualification	Illiterate	Primary	Upper Primary	High School	Intermediate	Graduation	Post Graduation
Number	140	79	41	70	24	25	5
%	36.46	20.57	10.68	18.23	6.25	6.51	1.30

The Table 7 brings out the occupational status of the respondents. A major portion of the respondents are in unorganised sector involved in wage employment, fishing. The share of respondents doing agriculture is about 25%. The casualness of the occupational groups,

as seen from the sample did not deter them from taking a life insurance policy which amply proves the fact the rural poor given adequate information, would respond to the insurance.

Table 7: Occupation

Occupation	Labour	Fisherman	Agriculture	Self Emp.	Employed	Business	Student
Number	161	42	97	17	42	18	7
%	41.93	10.94	25.26	4.43	10.94	4.69	1.82

Table 8 brings out the horrid economic situation of the rural people. 72% of respondents have monthly incomes below Rs.3000. Despite having a very low

incomes, they have chosen to be insured which is again a revelation of the fact that the bottom of the pyramid are willing to be insured.

Table 8: Income status

Monthly Income	0-1000	1001 -2000	2001 -3000	3001 -4000	4001 -5000	5001 -6000	6001 -10000	10001 & above
Number	65	122	90	37	30	20	12	8
%	16.93	31.77	23.44	9.64	7.81	5.21	3.13	2.08

The Study was also focussed on the spending habits also. As seen from the Table 9, on an average the each respondent is spending about Rs.2090 on ration which cannot be avoided and about Rs.149 on avoidable

items such as cigarettes and alcohols . This amount can easily cover the entire family from possible insurable risks. They need to be educated first before drawing them towards insurance.

Table 9 : Spending Status

Spending Habits	Ration	Cigarettes	Alcohol
Total Amount (Rs.)	802750	26980	30465
Average Amount(Rs.)	2090	70	79

It is interesting to see that the respondent population is not adhering to the small family norms as evident from Table 10. This may be due to the fact that they are living away from the health awareness which is more available in plain areas and may be due to their specific customs. An awareness campaign on this also makes

them aware of the small family which in turn would help them to have some disposable income for insurance needs. They will also be able to make their children literate as about 70% of their children are yet to be literate (Table 11).

Table 10 : children status

No. of Children	Below 3	3 & above
Number	297	87
%	77.34	22.66

Table 11: Children education

Children Education	Yes	No
Number	116	268
%	30.21	69.79

It is also surprising to observe that about 26% of village respondents possess mobile phones as seen from the Table 12.

Table 12: Mobile phones

Mobile Number provided	Yes	No
Number	100	284
%	26.04	73.96

So far, the general information of respondents has been discussed which will be useful for a prospective insurer. A specific analysis with reference to insurance is made as below:

Part-II: Insurance-specific analysis

Total Number of Respondents covered: 384

It is heartening to observe that 90% of respondents stated that they have heard about Insurance. The study was undertaken in pockets which are largely undeveloped and cut away from the main stream life. Even then the awareness level is quite interesting.

Table 13: Insurance awareness

Have you heard about Life Insurance	Heard	Not Heard
Number	346	38
%	90.10	9.90

As seen from the Table 13, 90% of the respondents stated that they heard about the Insurance. Though 66% of the respondents stated that they know postal life insurance, it is a fact that they also know about private insurance (Table 14). As post office is available in almost every village and also of late the department is actively pursuing micro-insurance, the substantial percentage of respondents knowing about postal insurance is understandable. It is evident from the

Table 15 that about 88% of the respondents have visited post offices. They go to post office for a variety of their needs predominantly for mail oriented works. They do visit post office for Rural Postal Life Insurance needs also (Table 16: 19%). As seen from Table 17 that about 86% of them do receive letters from post office. The post office in rural areas continues to remain an exclusive mode of exchanging communication.

Table 14: Awareness comparison

If heard who approached?	LIC	Private Insurance Co	Postal Dept.	LIC & Postal
Number	56	10	254	64
%	14.58	2.60	66.15	16.67

Table 15: Post office usage

Do you generally go to Post Offices?	Yes	No
Number	339	45
%	88.28	11.72

Table 16: Visit purpose

If yes, for what	SB A/c	RD A/c	Other Inv.	RPLI	Mail Operations	All	NA
Number	18	40	6	73	192	12	43
%	4.69	10.42	1.56	19.01	50.00	3.13	11.20

Table 17: Mail receipt status

Do you receive letters?	Yes	No
Number	330	54
%	85.94	14.06

The crux of insurance, the 'need' aspect of insurance is presented at Table 18. About 77% of them stated that their needs are for life protection. About 12% viewed it as a source of investment also. It is interesting to see

that about 10% of them stated that they have gone for insurance to take care of their children studies which suggests that even in rural India there is a requirement of child care policies.

Table 18: Purpose of taking policy

Why did you take RPLI Policy now?	Investment	Life Protection	Children Study	House Building
Number	49	297	38	0
%	12.76	77.34	9.90	0.00

The study had also desired to know the feelings of the respondent towards post office. As seen from the Table 19 almost every single respondent stated that they trust

post office. It is because, as they stated at Table 20 that the money invested in post office is safe, transaction was easy and they knew the postal staff.

Table 19: Trust on Post office

Do you trust Post Office?	Yes	No
Number	382	2
%	99.48	0.52

Table 20: Why Post office

If yes, why?	Money safe	Transaction easy	know PO staff	All
Number	114	12	14	244
%	29.69	3.13	3.65	63.54

About 44% of the respondents did not know about the rural postal life insurance earlier (Table 21). They had taken policy subsequently because they were convinced of the need after briefing them (65%) (Table 22). The role of referencing is also substantial in making them to take policy (35%). About 98% of them

had shown willingness to go for more policies which is a very good sign for the Indian Insurance Industry (Table 23). The flip side of the study is that about 91% agreed that they would save money currently used on smoking/alcohol and go in for insurance (Table 24).

Table 21: RPLI awareness

Do you know RPLI earlier?	Yes	No
Number	170	214
%	44.27	55.73

Table 22: Reasons for taking Policy

You have taken policy now because	Convinced	Family Members	Friends	Elders
Number	250	48	24	62
%	65.10	12.50	6.25	16.15

Table 23: Potentiality status

Would you like to take more Policies in future	Yes	No
Number	377	7
%	98.18	1.82

Table 24: Inclination to save to get insurance

Can you now cut some expenditure on smoking/alcohol and save for future?	Yes	No	Not Decided
Number	351	4	29
%	91.41	1.04	7.55

Summary of Findings and Conclusions

Future of insurance sector lies in villages having population in small number. It is also true that the younger lot in the rural areas is the hope of future insurance. This younger generation, due to the relentless efforts of State are getting education and they are becoming literate. This literacy is so essential for drawing them towards insurance.

Majority of the rural people are seasonally employed. The village poor, despite the fact that their occupation is casual in nature and their monthly incomes are very low, they, according to the study expressed the need to be insured. This only highlights the need to go for aggressive awareness campaigns in the rural areas about the need to be insured.

Life protection is the major expectation of these people. The village poor are willing to curtail expenses on account of alcohol/cigarette and the like so that they would spare money for insurance which again reinforces the fact that the bottom of the pyramid are willing to be covered under life insurance. It would also throw up opportunities for the insurer to look at other insurance schemes as well.

They know post offices for many reasons. Occasionally they get mail, money order and these days' wages under Mahatma Gandhi National Rural Employment Guarantee Act. Therefore, the post office is the window and means to empowerment to them. They repose lot of trust on post office and are willing to save to protect them from the perils of nature.

The rural people are aware of insurance schemes as seen from the study. The post office has an edge over others in insurance, considering the fact that it is near to them for availing various services and the post master is living as a part of village community. They also consider the investments made in post offices as safe. The respondents viewed insurance largely from the perspective of life protection. There is scope for children policies for marketing to rural people. The study also stresses the role of referencing and persuasion in marketing insurance products.

The insurance provider had to first create adequate awareness about the need to have insurance. The marketing of insurance is a tough job considering the costs of coverage. For this purpose, the insurer has to rework the most suitable advertising campaign which will create a demand for insurance. The push strategy

so aimed should take care of the seasonality of incomes of villagers which in turn would to a great extent depend on the good monsoon. The incomes are dependent on the harvesting cycles. Therefore, the premiums are to be worked to suit the seasonality. Also, the definition of lapsing of policies has to be redefined to absorb the unforeseen contingencies the insured may face at times. In effect, the insurer should be flexible in dealing with the rural people while covering them with appropriate insurance schemes.

Limitations of the Study

As the target sample is chosen from the hilly and tribal areas, considerable emphasis was given to talk to them to get their responses. Therefore, the bias, if any associated with interviewing may be part of the study. Also, as the sample literacy levels and the ability to understand what is being asked is limited, the answers given by them at times could have been verified more than once by repeated questioning. In a way the sample chosen was judgemental in nature depending on their willingness to answer in a group environment, some extent bias could have crept in the study.

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About the Authors:

M.V. Rama Prasad is a Professor & Head in Department of Marketing at GITAM Institute of Management, GITAM University, Visakhapatnam. The author can be reached at mvrprasad9@reiffmail.com.

Upendar Yennam is a Director of Postal services at Visakhapatnam. The author can be reached at upen12@hotmail.com.

Scope for further Research

This research-oriented study should be regarded as a first step in further studying the rural poor from the point of their preferences towards insurance. This particular study was undertaken in a geographically and economically poor society. Future studies may undertake in a bigger geographical region and study the effects of insurance over a period of time. A comparative study may also be undertaken to map the perceptions of the insured and compared with the non-insured. An insurance product research can also be undertaken to study on the micro-insurance needs to work out the most fitting scheme for the rural poor. The studies relating to financial inclusion should also be built up taking cue from the studies of this kind. Also, the poverty alleviation programmes of Government of India should consider the insurance needs of this uninsured segment while planning the schemes.

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