

# Performance and Effectiveness of Rural Postal Life Insurance – A Study Among People in Kanchipuram District

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**ABSTRACT**---India's insurance industry has seen fastest development in the most recent decade and shows the way to economic development of the country. Insurance market covers both the Government and the Private organisations. India Post has also made an attempt by introducing the insurance scheme for the benefit of the people residing in rural area. This study has been made to analyse the performance of Rural Postal Life Insurance and the effectiveness among the people from various insurance schemes. The study aims to find the awareness on insurance schemes, purpose of investing in RPLI, Services rendered related to the policy and the claim and settlement process of RPLI. The sample has been collected from the respondents belongs to the Kanchipuram district. The researcher based on the Primary data and the statistical tools were used to get the result.

**Key Words:** Economic Development, Insurance Market, India Post, RPLI, Policy.

## I. INTRODUCTION

Rural Postal Life Insurance, an oldest scheme run by the department of post. The Rural Postal Life Insurance (RPLI) plot was started in the year 1995 to assist rural masses to stretch out insurance cover to individuals residing in rural

territories with special reference to weaker section and women workers with the recommendation of Malhotra Committee. The committee had observed that the BPM (Branch Post Master) were having utmost good faith and trust among the rural populates and it made easy to canvass the people for the life insurance in their county. In 1995, The GOI accepted the recommendation made by the Malhotra Committee and permitted to start the Postal Life Insurance to cover the rural areas for the insurance business. The RPLI was mainly started with the aim of providing insurance cover to the economically backward people and to the women group who are workers of rural areas and to create awareness towards pastoral population.

The Department of Post had registered the good growth in the past six years with the good statistic records in terms of active policies. As per 2016-17 financial year 1, 46, 84,096 policies are in an active mode against 13547355 which was marked in the year 2011-12. It also showed an excellence in the total number of policies procured during the financial years 2011-12 and 2012-13 with figure of 2714856 and 1634767 respectively.

**Table 1. Statistics showing RPLI performance in India**

Year	Number of Policies obtained during the Financial Year	Sum assured of the policies (in crs)	Number of lively policies at the end of financial year	Aggregate sum assured	Premium income	Fund Balance
2016-2017	375154	6850.45	14684096	83983.47	2120.02	20176.62
2015-2016	258225	2668.90	14915652	14915652	2012.17	18,113.78
2014-2015	477360	4652.35	15245387	82822.26	1983.95	15,771.55
2013-2014	871462	6712.39	15014314	79466.45	1960.24	13,352.01
2012-2013	1634767	7413.17	14664650	75154.06	1703.16	11,388.20
2011-2012	2714856	9088.99	13547355	69754.17	1558.93	9,141.43

Source: <http://www.postallifeinsurance.gov.in>

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*Insurance Plans in RPLI*

- Whole Life Assurance (GRAM SURAKSHA)
- Endowment Assurance (GRAM SANTOSH)
- Convertible Whole Life Assurance (GRAM SUVIDHA)
- Anticipated Endowment Assurance (GRAM SUMANGAL)
- 10 Year RPLI (GRAM PRIYA)
- Children Policy (BAL JEEVAN BIMA)

**II. LITERATURE REVIEW**

**Gupta &Nidhi Gupta (2012)**<sup>1</sup>, made a study on perception of PLI and LIC and the quality of services. They have used factors like age, premium paid and satisfaction level of the services. The study concludes that the Postal department should focus on providing the better infrastructure and trained employees. They also suggest taking the promotional measures to reach more customers.

**Vinayagamoorthy and Senthilkumar (2012)**<sup>2</sup>, in their study, they discussed about the various schemes available under the rural postal life insurance. According to them they found there is good growth in the number of policies and the performance toward the customer. Infrastructure and awareness on policies are the major factors which should be concentrated more by the Postal Department.

**Singh and BhagyashreeTeli (2016)**<sup>3</sup>, the study has been conducted among the rural and urban respondents to identify the awareness and perception on PLI & RPLI in Rajsamand district of Rajasthan. The study is made with the hypothesis that the respondents are not aware about the Postal Life Insurance. It has been concluded that the respondents are not fully aware about the Postal Life Insurance Schemes but the respondent belongs to urban are more aware when compare to the rural and tax benefit is the major preference for choosing the PLI by urban people.

**Muthukrishnan and Senthilkumar (2016)**<sup>4</sup>, the study is focused on the influence of service quality among policy holders satisfaction of Rural Postal Life Insurance. The five dimensions such as of tangibility, responsiveness, reliability, assurance, and empathy has been used to measure the satisfaction of the respondents. The result has been found that the customers are satisfied with the service quality dimensions and had a significant relationship with the satisfaction of the policy holder.

**III. RESEARCH METHODOLOGY**

The study is based on the Primary data and the Secondary data. The Primary data has been collected from different post offices which is present at Kanchipuram District. The Secondary source is being collected from the various journals, magazines, official website of India Post and other sources. The analysis is made with the collected data with the help of structured questionnaire and tools have been through SPSS software in order to get the better result.

**IV. SAMPLE SIZE**

The sample size consists of 120 respondents collected from the rural part of Kanchipuram district. The convenient sampling method is used by researcher for the collection of data.

**V. OBJECTIVES OF THE STUDY**

1. To find the performance of rural postal life insurance.
2. To analyse the effectiveness and satisfaction level of respondents on RPLI.
3. To offer suggestion for the future development.

**VI. ANALYSIS & INTREPRETATION**

*6.1 Demographic Classification*

The Table 2 consists of demographic classification of the respondents such as Age, Gender, Educational Qualification, Occupation and Annual Income.

Variable		Frequency	Percentage
Gender	Male	80	66.67
	Female	40	33.33
<b>Total</b>		<b>120</b>	<b>100</b>
Age	19 - 25years	23	19.17
	26 - 35 years	48	40
	36 - 45 years	28	23.33
	46 - 55years	21	17.5
<b>Total</b>		<b>120</b>	<b>100</b>
Education	High School	18	15
	Higher Secondary	22	18.33
	Undergraduate	48	40
	Post Graduate	32	26.67
<b>Total</b>		<b>120</b>	<b>100</b>
Occupation	Salaried	88	73.33
	Business	26	21.67
	Others	6	5
<b>Total</b>		<b>120</b>	<b>100</b>
AnnualIncome	Below 100000	12	10
	100001 – 200000	23	19.17
	200001 – 300000	40	33.33
	300001 – 400000	29	24.17
	Above 400000	16	13.33
<b>Total</b>		<b>120</b>	<b>100</b>

**Table 2: Classification respondents base on demographic profile**

*Interpretation*

From the above Table 2 it has been interpreted that, majority of the respondents are from the male group with the percentage of 66.67 and the female were 33.33. The table 2 shows that the maximum respondents falls under the age group of 26- 35 followed by the age group of 36 – 45 and the least respondents are from the age of 45-55 with the percentage of 17.35.



The above table reveals that the 40% of respondents have completed the undergraduate and the second majority is for Post Graduate with 26.67%. The respondent belongs to education background High School and Higher Secondary falls under below 20%

According to the above classification, majority of the respondents belongs to Salaried group with 73.33% and respondents falls under Occupation Business is 21.67, the remaining 5% belongs to others category. Followed by the table 2 also depicts that only 10% of respondents are earning below 1 lakh as an annual income and the maximum respondents are falling under the category of 2 – 3 lakhs of annual income. The second maximum earning group is falls under the 3 – 4 lakhs of yearly income.

6.2 Classification based on the expectation of investment.

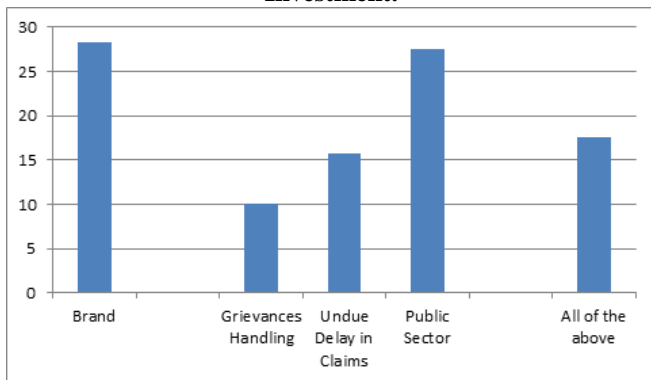
Table 3 shows the expectation of investment on RPLI

Reason for selecting on Investment RPLI	No. of Respondents	Percentage
Brand	34	28.33
Grievances Handling	12	10.00
Undue Delay in Claims	20	15.67
Public Sector	33	27.5
All of the above	21	17.5
Total	120	100

Intpretation:

The above table depicts that maximum number of respondents had chooses the RPLI only because of the Brand name “India Post” where it’s a government sector organisation. Secondly, Public Sector organisation factor influences the respondents to select the RPLI as their investment.

Chart 1 shows the percentage of Expectation of Investment.



6.3 Break up Based on the types of Policy Selected for the investment

Table 4 shows the type of policy opted by the respondents

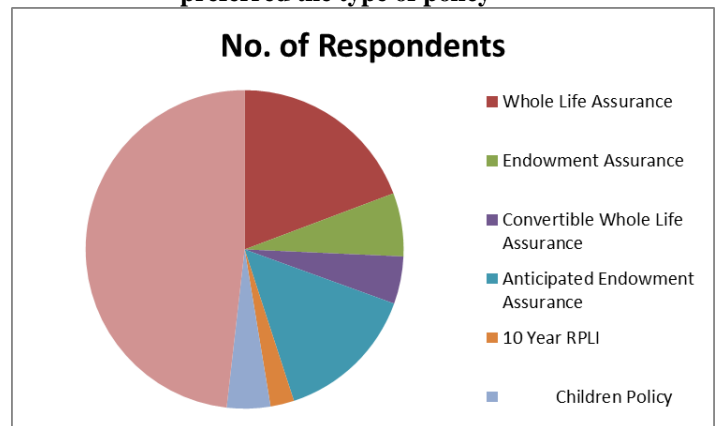
Types of Policy	No. of Respondents	Percentage
Whole Life Assurance	48	40
Endowment Assurance	16	13.33
Convertible Whole Life Assurance	12	10

Anticipated Endowment Assurance	36	30
10 Year RPLI	6	5
Children Policy	11	9.17
Total	120	100

Interpretation:

According to the above table 4, it is found that the majority of the respondents have been preferred for the Whole Life Assurance Policy which gives more benefit for them. Anticipated Endowment policy chairs the second place as the preference of respondents for the investment. Child Policy and 10years RPLI Policy took up the least preference among the respondents. Apart from that the endowment policy and the Convertible Whole life assurance has also been the choice of investment among the selected respondents.

Chart 2 Shows the Number of respondents who have preferred the type of policy



6.4 Factor Analysis

Table 5 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.757
Approx. Chi-Square		2916.239
Bartlett's Test of Sphericity	df	300
	Sig.	.000

Table 6 Factor Analysis for the effectiveness of RPLI in the Selected Region

Communalities	Initial / Extraction	
	Initial	Extraction
Policies/plans of Postal department is superior to or more attractive than the other insurance companies	1.000	.641
Flexible products/ new products that meet customers' needs.	1.000	.656
Provides information/details about service innovations on a regular basis through post,telephone, banks etc	1.000	.579



Premium paid is too low as compared to the benefits derived.	1.000	.521	Providing promised services as per the set schedule	1.000	.645
High rate of return on insurance products as compared to the other saving instruments	1.000	.739	Agents inform and guide the customers at regular intervals as regards the policy status, due date of premium, new products and services	1.000	.585
Reasonable penalty charged for late premium payment	1.000	.707	Timely revival of lapsed policies, change of nominations, addresses and mode of premium payment etc.	1.000	.757
Postal Insurance emphasizes high quality service than the volume of sale	1.000	.697	Attractive and informative media, theme layout, and language of the advertisement	1.000	.572
Provides customer feedback card system for their level of satisfaction with the services of the insurer	1.000	.704	Enhancement of technological capability	1.000	.721
Promotes ethical conduct in everything it does	1.000	.609	Extraction Method: Principal Component Analysis.		
Agents and employees who have the proper knowledge and competence to answer customers' specific queries and requests	1.000	.537			

Table 7 showing the initial Eigen value and the extracted value of the factors

Component	Total Variance Explained								
	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.287	21.149	21.149	5.287	21.149	21.149	2.786	11.144	11.144
2	2.883	11.533	32.682	2.883	11.533	32.682	2.557	10.228	21.372
3	2.187	8.750	41.432	2.187	8.750	41.432	2.508	10.033	31.405
4	1.819	7.276	48.708	1.819	7.276	48.708	2.437	9.748	41.152
5	1.558	6.231	54.939	1.558	6.231	54.939	2.200	8.800	49.952
6	1.340	5.361	60.301	1.340	5.361	60.301	2.025	8.098	58.050
7	1.104	4.417	64.717	1.104	4.417	64.717	1.667	6.667	64.717
8	.877	3.509	68.227						
9	.775	3.101	71.328						
10	.731	2.926	74.254						
11	.678	2.714	76.968						
12	.648	2.591	79.559						
13	.610	2.441	82.000						
14	.587	2.350	84.350						
15	.508	2.033	86.383						

Extraction Method: Principal Component Analysis.

Table 8 shows the rotated component matrix of the factors

	Rotated Component Matrix <sup>a</sup>						
	Component						
	1	2	3	4	5	6	7
Policies/plans of Postal department is superior to or more attractive than the other insurance companies	.833	.101	.055	.127	-.130	.058	.014

Flexible products/ new products that meet customers' needs.	.799	.032	-.028	.135	.008	-.011	.132
Provides information about service innovations on a regular basis through post, telephone, banks etc	.649	-.113	.010	.348	.170	.120	.045
Premium paid is too low as compared to the benefits derived.	.643	.115	.159	-.207	-.030	.356	.045
High rate of return on insurance products as compared to the other saving instruments	.085	.770	.106	-.039	.190	-.019	-.076
Reasonable penalty charged for late premium payment	.089	.761	-.037	.051	.024	.196	.101
Postal Insurance emphasizes high quality service than the volume of sale	-.119	.676	.095	.153	.149	-.087	.215
Provides customer feedback card system for their level of satisfaction with the services of the insurer	.378	.440	.312	-.034	-.227	.350	.019
Promotes ethical conduct in everything it does	.037	-.018	.852	.094	.141	-.022	.007
Agents and employees who have the proper knowledge and competence to answer customers' specific queries and requests	.059	.220	.723	.010	.027	-.030	.095
Providing promised services as per the set schedule	.088	-.015	.634	.129	.218	.303	.075
Agents inform and guide the customers at regular intervals as regards the policy status, due date of premium, new products and services	-.019	.170	.566	-.011	-.136	.358	.385
Timely revival of lapsed policies, change of nominations, addresses and mode of premium payment etc.	.072	.099	-.014	.816	-.037	.093	.101
Attractive and informative media, theme layout, and language of the advertisement	.038	.232	.033	.730	.024	.082	-.187
Enhancement of technological capability	.280	-.037	-.003	.564	-.269	.139	.455
Extraction Method: Principal Component Analysis.							
Rotation Method: Varimax with Kaiser Normalization.							
a. Rotation converged in 9 iterations.							

### Interpretation

As per the above results the Table 5 clearly delivers that KMO sampling effectiveness of rural postal life insurance the selected region as .757 as its is highly reliable for the factor analysis and approximate Chi Square value 2916.239 and the degree of freedom at the level of 120 and final significant value of 0.000 which clearly states the level of significance at 1%. Secondly, Table 6 listed out the communalities for using effectiveness of rural postal life insurance 15 variables with 4 reputed factors for the further analysis. Based on the above result the communalities shows that all the initial value is 1 and the extraction values are greater than 4. On the third part, the total variance explained was tabulated with both initial Eigen value and extraction value as the cumulative percentage of 64.717.

## VII. CONCLUSION

In the present scenario the expectations of the customers have been increased and the organization should fulfill the requirements of the customers by doing the market research and to find the demand. The India Post covers only few schemes to offer for their customer, particularly the traditional endowment policies. It is suggested, in order to cop up with the other private insurance companies where they are offering variety of policies based on the need of the customer the department should furthermore take some

initiatives to implement new insurance products as they are covering the wide network around the country. Wide opportunity lay with the department to generate revenue from the rural part of the country since they have trust among the people and this may leads to the benefit for both the department and also for the economic development of the country. The proper awareness has to be created in order the increase the numbers.

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