



**PERCEPTION OF UNINSURED PEOPLE TOWARDS LIFE INSURANCE  
(A CASE STUDY WITH REFERENCE TO URBAN, RURAL AND TRIBAL PEOPLE IN GUNTUR DISTRICT,  
ANDHRA PRADESH, INDIA)**

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**Abstract**

*Insurance may be described as a social device to reduce or eliminate risk of life and property. The risk, which can be insured against fire, the peril of sea, death, incident and burglary. So far, only 20 per cent of the total insurable population of India is covered under various life insurance schemes, and rests of 80 percent are uninsured, since so many factors play a vital role in influencing the buying behavior of consumers. These facts indicate the need for development of the insurance sector in India. The contribution of insurance services play a significant role in the country's gross domestic product (GDP). The funds available with the state-owned Life Insurance Corporation (LIC) for investments are 8 per cent of GDP. Guntur District is one of the major thirteen Districts in Andhra Pradesh. People with different culture, class and live in different regions. It was meant to know the perception of uninsured people about the insurance is carried out in this study. For this purpose the researcher has taken to identify the major factors which are responsible for the uninsured people in Urban, Rural and Tribal Areas in Guntur District.*

**Introduction**

Insurance acts as an important contributor to the trade in financial services, providing benefits to the consumer, intermediaries, business owners and to the economy. This quest for security has been a major motivating force in the progress of mankind. The early societies looked up to their families and tribes for providing the security, which resulted in cohesive units. Insurance may be described as a social device to reduce or eliminate risk of life and property. The risk, which can be insured against include fire, the peril of sea, death, incident and burglary. So far, only 20 per cent of the total insurable population of India is covered under various life insurance schemes and rest of 80 percent are uninsured, since so many factors play a vital role in influencing the buying behavior of consumers. The contributions of insurance services play a significant role in the country's gross domestic product (GDP). The funds available with the state-owned Life Insurance Corporation (LIC) for investments are 8 per cent of GDP. These facts indicate the need for development of the insurance sector in India.

**Need for the Study**

Life insurance penetration in India is only 2 - 2.5 per cent of GDP. So far, only 20 per cent of the total insurable population of India is covered under various life insurance schemes, and rest of 80 percent are uninsured, since so many factors play a vital role in influencing the buying behavior of consumers, even though life expectancy is growing. In emerging markets India ranks fifth. The people in Guntur District are with different culture, class, occupations and live in different regions. Hence there is need to enhance the percentage of insurable people in Guntur District.

**Objectives of the Study**

- To study the level of perception of uninsured people in the urban, rural and tribal areas in Guntur District.
- To study the Socio-economic factors affecting the attitudes of uninsured people towards life insurance.
- To evaluate the perception of uninsured respondents with reference to product, premium, promotion, and distribution etc.,
- To review the various insurance products available to Indian consumers
- To offer useful suggestions, which are necessary to uninsured people about life insurance .

**Methodology of the Study**

This research is embodied with both primary and secondary data. The data was collected in Urban, Rural and Tribal areas of Guntur District in Andhra Pradesh. The selection criterion is based upon the data availability, convenience to access and the level of participation. For the present study the researcher has taken a total sample size of 675 uninsured in which, 132,229 and 314 respondents were covered in Urban, Rural and Tribal of the geographical segments.

**Methods Adopted for the Study**

The Multi stage sampling technique was used in selecting respondents. Primary data were entered using SPSS software. Bi-variate tables were generated and chi-square test was carried out for testing the hypotheses.



**Table-1,Particulars of Sample**

S. No	Area	Towns/Villages	Objective	Selection	Sample	Observation
1.	Urban	Guntur	To know the urban people attitude towards life insurance	Multi stage sampling	132	Valid correlation observed
2.	Rural	1.Gurajala 2.Sattenapalli 3.Vinukonda 4.Narasaraopet 5.Chilakaluripet 6.Bapatla 7.Repalle 8.Tenali	To know the rural people attitude towards life insurance	Multi stage sampling	229	Valid correlation observed
3.	Tribal	1.Bollapalli (Vinukonda) 2. Veldurthy. (Gurajala) 3.Durgi (Gurajala) 4.Macherla (Gurajala)	To know the Tribal people attitude towards life insurance	Multi stage sampling	314	Valid correlation observed

**Table 2: Descriptive Statistics and ANOVA Test**

S. No	Area	N	Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum
1	Urban	319	1.86	1.071	0.060	1	5
2	Rural	232	2.73	1.651	0.108	1	5
3	Tribal	141	2.86	1.515	0.128	1	5
Total		692	2.35	1.455	0.055	1	5

ANOVA TEST						
Particulars	Sum of Squares	df	Mean Square	F	Sig.	
Between Groups	146.551	2	73.276	38.372*	0.000	
Within Groups	1315.707	689	1.910			
Total	1462.259	691				

Note: \*Significant at 1% level

The ANOVA test results are exhibited in the Table 6.2 (a). The ANOVA results reveal that the F-ratio statistic is 38.372 and it is significant at 1 per cent level. This specifies that there are significant differences among different areas respectively regarding life insurance and general insurance.

#### Results and Discussion

Details	Sector	Uninsured	Uninsured	Uninsured
Occupation	Government Employee	22(16.67)	17(7.42)	52(16.56)
	Private Employee	24(18.18)	32(13.97)	21(6.69)
	Business	21(15.91)	38(16.59)	116(36.94)
	Farmer	30(22.73)	72(31.44)	67(21.34)
	Others	35(26.52)	70(30.57)	58(18.47)
	Total	132(100.00)	229(100.00)	314(100.00)
Age	19 – 29	44(33.33)	70(30.57)	78(24.84)
	30 – 39	39(29.55)	66(28.82)	68(21.66)
	40 – 49	29(21.97)	45(19.65)	125(39.81)



	50 – 59	13(9.85)	20(8.73)	37(11.78)
	Above 60	7(5.30)	28(12.23)	6(1.91)
	Total	132(100.00)	229(100.00)	314(100.00)
Caste	SC	37(28.03)	56(24.45)	3(0.96)
	ST	16(12.12)	49(21.40)	57(18.15)
	BC	37(28.03)	59(25.76)	47(14.97)
	OC	42(31.82)	65(28.38)	207(65.92)
	Total	132(100.00)	229(100.00)	314(100.00)
Education	Illiterate	43(32.58)	38(16.59)	123(39.17)
	Primary Education	19(14.39)	36(15.72)	77(24.52)
	Upper Primary Education	17(12.88)	21(9.17)	39(12.42)
	SSC	14(10.61)	34(14.85)	41(13.06)
	Intermediate	12(9.09)	29(12.66)	19(6.05)
	Graduation	22(16.67)	53(23.14)	12(3.82)
	Post-Graduation	3(2.27)	18(7.86)	3(0.96)
	Others	2(1.52)	0	0
Total	132(100.00)	229(100.00)	314(100.00)	
Family Size	One	6(4.55)	27(11.79)	15(4.78)
	Two	24(18.18)	32(13.97)	34(10.83)
	Three	33(25.00)	69(30.13)	148(47.13)
	Four & Above	69(52.27)	101(44.10)	117(37.26)
	Total	132(100.00)	229(100.00)	314(100.00)
Annual Income	Below – 10,000	59(44.70)	133(58.08)	189(60.19)
	10,001 – 20,000	23(17.42)	48(20.96)	108(34.39)
	20,001 – 30,000	12(9.09)	21(9.17)	12(3.82)
	30,001 – 40,000	13(9.85)	13(5.68)	5(1.59)
	40,001 – 50,000	16(12.12)	5(2.18)	0
	Above 50,001	9(6.82)	9(3.93)	0
	Total	132(100.00)	229(100.00)	314(100.00)
Annual Saving	Below – 10,000	53(40.15)	86(37.55)	132(42.04)
	10,001 – 20,000	28(21.21)	91(39.74)	54(17.20)
	20,001 – 30,000	38(28.79)	41(17.90)	43(13.69)
	30,001 – 40,000	10(7.58)	11(4.80)	44(14.01)
	40,001 – 50,000	3(2.27)	0	26(8.28)
	Above 50,000	0	0	15(4.78)
	Total	132(100.00)	229(100.00)	314(100.00)

**Occupation:** 26.52% are the highest percentage of uninsured category in urban area followed by farmers (22.73%). In the rural area farmers (31.44%) and others (30.57%) are became the highest uninsured percentage. In the tribal area business (36.94%) and farmer (21.34% became the highest percentage. Business occupation respondents (25.93%) are highest of uninsured category and farmers (25.04%) are occupied second place in the total sample.

**Age:** In the uninsured respondents in urban area 19-29 age group (33.33%) occupied first place followed by 30-39 age group (29.55%). In the rural area 19-29 age group (30.57%) and 30-39 age group (28.82%) respondents are the most uninsured category. In the tribal area 40-49 age group (39.81%) and 19-29 age group (24.84%) respondents are highest percentages. The most uninsured respondent's categories in the total area are in the age groups of 40-49 (29.48%) and 19-29 (28.44%).

**Caste:** In uninsured category for urban respondents, OC community (31.82%) stood at first place and ST community (12.12%) stood at last place. As the rural area uninsured respondents are considered majority of them belongs to OC community (28.38%) and the lowest belongs to ST community (21.40%). In the tribal area respondents are highest percentage of OC community (65.92%) and the least percentage (0.96%) SC community. For caste wise total uninsured category OC community (46.52%) has the highest percentage and ST community (14.22%) registered lowest percentage.

**Education:** Regarding the uninsured respondents in urban area illiterates (32.58%) are the highest percentage followed by Graduation (16.67%) qualification. In rural area the majority of the uninsured category are having Graduation (23.14%)



followed by Illiterate (16.59%). In tribal area the majority of the uninsured category are having Illiterate (39.17%) followed by Primary Education (24.52%). Illiterate (30.22%) respondents are became the highest percentage of uninsured in the total area followed by Primary Education (19.56%).

**Family Size:** Regarding the uninsured respondents in urban area four and above (52.27%) are the highest percentage followed by three (25.00%) family size. In rural area the majority of the uninsured category are having four and above family size (44.10%) followed by three (30.13%). In tribal area the majority of the uninsured category are having three members (47.13%) followed by four and above (37.26%). Four and above family size (42.52%) respondents are became the highest percentage of uninsured in the total area followed by three members (37.04%).

**Annual Income:** In the urban area the highest uninsured respondents are belongs to the range of below Rs. 10,000 (44.70%) and the lowest respondents belongs to the range of above Rs. 50,001 (6.82%). In the rural area below Rs. 10,000 respondents which constitute (58.08%) are notified as the highest uninsured and the least are noticed in the range of Rs. 40,001 – 50,000 (2.18%). In the tribal area majority group of below Rs. 10,000 (60.19%) and the lowest respondents belongs to the range of Rs. 30,001 – 40,000 (1.59%). Regarding the total area respondents below Rs. 10,000 (56.44%) are registered as highest uninsured and the lowest are in the range of above Rs. 50,001.

**Saving:** Regarding the uninsured in the urban area below Rs. 10,000 (40.15%) respondents are the highest and the lowest are in the range of Rs. 40,001 – 50,000 (2.27%). In the rural area the highest percentage of uninsured are belongs to Rs. 10,001 – 20,000 (39.74%) and the lowest are in the range of Rs. 30,001 – 40,000 (4.80%). In the tribal area the majority percentage of uninsured are belongs to Rs. 10,001 – 20,000 (42.04%) and the lowest are in the range of above Rs. 50,000 (4.78%). Below Rs. 10,000 (40.15%) respondents are belongs to the highest percentage of uninsured in the total respondents and above Rs. 50,000 (2.22%) are the lowest percentage.

## Statistical Results

### Hypothesis1

**H<sub>0</sub>:** There is no Relation between Socio Economic Factors and Awareness of Life Insurance in Urban Area

**H<sub>1</sub>:** There is a Relation between Socio Economic Factors and Awareness of Life Insurance in Urban Area

The table-4 shows that chi-square results to test the above hypothesis. The calculated values for urban area respondents on life insurance among different occupational groups are 24.108, Age group is 13.844, Caste is 25.978, Education is 60.162, Family Size is 19.668, Annual Income is 126.333 and saving is 53.323 respectively. The chi-square values of all are significant at 1 per cent level. Therefore, the study rejected null hypothesis and concluded that there is a relationship between socio-economic characteristics and insurance in urban area. The result reveals that there is an association between insurance awareness and socio-economic factors.

**Table 4, Factors Associating with Life Insurance Awareness in Urban Area**

Variables	Chi-Square	d/f	P-Value	Inferences
Occupation	24.108*	4	0.000	Rejected H <sub>0</sub>
Age	13.844*	4	0.008	Rejected H <sub>0</sub>
Caste	25.978*	3	0.000	Rejected H <sub>0</sub>
Education	60.162*	7	0.000	Rejected H <sub>0</sub>
Family size	19.668*	3	0.000	Rejected H <sub>0</sub>
Annual income	126.333*	5	0.000	Rejected H <sub>0</sub>
Saving	53.323*	5	0.000	Rejected H <sub>0</sub>

Source: Primary Data.

Note: \* significant at 1% level.

### Hypothesis2

**H<sub>0</sub>:** There is no Relation between Socio Economic Factors and Awareness of Life Insurance in Rural Area

**H<sub>1</sub>:** There is a Relation between Socio Economic Factors and Awareness of Life Insurance in Rural Area

The Table-5 indicates that chi-square values for rural area respondents on life insurance among different occupational groups are 8.389, Age group is 15.268, Caste is 53.314, Education is 1.460, Family Size is 84.068, Annual Income 125.463 and Saving 39.979 respectively. The chi-square values of all are significant at 1 per cent and 10 percent level except education group. Therefore, we can conclude that there is a relationship between Occupation, Age, Caste, Family Size, Annual Income, Saving and insurance in rural area and no relation between education and insurance in rural area.



**Table 5, Factors Associating with Life Insurance Awareness in Rural Area**

Variables	Chi-Square	d/f	P-Value	Inferences
Occupation	8.389***	4	0.078	Rejected H <sub>0</sub>
Age	15.268*	4	0.004	Rejected H <sub>0</sub>
Caste	53.314*	3	0.000	Rejected H <sub>0</sub>
Education	1.460	7	0.962	Accepted H <sub>0</sub>
Family size	84.068*	3	0.000	Rejected H <sub>0</sub>
Annual income	125.463*	5	0.000	Rejected H <sub>0</sub>
Saving	39.979*	5	0.000	Rejected H <sub>0</sub>

Source: Primary Data.

Note: \* significant at 1% level and \*\*\* significant at 10% level.

### Hypothesis 3

**H<sub>0</sub>:** There is no Relation between Socio Economic Factors and Awareness of Life Insurance in Tribal Area

**H<sub>1</sub>:** There is a Relation between Socio Economic Factors and Awareness of Life Insurance in Tribal Area

The table-6 infers that chi-square values for tribal area respondents on life insurance among different occupational groups are 20.260, Age group is 33.016, Caste is 22.444, Education is 59.691, Family Size is 52.150, Annual Income 144.379 and Saving 28.246 respectively. The chi-square values of all are significant at 1 per cent. Therefore, we can determine that there is a relationship between socio-economic characteristics and insurance in tribal area.

**Table 6, Factors Associating with Life Insurance Awareness in Tribal Area**

Variables	Chi-Square	d/f	P-Value	Inferences
Occupation	20.260*	4	0.000	Rejected H <sub>0</sub>
Age	33.016*	4	0.000	Rejected H <sub>0</sub>
Caste	22.444*	3	0.000	Rejected H <sub>0</sub>
Education	59.691*	7	0.000	Rejected H <sub>0</sub>
Family size	52.150*	3	0.000	Rejected H <sub>0</sub>
Annual income	144.379*	5	0.000	Rejected H <sub>0</sub>
Saving	28.246*	5	0.000	Rejected H <sub>0</sub>

Source: Primary Data.

Note: \* significant at 1% level.

### Findings

- Out of the total 675 uninsured respondents 75.86 per cent don't know about insurance, where as 24.14 knows about insurance.
- Majority of the urban and rural area uninsured respondents get awareness of insurance through friends and relatives.
- Out of the total not knowledge uninsured respondents' majority were not interested to know about insurance.
- Most of the uninsured respondents know the difference between life insurance and general insurance. Where as, in tribal area the uninsured respondents don't know anything about insurance.
- Majority of the uninsured respondents didn't contact with the agent.
- Out of the total 675 uninsured respondents only 72 respondents have contacted with the insurance agents. Among this 61.11 percent identified the benefits of life insurance and 38.89 didn't identified the benefits of life insurance.
- Majority of the urban uninsured respondents have identified the benefits of protection to life and family security by the life insurance.
- Majority of the rural uninsured respondents have identified the benefits of Children education, savings and family security.
- Majority of the respondents have identified the benefits but unable to insure because of their poverty.
- Most of the respondents are not favorable in making life insurance compulsory, as it is not a basic need and because of low income.
- Very few of them contacted with the agent but unable to assess their competency and told that, we don't know anything how we can asses them.





### Suggestions

- Irrespective of the occupation, age, marital status, caste, religion and educational qualification everyone have to feel the need of life insurance. Hence they should bring awareness about its importance and need. The unfavorable feeling of illiterates, daily wage workers and etc., can be washed out by educating the households extensively.
- The attitudes of the uninsured are not favorable towards life insurance because of their family type, size, number of dependents etc. This can be changed by direct marketing, family counseling, etc.
- Government has to give publicity regarding the role of IRDA and the schemes they are implementing to the people living below the poverty line.
- Maximum respondents of uninsured have not proper awareness regarding the life insurance aspects. It is a primary responsibility of Government and private players to give awareness on life insurance aspects to upgrade their life style.
- Majority of uninsured respondents from rural and tribal areas are not having awareness about the type of insurance. It is the duty of all the insurance players to state the importance of life insurance and various life insurance products in the present scenario.
- The Life Insurance Corporation of India has to improve their basic amenities to enhance their standards against to the private players to maintain its position in the market.
- The Government of India has to make life insurance compulsory to everyone but it should offer free life insurance policies to the people who are living below poverty line.
- The Government of India should nominate a life insurance inspection committee to inspect the life insurance policies.
- All the life insurance companies should develop effective promotional activities over the uninsured people in such a way that it should reach to the tribal and interior areas in an easy understanding manner

### Summary

Indian consumers are not paying their interest to protect their lives. In this context significant contributions are made to study the perceptions of Indians towards life insurance .The study aims to know the perceptions of the people living in urban, rural and tribal area of Guntur District towards life insurance and to evaluate the perception of uninsured respondents with reference to product, premium, promotion, distribution etc. It also concentrates on to know the barriers which are caused to the less percentage of insurable people in India.

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