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A STUDY OF AWARENESS ABOUT PENSION POLICY'S TERMS, CONDITIONS, FEATURES, ADVANTAGES AND BENEFITS LINKED WITH INSURANCE WITH REFERENCE TO WESTERN MAHARASHTRA



Ibrahim Shikandar Mullani¹ and P. S. Gaikwad²

INTRODUCTION

The purpose of insurance is to safeguard the interests of people from uncertainty by providing certainty of payment at a given contingency. Insurance provides security and safety. Insurance affords peace of mind. It reduces uncertainty of business losses and also increased business efficiency. It has been generally observed that common man has no exact idea about the basic Moto of the insurance. Sometimes unfortunately or because of incomplete knowledge or improper counseling by the advisor or insurance consultants insurance is being considered as rather sold as a saving tool. Insurance is a mechanism which is built to take care of the actual financial losses and not to generate any profit out of it.

India being a developing country and most of the population even as of now resides in the rural areas, level of education (literacy count),

Abstract

Retirement days are the actual 'golden days' in living human's life. While completing all the basic responsibilities of life a being 'Karta' of the family as families responsibility, marriage, children education and their marriage, dream of own independent house, creating own corpus to be used for the contingency and the health problems that may prevail in the old age, now this is the right time to spend the remaining days in peace and calm. Pension plays a vital role when you are retired from all your responsibilities and your work. The researcher to identify how many of the respondents have actually gone with pension plans and knows about the awareness of pension policy's terms, conditions, features advantages and benefits. This is simply being a mirror to visualize the awareness and need of pension plans in the society.

Keywords : golden days, pension, Annuity.

Short Profile

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in comparison with other investment and savings options available in the market. In insurance products routing traditional as well as unit link products provides the opportunity to save the money in long term along with risk cover. Still most of the peoples prefer to invest in to other saving options along with insurance like fix deposit, mutual fund, shares, bonds, postal

awareness of the various different tools available in the market, latest developments, social mechanisms have not reached them the way they should be. As we all know that Indian market is traditional market and Indian buyers are also kind of traditional buyers they always prefer to go for any product that is mostly suggested by their near and dear ones or the product that they have experienced since a long time. As privatization of insurance was done in late 90s awareness regarding this industry is comparatively very low

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investments, gold etc.

Lot of options are available in the market for the buyer to invest the money in to the different insurance plans depending upon his actual need, they are mainly traditional and unit link. In both these again there are various options available for the person who wants to invest depending upon his own need. Intension of researcher for asking this question is to understand the actual awareness of the insured in these different options available with him depending upon his own need.

Any insurance contract providing for regular periodic payment for a specified period is an annuity or pension. Both annuities and insurance are based on the same principles but they differ in functions and application. Pension is useful to those who desire to provide a regular income for themselves and their dependants after the expiry of a specified period.

2.0 NEED AND IMPORTANCE OF THE STUDY:

This study is useful for insurance organizations to understand the mindset of customer, buying behaviour, and their expectations about different products and insurance companies. Because of this study insurers found that what is the penetration of insurance business and further scope for the development of new business. The need of the study is for common man's prospective also. This study helps common people to understand the different kinds of health and pension related products available in the market and which product is more suitable as per their need.

3.0 SCOPE OF THE STUDY:

3.1 TOPICAL SCOPE:

The topical scope of the study is related to pension policies linked in insurance sector.

3.2 GEOGRAPHICAL SCOPE:

The geographical scope is related to five district of Western Maharashtra such as Kolhapur, Sangli, Satara, Solapur and Pune.

3.3 ANALYTICAL SCOPE:

For the analysis of primary data, test of proportion was used.

4.0 OBJECTIVES OF THE PAPER:

- 1.To study the awareness about the pension policy's terms, conditions, features advantages and benefits.
- 2.To study the extent of coverage and the potential for insurance products in Western Maharashtra.
- 3.To offer policy suggestions for better implementation of the Pension Schemes.

5.0 HYPOTHESIS OF THE STUDY:

H₀: The awareness about the pension policy's terms, conditions, features, advantages and benefits is homogeneous across the districts of western Maharashtra.

6.0 RESEARCH METHODOLOGY:

6.1 UNIVERSE OF THE STUDY AND SAMPLE DESIGN:

Kolhapur, Sangali, Satara, Solapur and Pune are five districts of Western Maharashtra and the entire 'insured population' of all these districts constitute universe for the present study. As per Insurance Regulatory and Development Authority (IRDA) as on 31 December 2014 average 20 percent of total India's population is insured by insurers. So, on that basis out of total population of Western Maharashtra 20 percent insured population considered and chosen as a universe of current study. District wise actual population and selected universe is presented in following table.

TABLE 1.1: DISTRICT WISE POPULATION, INSURED POPULATION AND NUMBER OF SAMPLES

Sr. No.	District Place	Actual Population*	insured population #	No. of Samples
1	Kolhapur	3874015	774803	100
2	Pune	9426959	1885392	241
3	Sangali	2820575	564115	72
4	Satara	3003922	600784	77
5	Solapur	4315527	863105	110
Total:		23440998	4688200	600

Source: *Actual population taken from census 2011

Source: # National Insured population rate 20 percent taken from IRDA's website www.irda.gov.in

Considering the table 1.1 total population of Western Maharashtra is 2,34,40,998 and out of that 46,88,200 were chosen as universe for recent study. A sample of 600 respondents had chosen based on time and money concern and proportionately distributed among five districts of Western Maharashtra.

7.0 DATA COLLECTION:

7.1 PRIMARY DATA:

Survey method has been used to collect primary data of 600 respondents from five districts of Western Maharashtra. An insured individual has considered as respondent. Stratified random sampling method has been used for obtaining data and questionnaire has designed with close ended, objective type, multiple choices (Lickert scale), and 61 major questions. The questioner was divided in to three parts. First part of the questionnaire contained general information about respondent and overall awareness regarding insurance industry and insurance policy had taken. Second part of the questioner was developed to the pension policy holders and third part for non pension policy holders. Respondents had filled first part compulsory and out of remaining two, any one part depends upon whether having particular pension policy or not. So in this way any respondent had filled only two parts of

questioner out of three.

7.2 SECONDARY DATA:

In order to obtain the idea about the different pension's schemes of the insurance companies, secondary data was collected. The brochures of pension policy had been collected to study the policy features, advantage, benefits, terms and conditions from different insurance companies' available in Western Maharashtra.

8.0 DATA ANALYSIS AND INTERPRETATION:

TABLE 1.2: PENSION POLICY HOLDERS

Sr. No.	District Location	Pension Policy Holders		Total
		Yes	No	
1	Kolhapur	8	92	100
2	Sangli	7	65	72
3	Satara	10	67	77
4	Solapur	16	94	110
5	Pune	102	139	241
Total:		143	457	600

Source: Field Survey 2013 – 2015

The table shows that out of 600 samples collected from the different districts of Western Maharashtra 143 respondents constituting 23.8 percent of total sample have pension policy and 457 respondents constituting 76.2 percent were non pension policy holders.

An annuity is a periodical level payment made in exchange of the purchase money for the remainder of the life time of a person or for a specified period. In annuity, the annuitant usually pays a lump sum or in installments in the beginning known as purchase price or consideration and after a stipulated period of time the insurer starts paying the annuity to the annuitant until death. Annuity is taken usually for one's own life. The analysis shows that major contribution of respondents comes under non pension policy holders and few respondents are classified under the pension policy holders. The percentage shows that there is poor awareness regarding pension policy in the society.

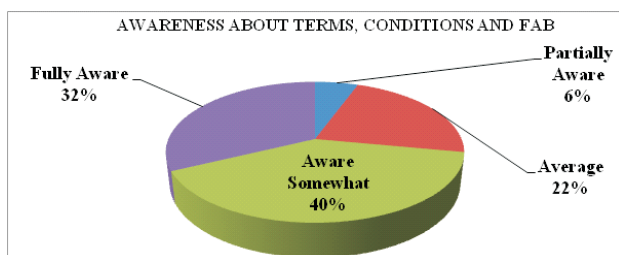
All the companies are providing pension products but on the basis of features, Advantage and Benefits (FAB). The table 1.2 shows that out of 600 samples were collected from the five districts of Western Maharashtra 143 respondents were pension policy holders and 457 respondents were non pension policy holders. So the analysis was asked to the pension policy holders only. It means that 143 samples are used for analyzing these results and remaining 457 samples are used to analyzing result regarding non pension policy holders.

TABLE 1.3: AWARENESS ABOUT TERMS, CONDITIONS AND FAB OF PENSION POLICY

Sr. No.	Insurance Pension Policy	Frequency	Percent
1	Non Pension Policy Holder	457	76.2
2	Pension Policy Holder	143	23.8
Total:		600	100
Awareness about Terms, Conditions and FAB of Pension Policy			
Sr. No.	Opinions	Frequency	Percent
1	Partially Aware	8	5.59
2	Average	32	22.38
3	Aware Somewhat	57	39.86
4	Fully Aware	46	32.17
Total Policy Holders:		143	100

Source: Field Survey 2013 – 2015

DIAGRAM 1.1: AWARENESS ABOUT TERMS, CONDITIONS AND FAB OF PENSION POLICY



Insurance product is mainly presented by the insurance advisors or insurance consultants. In some or few cases even tax consultants, accountants or the chartered accountants suggest the different insurance plans to their clients. Intension of selling an insurance plan differs from person to person. Knowledge of the agent or the consultant may vary from others. There may be chances of insurance product

explained by the agent or consultant keeping in Mind their own area of interest. It is quiet often observed that all the terms and conditions and features, advantages and benefits are not explained properly by the consultant and may result in unnecessary arguments post sale or forceful cancellation or surrender of policy by the buyer. Intension of the researcher for asking this question is to know whether consultant or agent advisor have explained it in detail or not to avoid any miss communication while selling the same. So the question of awareness about terms, conditions and FAB of pension policy was asked to the respondents. The collected data is presented in table 4.24

The table shows that out of 143 samples 8 respondents constituting 5.59 percent of the sample come under to partially aware category, 32 respondents constituting 22.38 percent of the sample belong to average category, 57 respondents constituting 39.86 percent of the sample belong to Aware somewhat category and 46 respondents constituting 32.17 percent of the sample were fully aware about terms, conditions and FAB of pension policy.

Insurance is a contract between insurer and policy holder. There are certain term and condition and principle of insurance applied for both the parties. If any parties break the contract then it will become null and void. The analysis shows that major respondents were fully aware about terms and conditions of the contract. Very few respondents were partially aware but not a single respondent was there who are not aware about the terms and conditions of the contract. It means that those respondents have taken pension policy, may certain extent were aware about terms, condition, feature, advantage and benefits of the policy.

9.0 HYPOTHESIS TESTING:

H₀: The awareness about the pension policy’s terms, conditions, features, advantages and benefits of the policy is homogeneous across

the districts of western Maharashtra.

H₁: The awareness about the pension policy's terms, conditions, features, advantages and benefits of the policy is non-homogeneous across the districts of western Maharashtra.

The suitable test is Chi-square test and the following are the test results.

TABLE 1.4: DISTRICT WISE AWARENESS ABOUT TERMS, CONDITIONS AND FAB

District	Awareness about Terms, Conditions and FAB of Pension Policy				Total
	Partially Aware	Average	Aware Somewhat	Fully Aware	
Kolhapur	1	2	1	4	8
Sangli	1	2	1	3	7
Satara	1	2	4	3	10
Solapur	4	0	4	8	16
Pune	1	26	47	28	102
Total	8	32	57	46	143

Source: Field Survey 2013–2015

TABLE 1.5: RESULT OF CHI-SQUARE TEST

CHI-SQUARE TESTS			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.686(a)	12	.004
Likelihood Ratio	29.442	12	.003
Linear-by-Linear Association	.095	1	.758
N of Valid Cases	143		

a 14 cells (70.0%) have expected count less than 5. The minimum expected count is .39.

The chi-square calculated is 28.866. The critical value of chi-square at 12 degrees of freedom at 5 percent level of significance is 23.3367. Since calculated value exceeds the critical value, the null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, it is inferred that awareness differs significantly in the districts of western Maharashtra in case of pension policy holders.

10.0 FINDINGS:

1. It is found that the female participation in insurance is very low.
2. The respondents have lack of awareness about awareness about terms, conditions, features, advantage and benefit of pension policy.
3. Analysis shows that age group of respondents less than 30 years has little interest to secure their

life.

11.0 SUGGESTIONS:

1. Some insurance organizations concentrated on female market segment and introduced exclusively provisions for female lives as for example HDFC Standard Life Insurance's 'Smart Woman Plan', Life Insurance Corporation's 'Jeevan Bharati – I'. Other insurers also should concentrate on female lives and make special provisions for females. It will help females as well as insurers to increase business. The suitability of insurance for female should be widely published.
2. Insurers should create 'Insurance Awareness Club'. In club meetings experts should provide in detail information about insurance to their club member free of cost. These clubs should be beneficial for both insurer and common man also. These clubs generate data for insurer of prospective customers which will increase sales. Effective use of other advertisement instruments should help to provide information about insurance to customers.

12.0 CONCLUSION:

Female is an important and valuable assets for family's care and home financial management. Insurance organizations applied less mortality charges considering that female lives are less hazardous compare to male lives. Insurers should concentrate on female lives and also do some innovative activities about the awareness of pension policy's terms, conditions, features, advantages and benefits.

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