



## Early Returns Influence The Working Population of Raipur Postal Division: With Reference To Postal Life Insurance

### KEYWORDS

PLI, Whole Life Assurance, Endowment Assurance, Suraksha, Santosh

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**ABSTRACT** *Postal Life Insurance (PLI) is a Govt. monitored reliable low premium high bonus Insurance sector for the working population of central and state governments, local bodies, government aided educational institutions, universities, nationalized banks and many autonomous and financial institutions of India. In present study a comparative study is carried out for five financial years during 2009 to 2014 between the five insurance policies of PLI sector in Raipur Postal Division. A statistically significant difference ( $p = <0.001$ ) is found in the selling of all policies within five financial years. The paid premium for all policies during five financial years of study is also significantly differ ( $p = <0.001$ ). Further the Closed/surrender policies are also significantly differ in all schemes ( $p = <0.001$ ). The results seem that, a policy having early returns influence the employees to buy this policy. The work signifies as a tool to observe the consumer behavior and make a proper tactics in the marketing of life insurance sector.*

### INTRODUCTION:

The Indian Postal Service contains 155,333 post offices in each and every corner of the country is a huge and widely distributed postal network in all over the world (Anand et. al. 2013). The Raipur Postal Division is one of the most important divisions of the Chhattisgarh Postal Circle which is one of the most important postal circles out of 23 Postal Circles in which the whole of India is divided. Chhattisgarh Postal Circle has a vast network of 3122 Post Offices out of which 223 are serving in urban areas while 2899 are serving in rural areas of the state. The Postal Circle Headquarter is headed by the Chief Postmaster General at the state capital; Raipur (<http://www.postallifeinsurance.gov.in>; 9 April 2016, 14:00 hr). There are lots of investment options with different plans of savings as well as life coverage schemes are available in Indian Market. However, the Post offices are easily reachable, reliable and highly profitable agency especially in context of Postal Life Insurance (PLI) schemes. But in the other hand earlier reports seems that the Postal Saving Scheme has not gained much importance yet, and the changing digital environment presents a big challenge for traditional postal business. (Gupta and Gupta, 2012). Postal Life Insurance (PLI) was introduced on 1st February 1884 as a welfare scheme for the Postal employees extended to the Telegraph department later on in 1888. It is the oldest Life insurer in this country. In the beginning, the upper limit of life insurance was only Rs 4000 which has now increased to Rs 50 Lacs. PLI is an exempted insurer under Section 118 (c) of the Insurance Act of 1938. It is also exempted under Section 44 (d) of LIC Act, 1956 (<http://www.postallifeinsurance.gov.in>; 9 April 2016, 13:00 hr).

### PLI offers 6 (Six) types of plans:

1. Whole Life Assurance (SURAKSHA)
2. Convertible Whole Life Assurance (SUVIDHA)
3. Endowment Assurance (SANTOSH)
4. Anticipated Endowment Assurance (SUMANGAL)
5. Joint Life Assurance (YUGAL SURAKSHA)
6. Children Policy (BAL JEEVAN BIMA)

(Source: <http://www.postallifeinsurance.gov.in>, 18 April 2016, 16:00 Hrs).

### Review of Literature:

Life insurance in India begins at 1818 as a means to provide financial security for English widows (Tripathy and Pal, 2005). Many reports focused on customer evaluations to improve quality of service however only few studies have examined customer perceptions of service quality in postal services (Rajeshwari and Sunmista, 2011). Our recent report shows the dominance of survival benefits over the risk coverage in Rural Postal Life Insurance (Ramteke et al., 2016). Available quality of service significantly influences the attitude towards obtaining insurance (Qamar Furqan, 2003). The management performance is positively correlated with the success rate of implementation of enterprise mobilization in the life insurance industry to the of external aspects like providing increased customer satisfaction (Luarn, 2003). Anand et al., 2013 showed some analytical reports of postal schemes. Although The post offices works according to the government norms but the practices to find out the customer's perceptions and make available the options will definitely increase the satisfaction of the customer (Rajeshwari and Sunmista 2011).

### OBJECTIVES:

In present research an attempt has been made to check the hypothesis whether the working population of Raipur Postal Division have prefer the whole Life Risk coverage or the survival maturity returns.

### Materials and Methods:

Five basic insurance policies of Postal Life Insurance (PLI) were selected for the compilation of the objectives of this study. They are Whole Life Assurance (SURAKSHA), Convertible Whole Life Assurance (SUVIDHA), Endowment Assurance (SANTOSH), Anticipated Endowment Assurance (SUMANGAL) and Joint Life Assurance (YUGAL SURAKSHA). The First one Whole Life Assurance (WLA) is provides the whole life risk coverage for the insurer in very nominal premium, but it does not have any survival

benefits. It means after completion of a stipulated time period, premium paying will stop but the policy will continue throughout the life of the insurer and after the death of the insurer a good amount of sum assurance with the bonus given to the nominees. After 80 years of age an option to stop the policy and claim for maturity is also available in this scheme. However in second one an option is available to convert the policy in Endowment after 5 years. Santosh policy continues till the predefined premium paying term. If the insurer dies in between the predefined term the nominees provided by the Sum assure amount with accrued bonus. But if the insurer survives till the term, the maturity amount of sum assurance with accrued bonus can claim by the insurer themselves and the risk coverage of policy is turn off after taking the maturity amount. Similarly Sumnagal and Yugal Suraksha also have the maturity benefits after the completion of term. The whole comparison is based on the secondary Data of sales, paid premium and Surrender policies of the above mentioned five policies for five financial years from 2008-09 to 2013-14, obtained from the Postal Life Insurance Section of the Circle Head Post Office, Raipur. ANOVA test is used for Statistical analysis performed by the COSTAT software, and Duncan's multiple range test is used to show the significance level of the variables.

**Results and Discussion:**

The results show a significant difference in selling's, paid premium and surrender statistics of all PLI policies (Table 2). Table 1 shows the consolidated variations of all five policies in terms of sales, premium and surrender values with highest values in Endowment Assurance which provides earlier return options.

**Table – 1: Consolidated selling statistics for five financial years of PLI Policies in Raipur Postal Division.**

Name of Policy	No. of Sold Policies	Amount of Paid Premium (in Rupees)	No. of Surrender/ Closed Policies
Whole Life Assurance (SURAKSHA)	35	52144	27
Convertible Whole Life Assurance (SUVIDHA)	08	10053	05
Endowment Assurance (SANTOSH)	7978	9805248	278
Anticipated Endowment Assurance (SUMANGAL)	93	99117	00
Joint Life Assurance (YUGAL SURAKSHA)	99	129216	05

(Source: Data is obtained from Postal Life Insurance (PLI) section of Circle Head Post Office of Chhattisgarh Postal Circle, Raipur).

Table 2: Characteristics of Sales, Premium and Surrender values as function of type of Policy.				
Policy Effect	Sales		Paid Premium	Closed/ Surrender Policies
Suraksha	7 ± 0.7 <sup>b</sup>		10429 ± 2287 <sup>b</sup>	5 ± 1 <sup>b</sup>
Suvidha	1.6 ± 0.6 <sup>b</sup>		2011 ± 1147 <sup>b</sup>	1.0 ± 0.4 <sup>b</sup>
Santosh	1596 ± 177 <sup>a</sup>		1961049 ± 23540 <sup>a</sup>	56 ± 8 <sup>a</sup>
Sumangal	19 ± 3 <sup>b</sup>		19823 ± 2821 <sup>b</sup>	00.0 ± 0.0 <sup>c</sup>
Yugal Suraksha	20 ± 3 <sup>b</sup>		25843 ± 5346 <sup>b</sup>	± 0.5 <sup>b</sup>
<b>ANOVA Summary: (Policy effect)</b>				
Sales	F- value = 79.86; df = 4, 20; p < 0.001***			

Paid Premium:	F- value = 68.32; df = 4, 20; p < 0.001***
Closed/ Surrender Policies:	F- value = 38.09; df = 4, 20; p < 0.001***

The Paid premium amount is also significantly high in this policy. A significant greater contribution of Santosh policy is found in terms of sales with p = < 0.001 (F value 79.86, df -4, 20) (Table 2). In terms of Paid premium is also significantly high in Santosh policy with p = < 0.001 (F value 68.32, df -4, 20) (Table 2). Further in Surrender policies again Santosh shows maximum with p = < 0.001 (F value 38.09, df -4, 20) (Table 2). Consolidated highest mean of selling is found in Endowment Assurance Policy (mean value 1596<sup>a</sup>) than the others, lowest in Suvidha (mean value 1.6<sup>b</sup>) (Table 2). The paid premium is also highest in Santosh (mean value 1961049<sup>a</sup>), and the mean value of surrender policies is also high in Santosh (mean value 56<sup>a</sup>) than the other policies. The Lowest Premium is collected by Suvidha scheme (mean value 2011<sup>b</sup>) and the lower surrender values are showed in Suvidha and Yugal Suraksha (mean value 1<sup>b</sup>) and lowest in Sumangal with no any surrender (mean value 0<sup>c</sup>). Santosh policy has a early return maturity option with high bonus thus the results shows its influence on the buyers of the insurance policy.

Few reports are available in context of all services providing by Indian Postal Department with reference to the annual reports of national statistics (Anand et. al., 2013) however we have documented the Individual policy wise details of selling, premium collection and Surrender statistics within a Postal division to understand the customer preference towards the policies of specific nature. Some researchers correlates the uses of Cooperative systems to reduce the slow growth of public sector marketing according to the market demands and showed options to betterment (Thakor, 2016), however our results are more often realistic to this. There is a report on customer preference and level of satisfaction of PLI customers in context of a single district in the Assam state (Dutta, 2014), however in our case we have compare the data of a whole Raipur Postal division including 5 districts and documented a specific influence on customers by the policy having earlier returns than the long lasting life coverage.

**Conclusion:**

However the Whole Life Insurance (Suraksha) policy provide the risk coverage for the insurer throughout the life (or a option of 80 years) in minimal premium amount but due to the lacking of earlier returns or non survival benefits the working people of Raipur Postal division were not took more interests in this policy, In other end Endowment policy (Santosh) have earlier returns with survival benefit including risk coverage is influence the working population to buy this policy as shown in the results. Therefore it can be concluded that the earlier returns influence the working population of Raipur Postal division.

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