Research Paper FINANCE

A Study of the Relationship Between Selected Demographic Factors and the Amount of Premum Paid by Women Life Insurance Policy Holders

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ABSTRACT

Some decades back, women going out of their homes and working either to financially support their families or to earn a livelihood was unthinkable and considered a social taboo in India. But now the scene has changed and so has the position of women in society. This paper attempts to know the Amount of Annual Premium paid by working women life insurance policy holders and its relationship with selected demographic factors like, Educational Qualification and Monthly Income, respectively. The findings indicate that nearly 48% of the respondents pay an Annual Premium between Rs 5,000-10,000 and 42% - below Rs.5000. Only 2% pay Annual Premiums of More than Rs.50,000. It was found that though Educational Qualification of the respondents had no significant relationship with the Amount of Annual Premium paid by working women life insurance policy holders of Rajkot City, their Monthly Income had.

KEYWORDS Insurance, Annual Premium, Educational Qualification, Monthly Income

INTRODUCTION

As the economy is developing, the mindset of the people is also changing at a very fast pace. Some decades back, the best place for women was considered to be their home. It was thought that women are born to look after the family and children. They were not allowed to work outside because it ruined the reputation of the family and at the same time, it was not accepted by society. But now the scene has changed and so has the position of women in society. Women are working in every field. Their earning is at par with that of their male counterparts and they enjoy both personal and professional life, but in terms of insurance, they are either under insured or uninsured. Despite all of the changes, many married women still rely on their husbands' insurance policy to protect them.

In India, Working women also do not have the right to spend their money as per their wishes. The latest National Family Health Survey (NFHS) found that one in six married working women had absolutely no control over the money they earned; only one in ten married women were able to make even relatively insignificant decisions, such as visiting friends and family and more than a quarter of them had say on the crucial matter of their own healthcare. The situation in India is shaping towards the need of Insurance products among working women. There are some companies, including the largest insurance player, that have come up with policies exclusively for women, but the awareness about various policies and interest towards insurance products is quite less. This paper is an attempt to analyse the Amount of Annual Premium paid by Women Life Insurance Policyholders of Rajkot City and its relationship with selected demographic factors like, Educational Qualification and Monthly Income of the respondents, respectively.

LITERATURE REVIEW

It seems that no study till date is available on that analyses the Amount of Annual Premium paid by Women Life Insurance Policyholders of Rajkot City and its relationship with selected demographic factors, which is evident from the review of literature that follows. A study done by Xumei Zhang at el. (2007) has found that worrying about future, economical condition, cognition about life insurance and adventure activities preference have significant positive effects on the intention of purchasing life insurance. Economical condition also has significant positive effect on the premium of purchasing life insurance; health status has significant negative effect on the premium of purchasing life insurance.

Truett and Truett (1990) studied the impact of education on insurance. He found out that an increase in the number of educated people in a country may be associated directly with a greater recognition of various types of products offered by life insurance companies, leading to higher levels of demand. Browne and Kim (1993) studied the positive influence of education on life insurance demand through its effect on the period of dependency. He concluded that individuals educated over longer periods forgo the opportunity of full-time employment, and extend their reliance on the income stream of other working members of the family, increasing the demand for policies. Beck and Webb (2003) also studied the positive impact of education on life insurance. They concluded that a better understanding of the benefits of risk management and long-term savings may encourage risk aversion.

OBJECTIVES OF THE STUDY

1. To know the amount of Annual Premium paid by Women Life Insurance Policyholders
2. To analyse the relationship between selected demographic factors like Educational Qualification and Monthly Income and the Annual Premium paid by Women Life Insurance Policyholders of Rajkot City.

RESEARCH METHODOLOGY

The study for exploring above mentioned objectives was carried out for which a sample of 50 working women was taken and the questionnaire was administered by contacting the respondents by personally interviewing them at the time of their convenience. The sampling technique was convenience sampling. The respondents were working women across selected demographic factors like age, marital status and occupation. Type of questionnaire was structured, non-disguised and questions were closed ended. Simple percentages were calculated and Chi square test as a test of independence was done with the help of SPSS to find out if any relationship existed between the demographic factors under the scanner and the Amount of Annual Premium paid by Women Life Insurance Policyholders Rajkot City. The study was conducted during Jan-March 2014.

DATA ANALYSIS AND INTERPRETATION

1. Demographic Profile of the respondents.

A profile of the sample population, including their Educational Qualification and Monthly Income, is shown in Table 1. Out of 50 respondents, 27(54%) women are Graduate, 20(40%) women are Post Graduate, and just 02(4%) women are 12th pass and 01(2%) women are 10th pass. So it is clear that most of the working women are well educated.

Table 1. Demographic Profile of the respondents

Education	No. of respondents	Percentage
S.S.C	01	02
H.S.C.	02	04
Graduate	27	54
Post Graduate	20	40
Total	50	100
Monthly Income	No. of Respondents	Percentage
Below 10,000	15	30
10,000-25,000	21	42
26,001-50,000	09	18
Above 50,000	05	10
Total	50	100

Source: Primary data from survey

Again out of the 50 respondents 21(42%) women are earning Between Rs.10,000 to 25,000 per month. 15(30%) women are earning Below 10,000 per month. 09(18%) women are earning between Rs.26,000 to 50,000 and just 05(10%) women are earning above Rs.50,000. So it is clear from the analysis that majority of the working women are earning more than 10,000 per month and at the second position women are earning below 10,000. One important thing is just 10% women's earning are very high (Above Rs.50,000).

2. Amount of Annual Premium paid by Women Life Insurance Policyholders

Table 2. Classification of respondents according to Annual Premium paid by Women Life Insurance Policyholders

Annual Amount in Rs.	No. of Respondents	Percentage
Below 5,000	21	42
5,000 – 10,000	24	48
10,001 – 30,000	04	08
31,001 – 50,000	00	00
Above 50,000	01	02
Total	50	100

Source: Primary data form survey

It is evident from the table above that most of the working women that is nearly 24(48%) of the respondents pay an Annual Premium between Rs 5,000-10,000. 21(42%) - respondents pay an Annual Premium below Rs.5000. 04(8%) respondents pay Annual Premiums in the range of Rs.10,001-30,000 and Only 01(2%) pay Annual Premiums of More than Rs.50,000

3. Relationship between Selected Demographic Factors like their Educational Qualification and Monthly Income and the Amount of Annual Premium paid by Women Life Insurance Policy holders.

To know the relationship between Selected Demographic Factors like Educational Qualification and Monthly Income of women life insurance policy holders and the Amount of Annual Premium paid by them, Chi-square test as a Test of Independence was done for which the following Hypotheses were framed.

a. Hypotheses of the study:

H_0 There is no significant relationship between **The Annual Premiums paid by** Women Life Insurance Policyholders and their Educational Qualification and Monthly Income respectively.

H_1 There is significant relationship between **The Annual Premiums paid by Women** Life Insurance Policyholders and their Educational Qualification and Monthly Income respectively.

b Chi-square tests:

1. Relationship between the Annual Premium paid by Women Life Insurance Policyholders and their Educational Qualification

Calculated Value of Chi square	Table Value of Chi square	Degrees of Freedom	Hypothesis Accepted
4.751	16.919	9	H_0 Accepted

2. Relationship between the Annual Premium paid by Women Life Insurance Policyholders and their Monthly Income

Calculated Value of Chi square	Table Value of Chi square	Degrees of Freedom	Hypothesis Accepted
21.338	16.919	9	H_1 Accepted

FINDINGS

The Findings of the study indicate that :

- Nearly 48% of the respondents pay an Annual Premium between Rs 5,000-10,000
- 42% - respondents pay an Annual Premium below Rs.5000.
- 8% respondents pay Annual Premiums in the range of Rs.10,001-30,000
- Only 2% pay Annual Premiums of More than Rs.50,000
- There is no significant relationship between The Annual Premiums paid by Women Life Insurance Policyholders and their Educational Qualification
- There is significant relationship between The Annual Premiums paid by Women Life Insurance Policyholders and their Monthly Income

CONCLUSION AND SUGGESTIONS

From the above analysis, it can be concluded that majority of working women in Rajkot nearly 48% of them pay an Annual Premium between Rs 5,000-10,000, followed by the next lot of 42% who pay Annual Premiums below Rs.5,000. This indicates that the amounts of Annual Premiums paid by Working Women of Rajkot are quite less- a) Possibly due to their lesser income levels as compared to their husbands or other male family members and b) Because in India even today majority of Investment related decisions are predominantly taken by Male members of the family.

Thus the author would like to suggest to working women that mere awareness about life insurance amongst them is not enough. They will have to understand its importance in

their lives as well as their family's and take a leap forward by breaking the traditional barriers which the society has created and invest actively large sums of their hard earned money to secure their own as well as their family's future.

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