IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 23, Issue 2. Ser. VIII (February 2021), PP 54-57
www.iosrjournals.org

A Study on Financial Inclusion With Regard To Insurance Service

Cyriac Philip Alexander

Date of Submission: 18-02-2021 Date of Acceptance: 03-03-2021

Objectives

- To study the factors which influences while taking an insurance policy.
- To study the satisfaction levels with regards to insurance policies.

I. Introduction

Financial Inclusion or Inclusive Finance refers to the delivery of financial services (Not only Banking) at an affordable cost to the vast sections of the disadvantaged and low-profile groups of the society. So, Financial Inclusion helps vulnerable groups such as low-income groups, weaker sections, etc., to increase incomes, acquire capital, manage risk and work their way out of poverty through secure savings. The term "financial inclusion" has gained importance since the early 2000s, as a result of findings about financial exclusion and its direct correlation to poverty. With the progress of the Indian economy, especially when the focus is on the achievement of sustainable development, there must be an attempt to include maximum number of participations from all the sections of the society.

Financial inclusion enables improved and better sustainable economic and social development of the country. It helps in the empowerment of the underprivileged, poor and women of the society with the mission of making them self-sufficient and well informed to take better financial decisions. Financial inclusion takes into account the participation of vulnerable groups such as weaker sections of the society and low-income groups, based on the extent of their access to financial services such as savings and payment account, credit insurance, pensions etc. Also, the objective of financial inclusion exercise is easy availability of financial services which allows maximum investment in business opportunities, education, save for retirement, insurance against risks, etc, by the rural individuals and firms.

Since 2005, the Reserve Bank of India (RBI) and the Government of India (GOI) have been making efforts to increase financial inclusion. Measures such as SHG-bank linkage program, use of business facilitators and correspondents, easing of Know Your Customer (KYC) norms, electronic benefit transfer, separate plan for urban financial inclusion, use of mobile technology, bank branches and ATMs, opening and encouraging 'nofrill-accounts' and emphasis on financial literacy have played a significant role in increasing the use of formal sources for availing loan/ credit. Measures initiated by the government include, opening customer service centres Credit counselling centres, Kisan Credit Card, Mahatma Gandhi National Rural Employment Guarantee Scheme and Aadhar Scheme. These renewed efforts are more focused than the earlier measures which were more general in nature having a much wider scope. Though the measures were initiated earlier, their impact on the rural population needs to be analysed and reframed in order to understand the present scenario in the rural areas.

Financial Inclusion in Insurance Service

Financial Inclusion and Insurances Insurance is a critically important tool for not only reducing poverty, but also for helping those who have emerged from poverty to manage their risk and avoid falling back into poverty Significant technological advancements over the past decade are improving the design, selling and servicing of insurance products. These changes provide an opportunity to give poor people more access to insurance and to improve financial inclusion, but they also present challenges and risks for supervisors Regulation and supervision of insurance markets are key tools to improve access to finance for poor people. Regulators need to understand how these tools can create and also overcome barriers to access for market development Regulators, supervisors. policy makers, academia, and development agencies have been working together closely to build an enabling environment where insurance products can be tailored to the unique needs and circumstances of customers. Thus, broadening access to formal insurance products while at the same time ensuring an appropriate level of policyholder protection.

Benefits of financial inclusion in insurance services

- The rural masses will get access to banking like cash receipts, cash payments, balance enquiry and statement of account can be completed using fingerprint authentication. The confidence of fulfilment is provided by issuing an online receipt to the customer.
- Reduction in cash economy as more money is brought into the banking ecosystem
- It inculcates the habit to save, thus increasing capital formation in the country and giving it an economic boost.
- Direct cash transfers to beneficiary bank accounts, instead of physical cash payments against subsidies will become possible. This also ensures that the funds actually reach the intended recipients instead of being siphoned off along the way.
- Availability of adequate and transparent credit from formal banking channels will foster the entrepreneurial spirit of the masses to increase output and prosperity in the countryside.

II. Literature Review

Nageswara Rao (2016) observes that the objective before present day economy is to ensure growth with distributive justice in tune with the democratic principles of the greatest happiness to the greatest number. Growth cannot be considered as an end itself until it translates into income generation and empowerment of the whole population irrespective of areas and sectors.

Development Research Project (2013) attempted to understand the financial needs of poor in long term and short term by exploring, how surplus fund is used to meet short-term, long term and emergency requirement to develop strategies for financial inclusion and designing financial products.

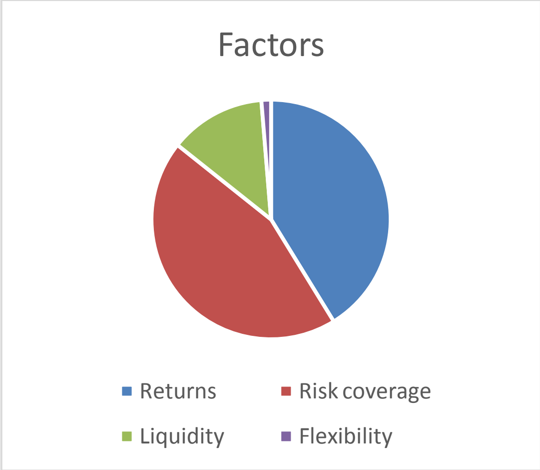
CRISIL 2013 measured the extent of financial inclusion in India in the form or an index. It makes use of the non-monetary aggregates for calculating financial inclusion. The three parameters of the index were branch, deposit and credit penetration

GOI (2008) examined financial inclusion as a delivery mechanism providing financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The recommendations of the report focused on the following areas. First, financial inclusion should include access to mainstream financial products. Second, banking and payment services should be available to the entire population without discrimination. Third, promotion of sustainable development and generation of employment in rural areas should be a priority.

RBI (2005) proposed financial inclusion based on the business facilitators/ business correspondent model, adapting the Brazilian success story in India. In 2005, efforts were made enabling banking services to reach the rural areas through credit facilities. While the banking network started expanding in the rural areas, there were still a majority of the population in rural areas without having access to banking services.

Analysis & Interpretation of Objectives

1. Factors influencing while taking insurance policy



Factors	Frequency	Percentage
Returns	38	38
Risk coverage	41	41
Liquidity	12	12
Flexibility	9	9
Total	100	100

Interpretation: Out of the 100 respondents, 38% of the respondents are considering Return while purchasing the policies. 41% of the respondents are considering risk coverage while purchasing the insurance policies. 12% of the respondents are considering liquidity while purchasing the insurance policies. 9% of the respondents are considering flexibility while purchasing the insurance policies.

2. Satisfaction levels regarding the age group

Hypothesis H0 – There is no significant difference between the and satisfaction level
Hypothesis H1 – There is significant difference between the age and satisfaction level

ANOVA

Factors		Sum of squares	Df	Mean Square	F	Sig.
Large benefits	Between groups	8.477	3	2.826	6.284	.000
	Within groups	89.028	198	.450		
	Total	97.505	201			
Savings Scheme	Between groups	5.885	3	1.962	5.326	.002
	Within groups	72.932	198	.368		
	Total	78.817	201			
Insurance claims	Between groups	1.161	3	.387	.855	.466
	Within groups	89.656	198	.453		
	Total	90.817	201			
Protects Future	Between groups	3.871	3	1.290	2.357	.073
	Within groups	108.372	198	.547		
	Total	112.243	201			

Interpretation

Since the P value is .000 which is less than 0.05, the Null hypothesis is rejected at 5% significant level. Hence it is concluded that, there is no significant difference between age and large benefits.

Since the P value is .002 which is less than 0.05, the Null hypothesis is rejected at 5% significant level. Hence it is concluded that, there is no significant difference between age and Saving scheme.

Since the P value is .466 which is greater than 0.05, the Null hypothesis is accepted at 5% significant level. Hence it is concluded that, there is significant difference between age and Insurance claim.

Since the P value is .073 which is greater than 0.05, the Null hypothesis is accepted at 5% significant level. Hence it is concluded that, there is significant difference between age and Insurance claim

Note : These two analyses were taken from the samples collected from 100 respondents of different age group

III. Findings and Suggestions

- From the study it is found that the majority of the respondents considered the factor Returns while purchasing policies
- On the basis of satisfaction level, the study reveals that the people focus on their future protection

Suggestions

After analysing the perception of the respondents there are few suggestions, they are;

- To introduce various insurance schemes to low-income level policy holders
- To introduces new services to the policy holders of the rural area peoples
- To create new services and securities to the policy holders.
- To attract the new customers with introducing the beneficial part behind the insurance services

IV. Conclusion

Whenever there is uncertainty, there is risk. We do not have any control over uncertainties which involves financial losses. The risk may be certain events like death, pension, retirement or uncertain events like theft, fire, accidents etc. Insurance is a financial service for collecting the savings of the public and providing them with risk coverage. It comes under the service sectors and while marketing this service due care is taken in quality product and customer satisfaction. The main function of the insurance is to provide protection against the possible chances of generating losses.

Financial inclusion enables improved and better sustainable economic and social development of the country. It helps in the empowerment of the underprivileged, poor and women of the society with the mission of making them self-sufficient and well informed to take better financial decisions.

Bibliography

Books

[1]. Principles of Insurance by M.M.Abraham
[2]. Insurance (theory and practices) by Mathew M.J, RBSA Publishers
[3]. Law of insurance by Mishra M.N

Websites

[4]. http://www.slideshare.net/nishakarkera3/history-of-insurance
[5]. http://en.wikipedia.org/wiki/history-of-insurance
[6]. ftp://ftp.cordis.europa.eu/pub/studies/chapter2-literature-review.pdf
[7]. http://righttruth.typepad.com/right_truth/201/03/history_of insurance.html
[8]. www.types of insurance.com/
[9]. www.insurance plans.com
[10]. www.insuranceleacon.com
[11]. Unpublished Thesis
[12]. Vibin Abraham(2020), A study on financial inclusion with regard to insurance service in Kottayam district, University of Madras, PP. 43, 49-50.

Cyriac Philip Alexander. "A Study on Financial Inclusion With Regard To Insurance Service." *IOSR Journal of Business and Management (IOSR-JBM)*, 23(02), 2021, pp. 54-57.