Bima Gram (Insurance Village) – An Effective Insurance Coverage for Villagers: An Empirical Study in Lalithadripura Village, Mysore Taluk.

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Abstract

The bima gram scheme introduced by LICI in 2002-03 is an attempt to explore the rural market in a significant and effective manner. This envisages for identification of village with minimum 1000 and maximum 5000 population as bima gram. Other norms include minimum 100 policies in a financial year and not more than 20 % lapses. It aims at 75 % coverage of households and it has one unique feature of ploughing back premium collected from that village for community development. Lalithadripura village , being a bima gram has significant number (450) of policy holders and it has received 25000 as grants for community development. This fund is used for solar street lights. An empirical study on perceptions of villagers on working of bima gram has revealed that the servicing by LICI is effective but the demographic groups have no significant relationship with perception variables. The survey is conducted by taking 178 respondents under random sampling method.

Key words: bima gram, Lalithadripura, ploughing back of premium, community development, policy lapses

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1.   Introduction

The Bima Gram (Insurance Village) concept is a new holistic insurance coverage scheme launched by LICI and other private life insurance companies during 2002-03 for propagating the concept of insurance in rural areas. This scheme envisages the inclusion of at least 75 per cent households in the village under insurance coverage besides promoting the socio-economic welfare of village community. 100 new policies should come in from the village in a financial year in which the village is to be declared a bima gram. To be a 'bima gram', the village should be a rural centre as per the definition of IRDA with a minimum population of 1000 but below 5000. The number lapsed policies issued prior to the current financial year should not be more than 20 per cent at that time when the village is to be declared as a bima gram. Grants of 25 per cent of the premium collected from the village or Rs 25,000, whichever was less are given for community development activities to be carried out with collective responsibility of villagers. The LIC disburses the amount of incentive to the sarpanch of a village only after getting a certificate from the LIC branch manager under which the selected village falls. The community development activities include up keeping and renovation of

school buildings, purchase of furniture for schools, village sanitation, drinking water, solar street lamps, up keeping of community hall, up keeping, renovation & rejuvenation of religious and holy places, forestation, soil conservation, protection and promotion of culture heritage, awareness about ill effects of social vices & superstitions & de addiction from drugs and alcohol.

As per 2011 census the population of Lalithadripura village in Mysore taluk was 4124 with sex ratio 2106:2018, living in 969 households. Literacy rate of Lalithadripura village was 66.02 % compared to 75.36 % of Karnataka. In Lalithadripura Male literacy stands at 72.48 % while female literacy rate was 59.31 %.   Its coordinates are: Latitude: N 12°16'33.37" Longitude: E 76°41'58.45". At present, this village is adopted as Bima Gram by LICI all the household are covered under Bima Gram scheme with 450 policy holders and Rs.25000 is released as grants for community development program. The LIC agents are successfully counselling irregular renewals.

2.   Statement of problem

Bima village concept is a societal friendly initiative of LICI. It aims at holistic risk coverage for the adopted village apart from contributing to the sustainable community development activity. At primary stage a single village which records 100 policy subscriptions will be selected under this scheme, subsequently intensified promotion activities are networked through LIC agents for expansion of life insurance business. It is very difficult to market life insurance products in general and daunting task indeed to market the same to rural people who have typical demographic profile of low literacy, brand stickiness, and social immobility. Further non tangibility of the insurance product, except for the policy bond, makes it further complicated in penetration into this idyllic market where demand side finds it difficult to weigh cost and benefit analysis between immediate sacrifice (premium) and deferred benefit (maturity claims). However, the promotional activities of LICI and its agents gets intensified and percolated down to the micro area called Bima Gram. In this process there is likelihood that individuals with no insurable interests might be lured to take up the policies. Sometimes reluctant individuals are also pursued to buy insurance policies. In such cases policy lapses are common because of no renewals. There were 300 lapsed policies during the year 2012-13. The Insurers claim that they are quick and honest in settling the claims. The LICI with its time tested successful business operations is able to honour this obligation, however private insurers, with a short history of two decades, are yet make their own imprint in the minds of insured and general public, their firm commitment on claims. A contribution of   Rs 25000 for community development is perceived to be rather insufficient by the villagers, though it is the maximum permissible amount as the scheme. Its usage may not leave long lasting foot print in the minds of public. Thus the Bima Gram concept is losing the sheen.

3.   Review of Literature

Kashyap Pradeep et al (2008)[1] observe "low level of literacy and awareness make rural people less likely to switch brands as they do not have the required knowledge or information to exercise a choice".

Kashyap Pradeep et al (2008)[2] opine "there is whole gamut of influences that affect overall consumer behaviour in rural India. Influences like traditions, social customs and caste determine behaviour in everyday life".

Sadhak.H (2009)[3] states "bima gram is a rural marketing strategy to penetrate into deep rural sectors for tapping rural business systematically and for more and more coverage in rural areas, especially in villages with population less than 5000".

Jayaram.C (2013)[4] Chairman - CII 2nd Financial Distribution Summit 2013 and Joint Managing Director, Kotak Mahindra Bank Ltd observes "penetration of financial products and

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services has remained concentrated in the metros and Tier 1 and Tier 2 cities, without percolating down to the smaller towns and cities and the rural belt. The good news is that while there is a huge need for services in these segments, it is just that these customers are not aware of the right products and the right channel to leverage for the products. It has been observed that in most cases, it is the product which is the success factor for building up a resilient business model in these areas"

According to Guidelines Document for preparation of District Human Development Reports *[For Training purposes only] issued by* **Human Development Division, Planning, Programme Monitoring and Statistics Department, Government of Karnataka- 2013-14** [5], "the most basic and critical capabilities for human development are to live a long and healthy life, to be educated and to have access to resources needed for a decent standard of living. Once these are attained, peoples' choices of opportunities will automatically get widened in the development process".

4.   Justification for study

Life insurance is a business which has a major dimension of humanity because it covers the life risks. Therefore people look at insurance company as a protector of socio-economic interests of the households. Bima Gram scheme has a noble objective of providing holistic life insurance coverage to all village households. The study undertaken by researchers for beneficiary evaluation at Lalithadripura village, which is a Bima Gram, is unique because the researchers have carried out meaningful empirical analysis. The study has addressed vital issues like counselling by the insurers, offering right policies at right time to right persons, ease in collections of premia, claim settlements, contributions for community development and above all touching the human spirit. The findings from this study obviously add to the literature on insurance business.

5.   Objectives of the study
Following are the objectives of the study
1) To study an overview of Bima Gram concept.
2) To analyse the perception of policy holders about the working of Bima Gram scheme.
3) To suggest the remedial measures for making the villagers in Bima Gram to be delight-ful about services from insurers.

6.   Hypotheses
H1- "Bima Gram (Insurance Village) scheme is effective in servicing the community Lalithadripura village".
H2- Perceptions about Bima Gram and Demographic variables have significant   relationship

7.   Scope
Present study confines to empirical analysis of working of Bima Gram (Insurance Village) scheme in Lalithadripura village, Mysore Taluk in Karnataka state.

8.   Research design
The present explorative research work is mainly based on primary data. However, incidentally some secondary data is also used in this study. Secondary data obtained from published & unpublished sources. Primary data is collected from 178 sample respondents. A pilot tested structured questionnaire was administered to the respondents. The responses on perception were recorded in 5 Likert's Scale, ranks assigned were strongly agree-1, agree-2, not sure-3, disagree-4, strongly disagree-5. Collected data was subjected to statistical analysis using SPSS16 package. Tools of

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analysis are ratios, percentages, average, simple frequencies, standard deviation, correlation and Chi-Square test. The inferences are drawn under inductive principles.

9.   Limitations

The primary data collected from sample may not be true representatives of large population hence the generalisations made from the analysis of primary data may not be universally acceptable. Statistical tools of analysis might have their own influence because of inherent demerits. Hence researchers won't claim that the inferences drawn are acceptable to everybody.

10.   Data Analysis

Brief profile of Lalithadripura village

Lalithadripura is a historical village situated to the east of Mysore city at a distance of 9 KM. in the eastern slopes of Chamundi Hills. Prime occupation of majority 82% villagers was agriculture till the year1991; afterwards the Mysore Urban Development Authority (MUDA) & other private housing societies started acquiring properties for formation of layouts. Gradually large expanse of agriculture land around the village got alienated from agriculture to non-agricultural land. Now hardly 5% of land holdings are agricultural lands .Housing conditions in the village are not fully modernised on the lines of a town though there is well developed residential layout formed around the village.

Demographic profile: The demographic profile of respondents is portrayed in Table 1.

Table-1: Demographic Profile

SL.NO	Statements						Total
01	Age (in Years)	20-30	30-40	40-50	50-60	60 and above	
	frequency	16	71	63	12	16	178
	%	8.9	39.89	35.39	6.74	8.9	100
02	Dependents (numbers)	1	2	3	4	5 and above	
	frequency	19	89	31	31	8	178
	%	10.67	50.0	17.42	17.42	4.49	100
03	Qualification	Illiterate	Up to 10	PUC	degree	Masters degree and above	
	frequency	15	97	35	24	7	178
	%	8.42	54.49	19.66	13.48	3.93	100
04	Income (in Rs)	Less than 1000	1001-3000	3001-5000	5001-10,000	10,000 and above	
	frequency	6	28	91	44	9	178
	%	3.37	15.73	51.12	24.72	5.06	100

Source: Primary Data- survey and analysis

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Highlights of demographic analysis are:

- Average age of respondents is 42 years

- Average number of dependents in the household of respondents is 3

- Majority54.49 percent have studied up to SSLC

- Average monthly income is Rs 4862

Perception Analysis: For the purpose of analysis of perceptions of villagers about Bima Village scheme and its working 13 assertive statements were included in the questionnaire and opinion on such statements were recorded in Likert's scale. The statements were:

S1: Aware of significance of risk coverage through life insurance.

S2: Aware of Bima gram (Insurance Village) scheme.

S3: Aware of the fact that Lalithadripura village is Bima gram.

S4: The LICI diversify plan to cater to the needs of all.

S5: The LICI promotes its business effectively.

S6: Counselling by LIC agent to the needy in right time is appreciable.

S7: Payment of premium on LIC policy is convenient.

S8: This is effective service delivery mechanism in LIC

S9: Loan facility on LIC policy is easily available.

S10: surrender of policy is simple.

S11: Claims on LICI is free from cumbersome procedure.

S12: Community development program through grant of fund is satisfactory

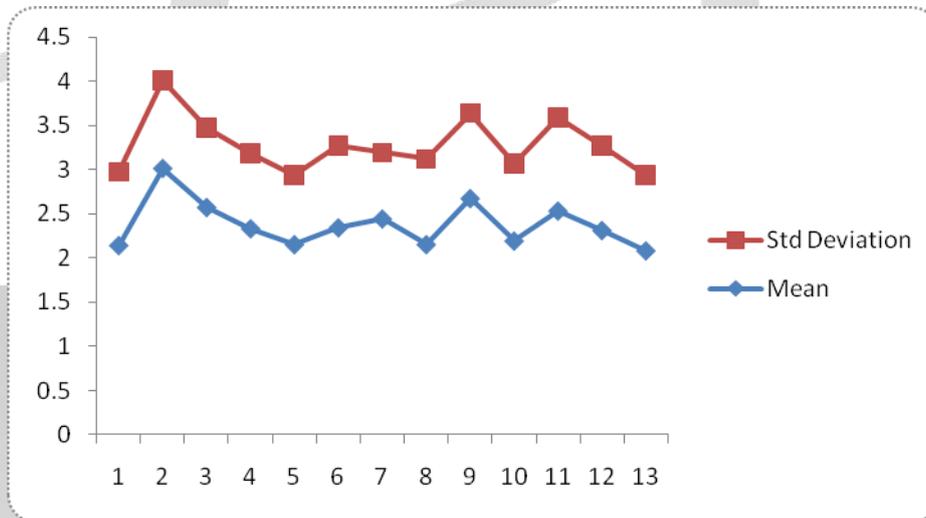S13: Community development activity carried out by use of the fund is effective

The details of perception analysis are enshrined in Table 2.

Table-2 Perception Analysis

	SA	%	A	%	NS	%	D	%	SD	%	Total	A.M	Std Dev	'P value
S1	25	14.0	123	69.1	16	09	8	4.5	6	3.4	178	2.14	.835	.000
S2	nil	nil	71	39.9	50	28	41	23.0	16	9.0	178	3.01	.997	.000
S3	8	4.5	97	54.5	42	24	25	14.0	6	3.4	178	2.57	.906	.000
S4	16	9.0	110	61.8	25	14	22	12.4	2	1.1	178	2.33	.849	.000
S5	24	13.5	99	55.6	30	17	21	11.8	4	2.2	178	2.15	.791	.000
S6	6	3.4	109	61.2	41	23	22	12.4	nil	nil	178	2.34	.932	.000
S7	19	10.7	136	76.4	2	01	19	10.7	2	1.1	178	2.44	.751	.000
S8	41	23.0	101	56.7	5	03	31	17.4	nil	nil	178	2.15	.969	.000
S9	2	1.1	107	60.1	24	13	37	20.8	8	4.5	178	2.67	.965	.000
S10	27	15.2	117	65.2	7	03	27	16	nil	nil	178	2.19	.877	.000
S11	14	7.9	108	60.7	10	06	34	19.1	10	5.6	178	2.53	1.06	.000
S12	22	12.4	115	64.6	8	05	29	16.3	4	2.2	178	2.31	.963	.000
S13	39	21.9	104	58.4	16	09	19	10.7	nil	nil	178	2.08	.856	.000

Source: Primary Data- Survey and Analysis

Note: SA- Strongly Agree, A- Agree, NS- Not Sure, D- Disagree, SD Strongly Disagree, AM-Arithmetic Mean, Std. Dev- Standard Deviation
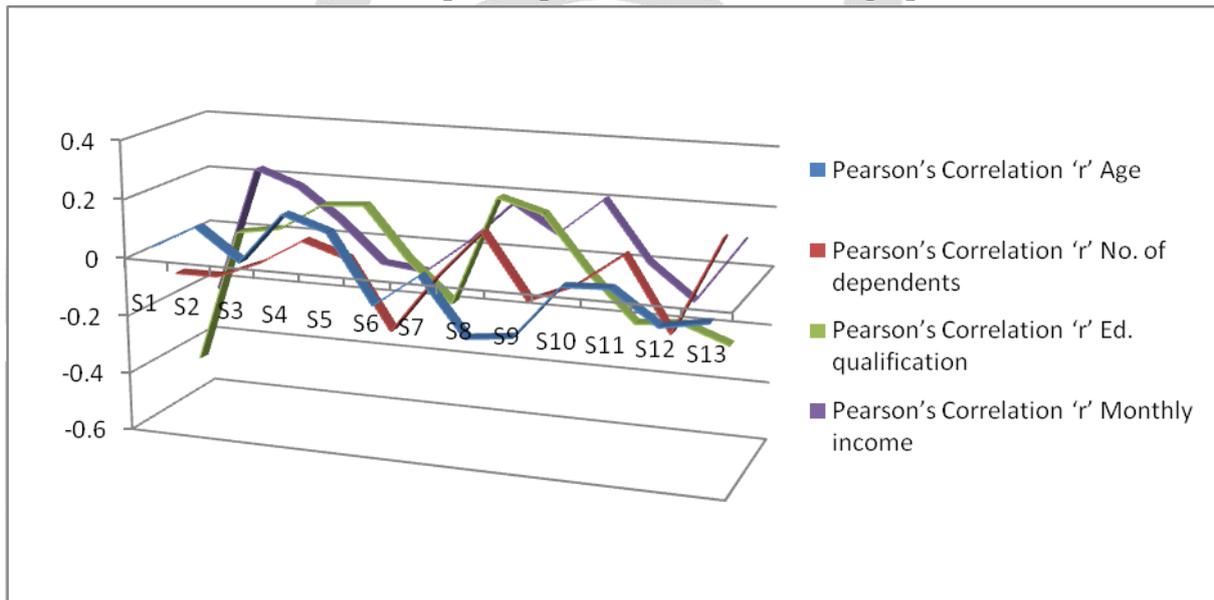
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Chart -1: Mean and Standard deviations of Perceptions

Table -3 Correlation Analysis (Bi variate)

Perception variables	Karl Pearson's Correlation 'r'			
	Age	No. of dependents	Ed. qualification	Monthly income
S1	.036	-.092	-.040	-.222
S2	.115	-.091	.030	.224
S3	.007	-.031	.053	.171
S4	.180	.058	.148	.060
S5	.132	.009	.159	-.078
S6	-.098	-.225	-.020	-.095
S7	.014	-.028	-.155	.024
S8	-.179	.137	.220	.169
S9	-.161	-.079	.176	.076
S10	.020	-.016	-.013	.204
S11	.027	.099	-.166	.002
S12	-.082	-.145	-.154	-.116
S13	-.054	.179	-.210	.102

Source: primary data-analysis

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Chart-2 Correlation Map-Perception variables and Demographic variables

11.   Major findings

1) 64.4% respondents agree that Bima village scheme is beneficial to them
2) 45 respondents out of 178 respondents have negative perception towards cumbersome procedure of LIC policy
3) 126 respondents positively opine that counselling by LIC agent to the needy in right time is appreciable
4) 87% perceive that payment of premium is convenient
5) Majority of 155 Respondents are happy with the loan facility provided by LIC policy
6) 80.4% of respondents opine that surrender of policy is simple
7) 68.6% endorse that claims are free from cumbersome procedure
8) 143 respondents are of the opinion that community development through grant of fund is satisfactory
9) With the variable values ranging from 1-5, the arithmetic mean values ranging from 2.14 to 3.01 and standard deviation values lying in the range of 0.751 to 1.06 indicate that the frequency distributions are not abnormal
10) The chi-square test statistic maintaining 0.000 all through substantiate that the expected frequencies are within the expected levels and the data are consistent
11) There is low degree of negative correlation between all demographic variables and appreciable counselling by LIC agents to the needy at right time. It indicates that lower the age more the dissatisfaction, lower the income more the dissatisfaction, lesser the number of dependents more the dissatisfaction and lower the education more the dissatisfaction in respect of counselling.
12) With reference to sufficiency of grants for community development there is negative correlation at the lower degree in all demographic groups
13) The correlation between demographic values and perception variables indicating lower degree of +ve and –ve correlation signify that there is lesser significance in the relationship between age and perceptions; number of dependents in the households and perceptions; monthly income and perceptions; and education qualification and perceptions

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12.   Discussion

Rural marketing is a difficult task particularly when rural society is idyllic and slow adaptability to modern life styles. Marketing the service products in rural areas is still difficult because rural mass find it difficult to make cost benefit analysis in services. When it comes to insurance products, there seems to lacklustre response from rural mass as they perceive all the 7 Ps- price, product, promotion, place, person and process in their own individualistic approach. In majority cases the rural population find it difficult to assess the marketer and his products owing to lack of literacy, lack of exposure, social seclusion, and brand stickiness. With reference to LIC products, as the name of LICI is already familiar with rural population as well, there seems to be positive patronage to the products of this company. However private life insurers except Sriram Life Insurance Company have not made any significant effort to launch bima gram. There are majority of respondents agreeing with all perception variables except having awareness of bima gram. Disregarding the negative opinion on awareness about bima gram, there is positive opinion on effective servicing by LICI in the village. Hence the hypothesis H1- "**Bima Gram (Insurance Village) scheme is effective in servicing the community Lalithadripura village"** is accepted.

Two tailed bivariate correlation analysis between demographic variables-age, number of dependents, monthly income and education qualification and perception variables reveal that there is very lesser degree of positive and negative correlation. In fact it ranges between -.225 to +0.0204. In respect of age and perception variables there is very lesser degree of negative correlation in all the cases. With reference to sufficiency of grants for community development there is negative correlation at the lower degree in all demographic groups. The non significant +ve or –ve correlation evidenced in the data collected indicate that perceptions about Bima Gram and Demographic variables have no significant   relationship. Hence the hypothesis- H2- "Perceptions about Bima Gram and Demographic variables have significant relationship" is rejected

13.   Suggestions

Following suggestions are offered to LICI, other insurers Villagers and policy makers

1) The LICI has to effectively strategise all 7 Ps- Price, Product, Promotion, Place, Process and Person to cruise into rural market.
2) Villagers of Lalithadripura shall welcome the initiative taken by LICI in adopting their village as bima gram because this is rare opportunity bestowed on them
3) Villagers shall cooperate with LICI in covering maximum number of households under bima gram scheme
4) Private sector insurers are advised to move into rural sector to explore untapped market resources and they may better leverage upon bima gram concept.
5) The IRDA may relax norms regarding ploughing back of premia collected to villagers as grants for community development. The maximum ceiling limit may be extended to Rs 50000 from Rs 25000 and relative restriction of 25% of premia collected may also be enhanced commensurately.

14.   Conclusion

The study on *Bima Gram* (Insurance Village) – An Effective Insurance Coverage for Villagers: An Empirical Study in Lalithadripura Village, Mysore Taluk, as an explorative study, has probed into subtle issues on service delivery mechanism evolved by LICI. The perception analysis is based on responses of villagers under different demographic groups on 13 assertive statements. The study has interesting findings such as demographic groups having lesser significant positive or negative correlation with perceptions and overall satisfaction about effectiveness of service delivery by LICI under bima gram scheme. The research team has given suggestions for improvement of services under bima gram. All the suggestions are worth implementing and it is aspiration of researchers that more and more insurers pitch into rural sector through bima gram scheme and villagers also welcome such initiatives.

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