



## **SURVIVAL BENEFITS DOMINATE THE WHOLE LIFE RISK COVERAGE AMONG THE RURAL POPULATION OF RAIPUR POSTAL DIVISION OF CHHATTISGARH STATE**

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**Keywords:** RPLI, Whole Life Assurance, Endowment Assurance, Gram Suraksha, Gram Santosh)

### **Abstract**

Rural Postal Life Insurance (RPLI) is a measure Insurance sector as well as an approachable savings and investment tool for almost the population of rural India. In present study a comparison is made among the two insurance policies of RPLI within the Postal Circle of Raipur Division namely Whole Life Assurance (Gram Suraksha) which provides the whole life risk coverage in a nominal premium and Endowment Assurance (Gram Santosh) which provide the survival benefit for a stipulated time period and get returns after maturity, and risk coverage get turn off. A statistically significant difference (0.05 % significance level) is found in the selling of both policies within five financial years with the highest selling of Endowment Assurance policy than the Whole Life Assurance. The paid premium for the both policies during five financial years of study is also significantly high (0.001 level) in Endowment policies than the Whole Life Assurance, which seems that the survival benefits dominates the Whole life risk coverage in RPLI.

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### **Introduction**

The Indian economy growing fast and having lots of investment options with a number of schemes providing by the public and private sector banks, Life insurance corporation, and different insurance schemes of private companies . However, the saving and insurance schemes provided by the Post offices are very important especially in context of rural area. But in the other hand this is also true that the Postal Saving Scheme has not gained much importance yet, but the changing postal environment presents a big challenge for traditional postal business. (Gupta M.K. and Gupta N. 2012). Insurance becomes the ‘critical’ input for financial, social and medical security in present as well as future of individuals and their families. “Insurance is a unique service that everyone needs. Those who do not have much definitely need to protect the little they have, and those who have the resources, need ‘more of the same’” (Derek Stott, 1997).

Rural Postal Life Insurance (RPLI) came into being as a sequel to the recommendations of the Official Committee for Reforms in the Insurance Sector (Malhotra Committee). The Government accepted the recommendations of Malhotra Committee and allowed Postal Life Insurance to extend its coverage to the rural areas to transact life insurance business with effect from 24.3.1995, mainly because of the vast network of Post Offices in the rural areas and low cost of operations. The prime objective of the scheme is to provide insurance cover to the rural public in general and to benefit weaker sections and women workers of rural areas in particular and also to spread insurance awareness among the rural population ([www.indianpost.gov.in](http://www.indianpost.gov.in)., 18 April 2016, 16:00 Hrs).

RPLI offers following types of plans:

1. Whole Life Assurance ( GRAMA SURAKSHA)
2. Convertible Whole Life Assurance (GRAMA SUVIDHA)
3. Endowment Assurance ( GRAMA SANTOSH)
4. Anticipated Endowment Assurance (GRAMA SUMANGAL)
5. GRAM PRIYA
6. Scheme for Physically handicapped persons

(Source: [www.indianpost.gov.in](http://www.indianpost.gov.in)., 18 April 2016, 16:00 Hrs).

### **Review of Literature**

The history of life insurance in India dates back to 1818 when it was conceived as a means to provide for English widows (Tripathy and Pal 2005). Many researchers and marketers have focused on customer evaluations of services to find ways to improve quality of service. However, despite the considerable amount of research under the rubric of service quality that has accumulated over the years, only few studies have examined customer perceptions of service quality in postal services in an international setting and still less in the Indian context (Rajeshwari K. and Sunmista K.J., 2011). Available quality of service has a



significant effect on the attitude towards obtaining insurance (Qamar Furqan, 2003). However, the rate of success in the implementation of enterprise mobilization in the life insurance industry is positively correlated to the management performance of external aspects like providing increased customer satisfaction (Luarn, 2003). Although the functions of post offices and their services are dependent on government norms but the customers' perceptions should be identified and try to make them available for all the options and benefits regarding the product (Rajeshwari and Sunmista 2011)

## Objectives

In present research an attempt has been made to check the hypothesis whether the rural population of Raipur Postal Division have more preferable for the whole Life Risk coverage or the stipulated time limited maturity returns.

## Materials and Methods

For the compilation of the objectives of this study, two basic insurance policies of Rural Postal Life Insurance (RPLI) were selected. First one is Whole Life Assurance which also known as Gram Suraksha and other one is Endowment Assurance which is also called as Gram Santosh. Gram Suraksha 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 whole life of the insurer and after the death of the insurer a good amount of sum assurance with the bonus given to the nominees. However in other one that is Gram Santosh, the policy continues till the premium paying term and after completion of the term, the amount of sum assurance with bonus can be taken by the insurer themselves if survive till date, after taking the maturity amount the risk coverage of policy is turned off.

The whole comparison was based on Secondary Data of sales and the paid premium of the above mentioned two policies for five financial years from 2008-09 to 2013-14. The secondary data was obtained from the Rural Postal Life Insurance Section of the Head Post Office, Raipur. The amount of paid premium was also obtained for the same five financial years.

The excel software is used for the calculation of the percentage of selling and paid premium. Statistical analysis is done by the ANOVA test by the COSTAT software, and Duncan's multiple range test is used to show the significance level of the variables.

## Results

The results show a clear cut distinct difference between the selling percentage of both RPLI policies Whole Life Assurance (Gram Suraksha) and Endowment Assurance (Gram Santosh) within all five financial years of consideration (Table 1 & Table 2). In financial year 2009-2010 the Gram Suraksha has contributed only 5.64% of selling (Table 1) among the all RPLI policies however the Gram Santosh policy contributed 76.94 % of the selling (Table 2) among the all RPLI policies. Similarly in financial year 2010-2011, the Gram Suraksha policy contributed only 3.99 % while the Gram Santosh contributed 83.80 % among the all RPLI policies (Table 1 and Table 2). In 2011-2012 the scenario was same that Gram Suraksha was 6.17 % and Gram Santosh was 80.23 % however in 2012-2013 and 2013 -2014 the ratio of Gram Suraksha was 3.95% and 2.52% and Gram Santosh ratio was 82.78% and 85.71 % consecutively (Table 1 & Table 2) among the all RPLI policies which clearly shows a significant greater contribution of Gram Santosh policy than the Gram Suraksha. A statistically significant difference ( $< 0.05$ ) is found with 0.0041 p value (F value 15.77, df – 8) (Table 3) during all financial year with consolidated highest mean of selling of Endowment Assurance Policy (EMA, Gram Santosh, mean value 22732.4<sup>a</sup>) than the Whole Life Assurance (WLA, Gram Suraksha, mean value 1254.8<sup>b</sup>) within all five financial years of consideration (Table 4).

Financial Year *	Total No. of RPLI Policies Sold *	Total No. of Whole Life Assurance (GRAMA SURAKSHA) Policies Sold *	Percentage of selling
2009-2010	6822	385	5.64 %
2010-2011	29650	1185	3.99 %
2011-2012	48695	3008	6.17 %
2012-2013	25400	1004	3.95 %
2013-2014	27382	692	2.52 %

(\* Data is obtained from RPLI Section of Head Post Office, Raipur)

**Table-1: Status of Selling of Whole Life Assurance (Gram Suraksha) Policy of RPLI during five financial years.**



Financial Year *	Total No. of RPLI Policies Sold *	Total No. of Endowment Assurance (GRAMA SANTOSH) Policies Sold *	Percentage of selling
2009-2010	6822	5249	76.94 %
2010-2011	29650	24849	83.80 %
2011-2012	48695	39068	80.23 %
2012-2013	25400	21027	82.78 %
2013-2014	27382	23469	85.71 %

(\* Data is obtained from RPLI Section of Head Post Office, Raipur)

**Table-2: Status of Selling of Endowment Assurance (GRAMA SANTOSH) Policy of RPLI during five financial years.**

Source	SS	df	MS	F	P
Main Effects					
rpli	1153218254.4	1	1153218254.4	15.77949237	.0041 **
Error	584666846	8	73083355.75		
Total					
	1737885100.4	9			

**Table-3: ANOVA Summary showing significant difference of consolidated sales of five financial years between Gram Suraksha (WLA) and Gram Santosh (EMA) policies.**

Duncan's Multiple Range Test

Factor: rpli

Error mean square = 73083355.75

Degrees of freedom = 8

Significance level = 5%

LSD .05 = 12468.072463

Rank	Trt#	Mean	Non-significant ranges
1	EMA	22732.4	5 a
2	WLA	1254.8	5 b

**Table-4: Duncan's multiple range test summary within 5 % Significance level for consolidated sales of five financial years for Gram Suraksha (WLA) and Gram Santosh (EMA) policies.**

Financial Year *	Total Paid Premium for all RPLI Policies* (In Rupees)	Total Paid Premium for Whole Life Assurance (GRAMA SURAKSHA) Policy* (In Rupees)	Percentage of Paid Premium
2009-2010	3724231	82968	2.22 %
2010-2011	8139263	80842	0.99 %
2011-2012	11786706	85356	0.72 %
2012-2013	8364014	40874	0.49 %
2013-2014	13217072	104092	0.78 %

(\* Data is obtained from RPLI Section of Head Post Office, Raipur)

**Table-5: Status of Paid Premium of Whole Life Assurance (Grama Suraksha) Policy of RPLI during five financial years.**

Financial Year *	Total Paid Premium for all RPLI Policies* (In Rupees)	Total Paid Premium for Endowment Assurance (GRAMA SANTOSH) Policy* (In Rupees)	Percentage of selling
2009-2010	3724231	3005781	80.70 %
2010-2011	8139263	6649060	81.69 %
2011-2012	11786706	9683342	82.15 %
2012-2013	8364014	7018629	83.91 %
2013-2014	13217072	11616585	87.89 %

(\* Data is obtained from RPLI Section of Head Post Office, Raipur)

**Table-6: Status of Paid Premium of Endowment Assurance (GRAMA SANTOSH) Policy of RPLI during 5 financial years.**

Source	SS	df	MS	F	P
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Main Effects					
rpli	1.412201E+14	1	1.412201E+14	26.381245192	.0009 ***
Error	4.28244E+13	8	5.35305E+12		
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Total	1.840445E+14	9			

**Table-7: ANOVA Summary showing significant difference of consolidated amount of paid premium during five financial years between Gram Suraksha (WLA) and Gram Santosh (EMA) policies.**

## Duncan's Multiple Range Test

Factor: rpli

Error mean square = 5.35305E+12

Degrees of freedom = 8

Significance level = 5%

LSD .05 = 3374354.5582

Rank	Trt#	Mean	n Non-significant ranges
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1	EMA	7594679.4	5 a
2	WLA	78826.4	5 b
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**Table-8: Duncan's multiple range test summary within 5 % Significance level for consolidated amount of paid premium for five financial years for Gram Suraksha (WLA) and Gram Santosh (EMA) policies.**

The year wise paid premium for both policies of RPLI is also significantly high in Gram Santosh policy than the Gram Suraksha policy. Table 5 and Table 6 show a clear cut difference in the percentage contribution of paid premium in both the said policies during the five financial years of consideration. In financial year 2009-2010 the Gram Suraksha policy collect only the 2.22% of the premium among the whole policies of RPLI while the Gram Santosh policy collect the 80.70 % premium among the whole policies of RPLI. Further in 2010-2011 and 2011-2012 the Gram Suraksha policy collects only 0.99 and 0.72 % of the total premium collected by all RPLI policies however the Gram Santosh policy collects 81.69 and 82.15 % of the total premium collected by all RPLI policy. In this context the financial year 2012-2013 and 2013-2014 were also showed the similar pattern of premium collection that the Gram Suraksha policy had only the 0.49 and 0.78% of the total premium however the Gram Santosh policy had the 83.91 and 87.89 % of the total premium amount collected by all RPLI policies consecutively (Table 5 and Table 6). A statistically significant ( $< 0.001$ ) difference between the consolidated paid premium amount of both policies was found with a  $p$  value 0.0009, F value 26.381, df - 8 (Table 7). A significantly high mean amount of premium within the said five financial years (mean value 7594679.4<sup>a</sup> in Rupees) was collected by the Gram Santosh policy (EMA) than the Gram Suraksha (WLA) policy (mean value 78826.4<sup>b</sup> in Rupees) (Table 8).

## Conclusion

However the Whole Life Insurance (Gram Suraksha) policy provide the risk coverage for the insurer throughout the life in minimal premium amount but due to the non survival benefits the rural people of Raipur postal division were not took more interests in this policy, in other hand the Endowment policy (Gram Santosh) policy have a survival benefit including risk coverage so that the rural population took much interest to buy this policy as shown in the results. Therefore it can be concluded that the survival benefits dominate the whole life risk coverage in Rural Postal Life Insurance of Raipur Postal Division of Chhattisgarh Postal Circle.

## Acknowledgements

Our humble acknowledgements to Dy. Director, Postal Life Insurance Section, Head Post Office, Raipur for providing the secondary data



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