

A Study On The Factors Influencing The Insurance Coverage Of The Girl Child In India: An Empirical Study

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INTRODUCTION

In today's competitive world, a woman needs to be financially independent. Thus, right from the beginning, she is required to take control of the finances to support the family. Hence, it becomes important that she should have at least one insurance policy that can meet her monetary needs. Insurance for women should be done right from their teens. This is because women face unique financial challenges - right from managing the careers, till raising their families, and taking care of the aged parents. Therefore, parents are advised to take insurance cover for their girl child at a very young age. This will support her not only in planning her career, but it would also benefit her in raising her living standards in the future. In India, particularly, it has been found that there has always been an issue of gender discrimination for purchasing the insurance policies. The trend was to insure only male lives, and the females were considered only for the role of homemaker, so it was thought that they were not exposed to any kind of risk and hence, there was no need for any sort of insurance for females.

However, over the last few years, this trend seemed to change and nearly 28% of the total lives covered in LIC constitute of women as against 18-19% in the previous decade. But still, Insurance penetration of women is very low in India. According to the 2001 census, it was found that women had a lower weightage in the life insurance market of ₹ 2.2 trillion, or 4.4% of the gross domestic product. In current scenario, women are getting insured, but only if they are contributing to the earnings in the family, otherwise, it becomes very difficult in India to have insurance for housewives. Girls after getting married, have very little scope for getting themselves insured, in case they are not working. Thus, it is only the parents of the girl child who can help to reduce this disparity. Parents purchasing insurance policies for their girls will not only make them financially strong, but will also endow them with a safe and secured future (Tue, Jun 30 2009. 11:43 PM IST, livemint.com, Insurance ratio tilted against India's women, Teena Jain).

LITERATURE REVIEW

There is a dearth of relevant literature with respect to Insurance of the girl child. However, Cox, Graham (2010) have found that important life events such as marriage, the birth of a child, and home ownership can lead women to realize that their financial needs may increase as their lives change. Unfortunately, these concerns do not always translate into action to obtain adequate life insurance.

Similar studies were conducted by Ackerman (2010), who found that during their lifetime, women tend to make less money than men and in turn, save less for retirement. This leaves them more vulnerable in their later years and with fewer options. The financial crisis only served to compound women's concerns about not having enough money to last throughout their lifetimes.

Greenwald, Judy (2006) has reported the challenges facing women in the insurance industry and results indicate that the earnings' gap between men and women was the largest in the insurance and finance sectors. Bell, Allison (2004)

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have focused on the under penetration of disability insurance in the female consumers in the U.S. and found that the major factors affecting the neglect of female prospecting is the effect of male dominance in the insurance industry on women insurance demand.

Goldhammer, Colleen (2008) have concluded that women are an important market segment in long-term care insurance, and they could be major targeted audience for your signature product, since they play a key role in making health and financial decisions for themselves and their families.

RESEARCH METHODOLOGY

✿ **Research Objective:** The primary objective of the research was to understand the penetration of the girl child's insurance in the Indian market. The study also focuses on the various factors that are responsible for taking Insurance coverage of the girl child.

✿ **Data Collection:** Primary data was collected through a structured questionnaire, that was distributed among those respondents who had taken insurance cover for their girl child in Mumbai. The questionnaire contained open-ended questions, and it also incorporated various parameters that were identified for analyzing those parameters that will increase the penetration of insurance for the girl child in the market.

✿ **Sample Size:** The sample size consists of 101 respondents who had taken insurance coverage for their girl child. Convenience sampling technique was used for a period of two months (Jan - Feb 2010).

✿ **Research Design:** Question wise analysis was made with the help of Excel and SPSS version 12.0. The questionnaire was based on 12 different variables, that were considered to be significant while taking insurance for the girl child, and it was measured against a 5-point Likert scale, depending on the level of importance attached to each variable. The facts obtained from the questionnaire were analyzed by using Factor Analysis and Principal Component analysis. Variables that have factor loading of more than 0.5 were grouped under one factor. Only the factors having Eigen values greater than one were considered and the remaining factors have not been considered as part of the analysis. Further statistical tests were performed on the data collected, and four major hypotheses were developed on the basis of the above analysis.

FINDINGS OF THE STUDY

Table 1: Rotated Component Matrix					
	F1	F2	F3	F4	F5
Literacy level of parents					0.821
Number of children	0.766				
Income of family			0.723		
Gender biasness	0.802				
Policy premium			0.721		
Role of Government				0.566	
Traditional practices in family	0.759				
Trust on insurance companies		0.819			
Preference to banks		0.547			
Claims settlement		0.615			
Increasing social awareness				0.839	
Working mothers	0.533				
Eigen Values	2.404	1.792	1.455	1.366	1.088
Cumulative Percentage	20.032	34.968	47.089	58.470	67.534
Note: F1, F2, F3,F4, F5 are the five derived factors					

✿ **Data Interpretation:** From the Table 1, we can infer that the 12 variables have been coded against the 5 point Likert

scale. Table 1 shows the Rotated Component Matrix (RCM) for the 12 variables using the level of importance attached to each variable. This has been obtained by using SPSS Version 16.0. The Principal Component Analysis is a commonly used method to group the variables under few unconnected factors. This method is closely related to Factor Analysis. A factor is a correlation between the concerned variable with a specified factor. Thus, it is very important to analyze the nature of a particular factor, and then group them under one factor. Factor analysis using Varimax rotations has derived 5 factors, with each having Eigen values greater than 1 has been shown in the Table 1. From the table, it can be seen that Factor 1 has the Eigen value of 2.404, and explains 20.032% of the variance. The Eigen values and percentage of variance for other factors are also shown respectively in the table. The Total Variance accounted by 5 factors is 67.534%, which is acceptable & thus establishes the validity of the study.

Table 2: KMO & Bartlett's Test		
Kaiser-Meyer-Oklin Measure of Sampling Adequacy		0.560
Bartlett's Test of Sphericity	Approx. Chi-Square	217.549
	Degrees of Freedom	66
	Significance	0.00

Table 2 shows that the data is suitable for Factor analysis. The KMO measure for sampling adequacy should not be less than 0.5, which indicates that results from Factor analysis are not useful. Similarly, the values in Significance level should be less than 0.05, which indicates that our data is suitable for Factor Analysis.

Table 3: Five Major Factors That Influence The Insurance Coverage Of The Girl Child In India					
FACTORS	Family Structure	Goodwill of Insurance Companies	Monetary Aspect	Government Policies	Literacy Levels
	Number of Children	Trust on Insurance Companies	Income of Family	Role of Government	Literacy levels of Parents
	Gender biasness in Indian families	Preference for banking Systems	Policy Premium Amount	Increasing Social Awareness	
	Traditional Customs	Claims' settlement			
	Working Mothers in family				

❖ **Family Structure:** It includes the number of children in a family, gender biasness, traditional practices and working mothers in a family. Thus, all the four elements are associated with the Indian family structure. It has been found that number of children and traditional practices at home does not affect the decision for taking up the girl's insurance. Working mothers in the family do influence the investment decisions of the family. Even the factor of gender biasness is part of the traditional customs and rituals of the Indian society. Families that practice gender discrimination also largely affect the girls' insurance in India.

❖ **Monetary Aspect:** This parameter comprises of annual family income, as well as the policy premium amount. Both factors are of utter importance while taking into account the insurance coverage of the girl child. If annual family income is lower, then it becomes difficult for respondents to even think for the girl's investment in the insurance sector. A higher policy premium also makes it difficult for the customer to invest in the Insurance sector.

❖ **Goodwill of Insurance Companies:** This parameter includes trust on insurance companies, preference towards banking systems and settlement of claims. This factor denotes that if respondents prefer banking over insurance as their investment option, then definitely, there will be lower insurance penetration in the market. Thus, it is trust and goodwill of insurance companies that can shift the preference of respondents towards Insurance. Moreover, services rendered with respect to final claims settlement or end benefits offered to the girl child for taking up the insurance also influences the insurance coverage of the girl child, which can increase goodwill of the companies, if the services are rendered efficiently.

Table 4: Cross Tabulation Of Type And Purpose Of Policy						
		Type				
		Children money back policy	Child Deferred Assurance policy	Term Life policy	Jeevan Sukanya	Endowment policy
		Count	Count	Count	Count	Count
Purpose	Education	18	3	5	6	0
	Marriage	5	0	7	6	1
	Healthcare	2	1	5	9	5
	Generating stable income	8	2	10	6	2

Table 5: Pearson Chi Square Tests		
		Type
Purpose	Chi-square	26.345
	df	12
	Sig.	.010 ^{*,a}
The Chi-square statistic is significant at the 0.05 level.		

✿ **Government Policies:** Favourable government policies would promote development and welfare of the girl child. Government policies coupled with programmes on social awareness about growth and well being of girls in India can increase the penetration of the girl child's insurance in the market.

✿ **Literacy Levels:** This factor basically signifies the literacy levels of parents. It has been found that parents with higher educational qualifications would mostly encourage the financial security of their girl child. Thus, academic pursuits of parents definitely influences the insurance coverage of the girl child.

HYPOTHESES TESTING

✿ $H_0(1)$: Type of Insurance Policy to be taken for the girl child is not affected by the purpose of that policy.

✿ $H_1(1)$: Type of Insurance Policy to be taken for the girl child is affected by the purpose of that policy.

Table 6 : Cross Tabulation Of Role Of Government And Awareness Of Insurance Products				
		Social Awareness		
		Low	Neither high nor low	High
		Count	Count	Count
Role of the govt.	Least Important	0	1	3
	Slightly Important	2	1	4
	Neutral	2	6	18
	Very Important	0	4	24
	Most Important	0	6	30

Table 7: Pearson Chi-Square Tests		
		Social
Role of the govt.	Chi-square	16.097
	df	8
	Sig.	.041 ^{*,a,b}

✿**Data Interpretation:** From the Table 4 and Table 5, it was found that the chi value i.e. $0.01 < 0.05$ at (95% confidence level). Hence, the researchers reject the null hypotheses that the type of Insurance Policy to be taken for girl child is not affected by the purpose of that policy. From the analysis, it is clear that those respondents, whose purpose is to finance higher education for the girl child, would normally prefer children money back policy for their girl child. Respondents who wish to take insurance policy for financing the cost of marriage for their girl, would take the Term Life policy. Further, it has been found that respondents concerned about the health of their girl child would always prefer Jeevan Sukanya policy and those who wished to generate stable income for their girl child for her entire life would majorly opt for Money back & Term life policies. Thus, the analysis makes it clear that the insurance policies taken for the girl child differ as per the purpose for taking that policy. Thus, the researchers accept the alternative hypotheses that Insurance Policy to be taken for the girl child is affected by the purpose of that policy.

✿**H₀(2): Role of Government is not significant in creating awareness for insurance of the girl child.**

✿**H₁(2): Role of Government is significant in creating awareness for insurance of the girl child.**

Table 8: Cross Tabulation Of Type And Premium Expenses Of Policy						
		Type				
		Children money back policy	Child Deferred Assurance policy	Term Life policy	Jeevan Sukanya	Endowment policy
		Count	Count	Count	Count	Count
policy premium	Low	5	1	3	6	0
	Neither high nor low	12	2	12	7	1
	high	16	3	12	14	7

Table 9: Pearson Chi-Square Tests		
		Type
policy premium	Chi-square	7.330
	df	8
	Sig.	.501 ^{a, b}
Results are based on nonempty rows and columns in each innermost sub table.		

✿**Data Interpretation:** From the Table 6 and Table 7, it was found that the chi - value i.e. $0.041 < 0.05$ at (95% confidence level). Hence, the researchers reject the null hypotheses that the role of Government is not significant in creating awareness for insurance of the girl child. From the above analysis, it is clear that nearly 30% of respondents believe that role of government is most significant for generating awareness among the people for taking up the insurance cover of the girl child. Nearly 24% of the respondents felt that the role of the government is of vital importance in increasing the share of insurance cover for girls in the market. Thus, more than 50% of the sample size agrees that it is only policies of the government that can increase the penetration of girls' insurance in the market. So, the researchers accept alternative hypotheses that the role of the Government is significant in creating awareness for

Table 10: Cross Tabulation Of Education On Family Income For Purchasing Insurance Policy						
		Family Income				
		Least Important	Slightly Important	Neutral	Very Important	Most Important
		Count	Count	Count	Count	Count
Education	Undergraduate	1	0	1	0	1
	Graduate	0	2	15	29	21
	Post Graduate	0	3	9	12	7

Table 11: Pearson Chi-Square Tests		
		Family Income
Personal Details	Chi-square	37.161
	df	8
	Sig.	.000 ^{a,b}
The Chi-square statistic is significant at the 0.05 level.		

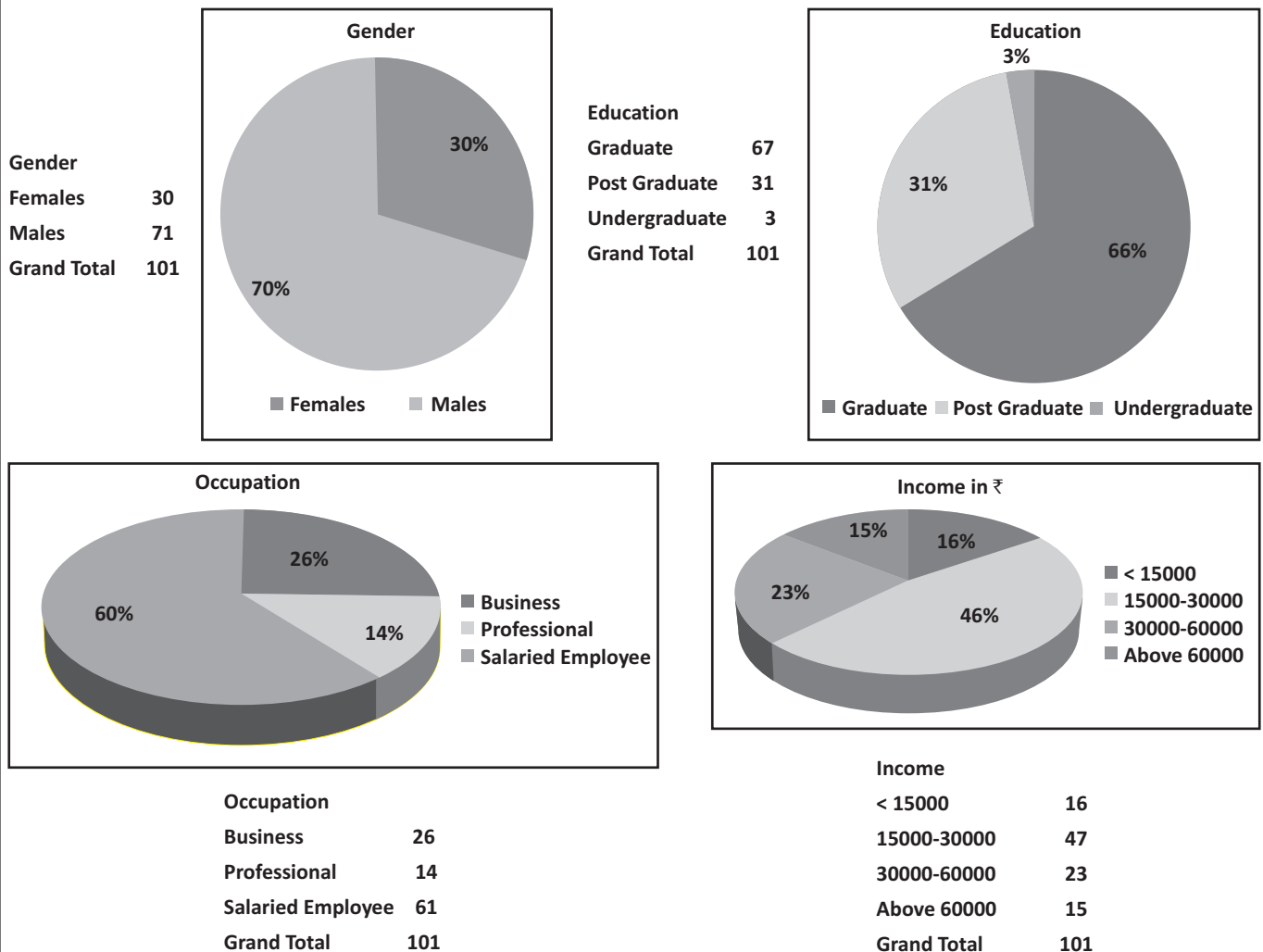
insurance of the girl child.

✿ $H_0(3)$: Premium paid on insurance does not have a significant impact on the selection of the insurance policy.

✿ $H_1(3)$: Premium paid on insurance does have a significant impact on selection of insurance policy.

✿ **Data Interpretation:** From the Table 8 and Table 9, it was found that the chi value i.e. $0.501 > 0.05$ at (95% confidence level). Hence, the researchers reject the alternative hypotheses that premium paid on insurance does have a significant impact on the selection of insurance policy. Thus, whether respondents pay a higher or lower premium, it

Figure 1: Sample Composition



does not affect their choice for selection of policy for their girl child. From the above analysis, it is found that nearly 50% of the respondents pay higher premiums for their girl's insurance, but it did not affect their choice of policy. Their choice fluctuates majorly between Children money back policy, Term Life policy & Jeevan Sukanya. Further analysis reveals that respondents select the policies depending upon their investment goals. So, the researchers accept the null hypotheses that Premium paid on insurance does not have a significant impact on the selection of insurance policy.

✿ **H₀ (4): Educational Qualifications & Family Income does not significantly impact the decision for Insurance coverage of the girl child.**

✿ **H₁ (4): Educational Qualifications & Family Income does significantly impact the decision for Insurance coverage of the girl child .**

✿ **Data Interpretation:** From the Table 10 and Table 11, it was found that the chi value i.e. $0.000 < 0.05$ at (95% confidence level). Hence, the researchers reject the null hypotheses that Educational Qualifications & Family Income does not significantly impact the decision for Insurance coverage of the girl child. From the analysis, it is found that respondents with higher educational qualifications believe that insurance coverage for a girl child majorly depends upon the family income whereas, respondents that do not possess higher academic qualifications do not give more preference to their family income in taking insurance cover for their child.

Thus, educational qualifications create a difference in attitudes of respondents with respect to their annual family income, which is considered essential for insurance of the girl child. So, the researchers accept the alternative hypotheses that Educational Qualifications & Family Income does significantly impact the decision for Insurance coverage of the girl child.

CONCLUSIONS OF THE STUDY

The five factors identified in the above study helps us to understand the basic parameters that a customer considers important for taking insurance of their girl child. Results derived from the factor analysis will help the insurance companies to focus on those factors that can increase the penetration of girls' insurance in the market. Further analysis of the study has revealed that role of government is of vital importance in creating awareness about the insurance of the girl child. Results also indicate that there is a shift in purpose for taking insurance coverage for girls.

It has been found that parents take insurance for their girl child, not only for financing her marriage, but also with an objective of generating continuous and stable income for her future. Even the choice for selection of particular policy is not much affected by the premium amount, but the investment goals that have been considered while purchasing the Insurance policy for the girl child. The importance of education for girls has made parents to invest in those insurance policies that can make their girls financially strong and independent.

The study also has a strong social implication for our Indian society. In spite of globalization and intense efforts by the government for promoting the insurance of the girl child, the Indian insurance sector is largely untapped with respect to girls' insurance. It has been found that apart from the monetary cost for taking the girls' insurance, it is the traditional family practices that act as a major barrier in creating a financially safe future for the girls in India.

RECOMMENDATIONS

It was analyzed that customers are highly influenced by the family practices for taking the insurance cover for their children. Hence Indian government should launch various social campaigns for breaking these traditional barriers that hinder the future progress of girl child. Through various social programmes, the government should try to educate the society and make them aware about the importance of insurance for their children, especially the girl child.

The study also highly recommends the insurance companies to introduce innovative policies for girls so that it can act as a financial incentive for those parents who would take insurance for their girls. In this manner, it would increase the Insurance penetration for girl child in Indian market. The research has been conducted for creating awareness towards women welfare and safety in India. Parents in particular have to understand the importance for the girl's education. Insurance is one of the better ways through which the society can give a stable and secured future to the girls in India. Parents should increasingly try to safeguard the future of their girls by investing in insurance policies that can lead to path of growth and development for girls in India.

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