

The Purpose And Benefits Of Life Insurance

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Abstract

Life Insurance can be defined as a contract between an insurance policy holder and an insurance company, where the insurer promises to pay a sum of money in exchange for a premium, upon the death of an insured person or after a set period .The research method followed is descriptive research. The data is collected through a questionnaire and the sample size is 200.Convenience sampling method is adopted in the study to collect the data. The samples were collected from the general public with special reference to Chennai region. The independent variables are age , gender, income level and education level of respondents. The dependent variables are do you think that life insurance is concerned with burden of proof ,do you think that which is the disadvantage of life insurance,purpose makeup for losses of earnings,purpose for payment of medical expenses.The researcher used graphs to analyze the data collected.the findings of the study is that rural people were not aware about insurance policies so the government should take initiatives to make rural people aware about the benefits of life insurance and help them to take insurance policies.

Keywords: New policy of LIC, Growth of LIC, Market Share of LIC

INTRODUCTION

Life Insurance is a legal binding document between two parties (I.e) The insurer and The company to pay the death benefits to the nominees mentioned by the owner in the contract after his death. It is a policy where the insurer pay a specific amount of money with the time interval to one or more beneficiaries and when the insurer dies the beneficiary will be provided with the premium paid.It was originated from British company named Oriental Life Insurance Company in 1818 followed up with similar companies but these companies did not insure the lives of Indians. It is because the Britishers named the Indians as ‘Substandard’. After the efforts of the reformers the first Indian Insurance company was started in 1870 named “ Bombay Life Insurance Society “ covering Indian lives at standard value. After Independence india launched legislation on insurance policy - Insurance Regulatory and Development Authority (IRDA) bill, 1999. In 2000 public sector insurance companies came to an end and private companies were launched and it was maintained till now . Digital and technological advances plays a vital role in life insurance development. It helps the companies and insurer to have transparency and service quality. The COVID-19 pandemic has only reemphasized the need for mortality protection and safety for human lives . Public pension replacement rates are declining and healthcare expenditures are rising—trends also accelerated by the COVID-19 crisis. Suggestions for development of life insurance management is to personalize every aspect of the customer experience, develop flexible product solutions suitable for a challenging regulatory and, interest-rate environment, reinvent skills and capabilities.

OBJECTIVES OF THE STUDY

- To know the aftermath of Covid-19 pandemic on life insurance policy rates
- To analyze the latest trends on life insurance
- To measure the impact of increase and decrease rate of GDP in life insurance companies.
- To know the government initiatives to develop these life insurance schemes.

REVIEW OF LITERATURE:

Mario V. Wuthrich, RiskLab, ETH Zurich, January 7, 2020 The present manuscript provides a basis in non-life insurance mathematics and statistics which form a core subject of actuarial science. It discusses collective risk modeling, individual claim size modeling, approximations for compound distributions, ruin theory, premium calculation principles, tariffication with generalized linear models, credibility theory, claims reserving and solvency. (Wuthrich)

AXA-Winterthur, Date Written: June 4, 2019 These notes aim at giving a broad skill set to the actuarial profession in insurance pricing and data science. We start from the classical world of generalized linear models, generalized additive models and credibility theory. These methods form the basis of the deeper statistical understanding. We then present several machine learning techniques such as regression trees, bagging, random forest, boosting machines and neural networks. Finally, we provide methodologies for analysing telematics car driving data from unsupervised learning. (Wuthrich and Buser)

Xingnong Zhu, May 2005 Financial planners and advisors have recently started to recognize that human capital must be taken into account when building optimal portfolios for individual investors. But human capital is not just another pre-endowed asset class that must be included as part of the portfolio frontier. An investor's human capital contains a unique mortality risk, which is the loss of all future income and wages in the unfortunate event of premature death. (Chen et al.)

Tapen Sinha, September 2005 This paper begins with an overview of the Indian insurance market in Section II, which highlights the phenomenal growth experienced recently, in line with the country's improving economic fundamentals. Section III benchmarks the Indian insurance market against other regional counterparts. By comparing growth, penetration, density and other insurance variables, it can be shown that, whilst India is still an underdeveloped insurance market, it has a huge catch-up potential. (Camargo et al.)

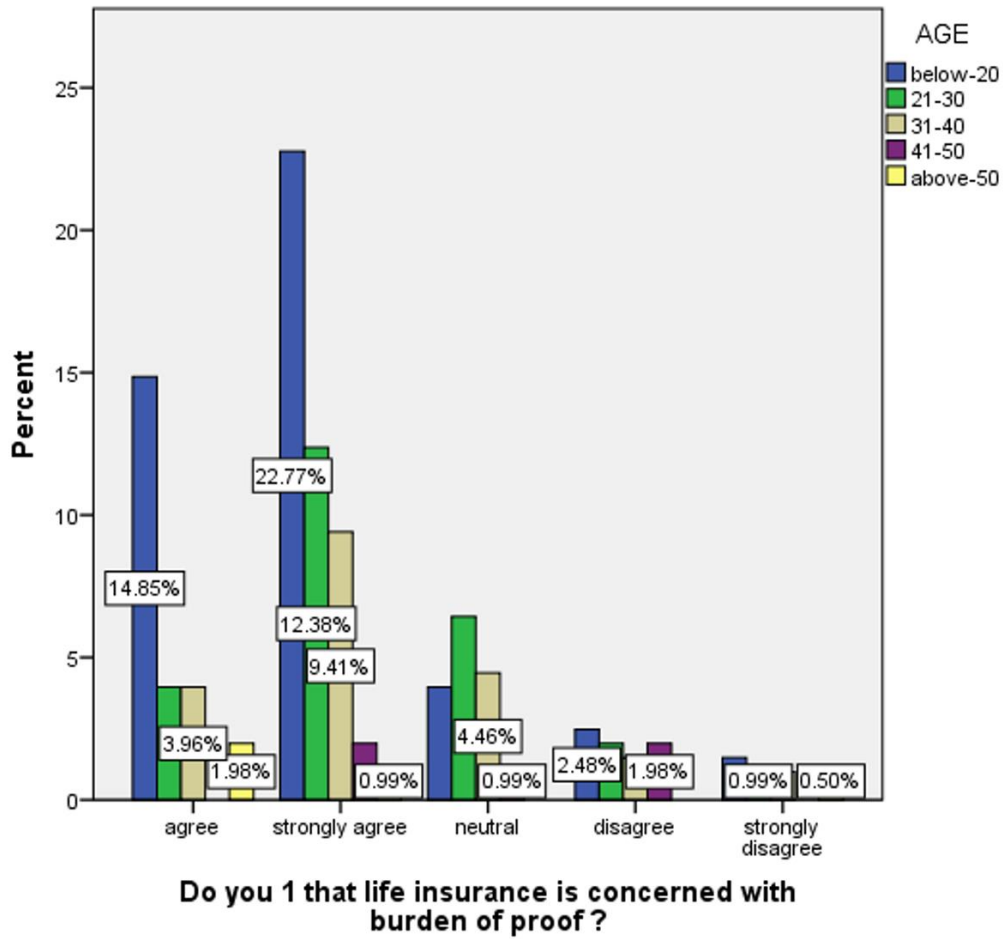
Ralph S. J. Koijen, 19 May 2016 Life insurers use reinsurance to move liabilities from regulated and rated companies that sell policies to shadow reinsurers, which are less regulated and unrated off-balance-sheet entities within the same insurance group. U.S. life insurance and annuity liabilities ceded to shadow reinsurers grew from \$11 billion in 2002 to \$364 billion in 2012. (Koijen and Yogo)

METHODOLOGY

The research method followed is descriptive research. The data is collected through a questionnaire and the sample size is 200. Convenience sampling method is adopted in the study to collect the data. The samples were collected from the general public with special reference to Chennai region. The independent variables are age, gender, income level and education level of respondents. The dependent variables are do you think that life insurance is concerned with burden of proof, do you think that which is the disadvantage of life insurance, purpose makeup for losses of earnings, purpose for payment of medical expenses. The researcher used graphs to analyze the data collected.

ANALYSIS

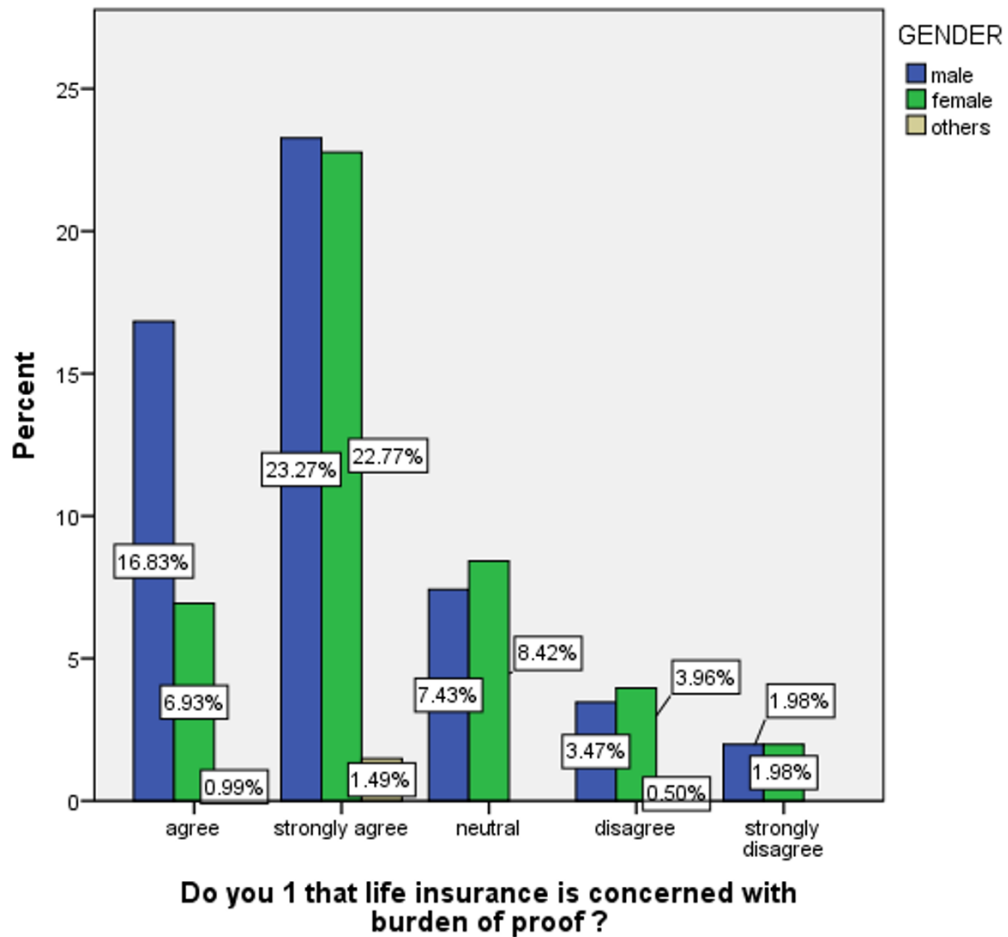
Figure 1



Legend

In fig 1 it shows that with independent variable age and dependent variable do you think that life insurance is concerned with burden of proof

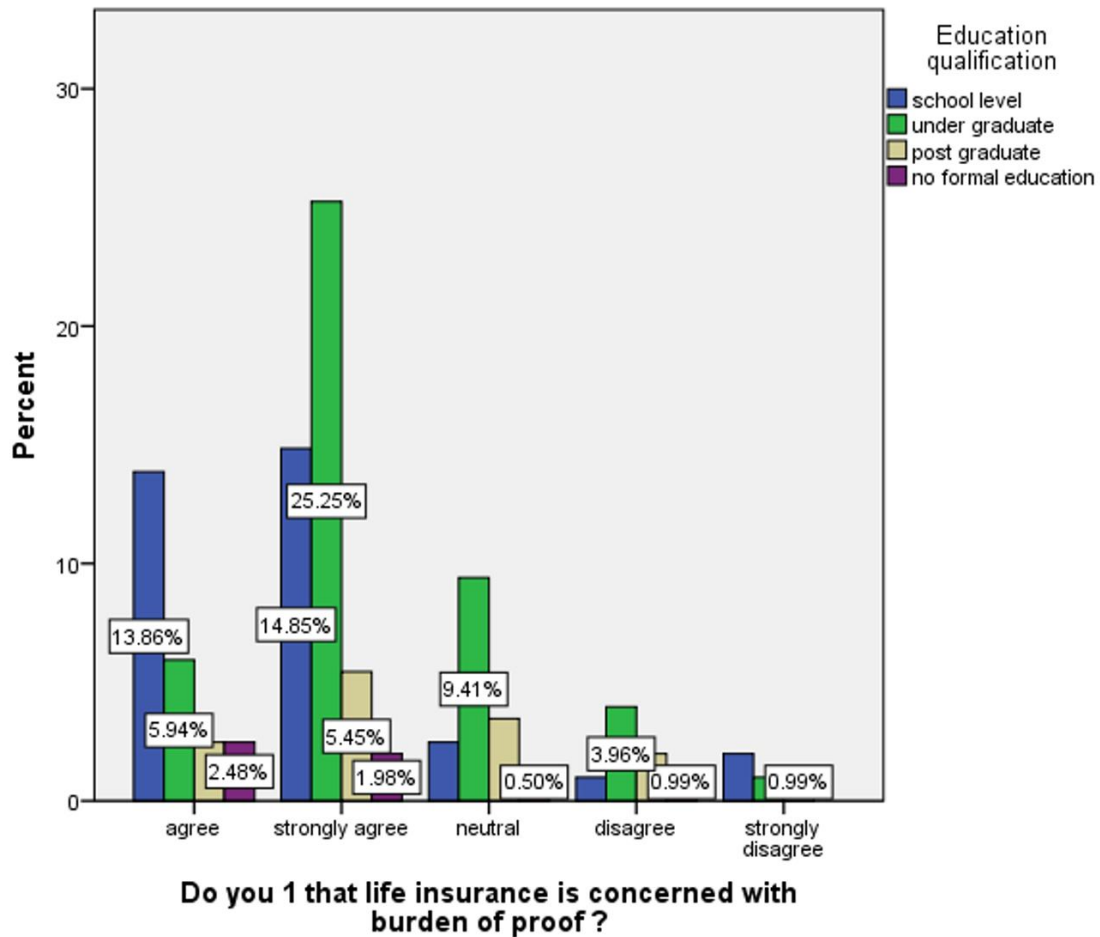
Figure 2



Legend

In fig 2 it shows that the independent variable gender and dependent variable do you think that life insurance is concerned with burden of proof

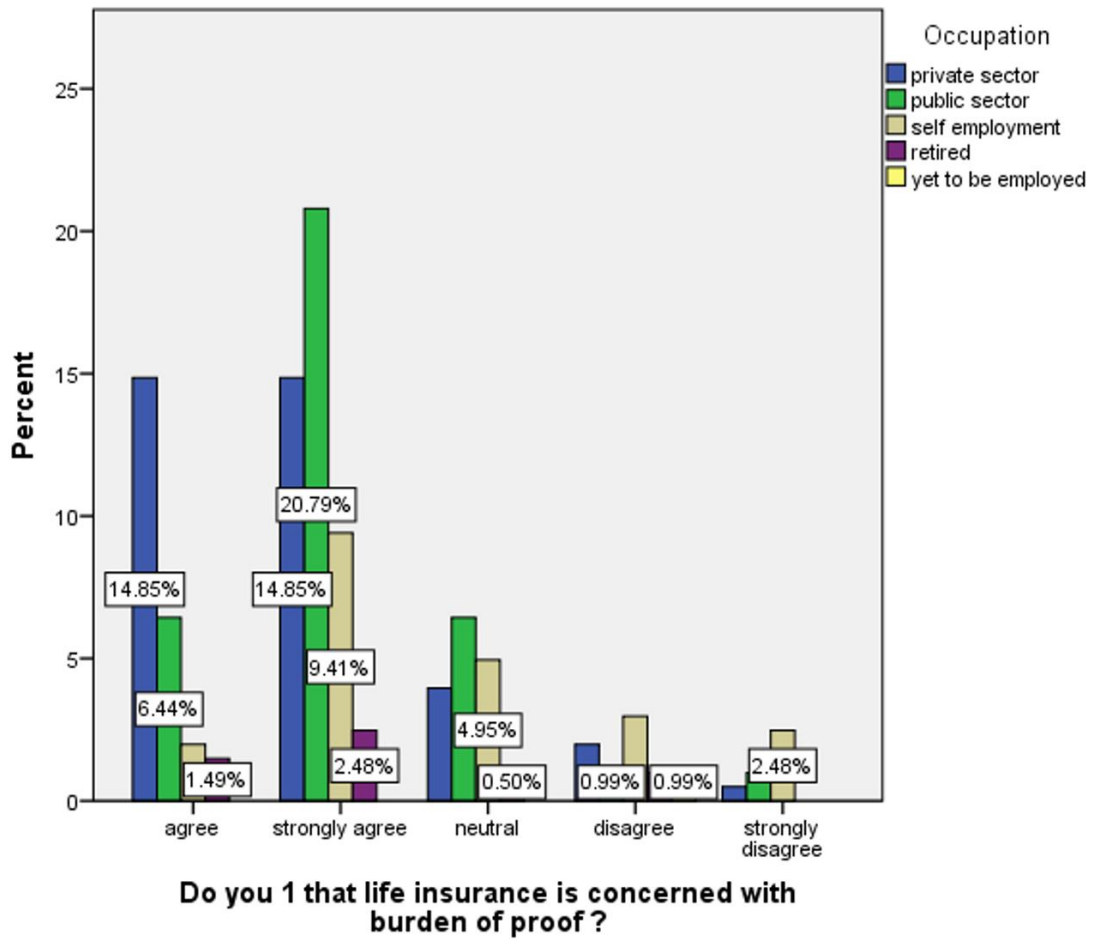
Figure3



Legend

In fig 3it shows that The independent variable educational qualifications and dependent variable do you think that life insurance is concerned with burden of proof

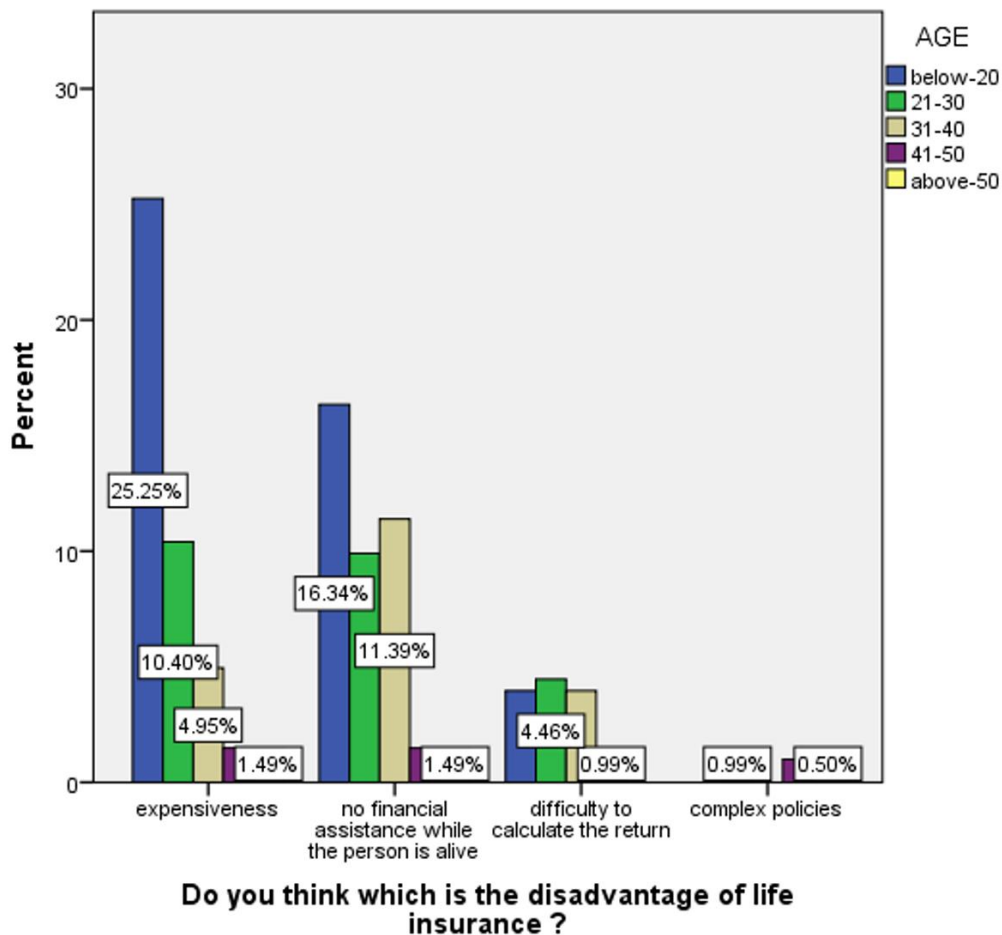
Figure4



Legend

In fig 4 it shows that independent variable occupational qualifications and dependent variable do you think that life insurance is concerned with burden of proof

Figure 5



Legend

In fig 5 it shows that the independent variable age and dependent variable do you think that which is the disadvantage of life insurance.

Result

- In fig 1 shows that The age of the respondent and the dependent variable are do you think that life insurance is concerned with burden of proof here most of the respondents are from below 20 and they strongly agree to the amount statement .
- Fig 2 shows that The gender of the respondent and the dependent variable are do you think that life insurance is concerned with the burden of proof. Here most of the respondents are male and they strongly agree with the statement
- In fig 3 shows that The educational qualifications of the respondents and the dependent variable is that do you think that life insurance is concerned with burden of proof here most of the respondents are under graduate and they strongly agree to the statement .
- In fig 4 shows that The occupational qualifications of the respondents and the dependent variable is do you think that life insurance is concerned with burden of proof here most of the respondents are from public sector and they strongly agree to the statement .

- In fig 5 shows that The age of the respondent and the dependent variable are do you think which is the disadvantage of life insurance. Here most of the respondents are from below 20 and they said expensiveness is the disadvantage of life insurance.

Discussion :

In fig 1 it was observed that most of the respondents are from age group from 21-30 years and they strongly agree might be because most of people were working for monthly wages and according to them spending part of their income for insurance premium so they feel the insurance was concerned with burden of proof.

In fig 2 it was observed that most of the respondents are male and they strongly agree might be because most of people were working for monthly wages and according to them spending part of their income for insurance premium so they feel the insurance was concerned with burden of proof.

In fig 3 it was observed that most of the respondents are undergraduate and they strongly agree might be because most of people were working for monthly wages and according to them spending part of their income for insurance premium so they feel the insurance was concerned with burden of proof.

In fig 4 it was observed that most of the respondents are private sector and they strongly agree might be because most of people were working for monthly wages and according to them spending part of their income for insurance premium so they feel the insurance was concerned with burden of proof.

In fig 5 it was observed that the age groups of the respondents are from 21-30 and they think that it might be because insurance premiums was paid monthly from their income these people do not experience the benefits of life insurance so they feel it was expensive.

In fig 6 it was observed that the male of the respondents are and they think that it might be because insurance premiums was paid monthly from their income these people do not experience the benefits of life insurance so they feel it was expensive

In fig 7 it was observed that the undergraduate of the respondents are and they think that insurance premiums was paid monthly from their income these people do not experience the benefits of life insurance so they feel it was expensive

In fig 8 it was observed that the private sector of the respondents are and they think that it might be because insurance premiums was paid monthly from their income these people do not experience the benefits of life insurance so they feel it was expensive

In fig 9 it was observed that the respondents are from age groups of 21-30 and they feel that insurance was the purpose makeup for losses of earnings might be because they cannot offered monthly from part of their income as they are working in the factories,premises and industries for monthly wages and salaries.

In fig 10 it was observed that the respondents are male and they feel that insurance was the purpose makeup for losses of earnings because they cannot offered monthly from part of their income as they are working in the factories,premises and industries for monthly wages and salaries.

In fig 11 it was observed that the respondents are undergraduate and they feel that it might be because insurance was the purpose makeup for losses of earnings because they cannot offered monthly from part of their income as they are working in the factories,premises and industries for monthly wages and salaries.

In fig 12 it was observed that the respondents are private sector and they feel that it might be because insurance was the purpose makeup for losses of earnings because they cannot offered monthly from part of their income as they are working in the factories,premises and industries for monthly wages and salaries.

In fig 13 it was observed that the respondents are from age groups of 21-30 and they feel that it might be because purpose for pay for medical expenses as they want to met their daily essentials with their monthly income though they feel that medical expenses are valid that's the main reason to takeup insurance policies.

In fig 14 it was observed that the respondents are from male and they feel that it might be because purpose for pay for medical expenses as they want to met their daily essentials with their monthly income though they feel that medical expenses are valid that's the main reason to takeup insurance policies.

In fig 15 it was observed that the respondents are from undergraduate and they feel that it might be because purpose for pay for medical expenses as they want to met their daily essentials with their monthly income though they feel that medical expenses are valid that's the main reason to takeup insurance policies.

In fig 16 it was observed that the respondents are from private sector and they feel that it might be because purpose for pay for medical expenses as they want to met their daily essentials with their monthly income though they feel that medical expenses are valid that's the main reason to takeup insurance policies.

From fig 17 It was observed that the respondents are from age groups of 21-30 and they feel that it might be because insured persons debtoneven to death. Because they cannot offered part from their monthly wages.

From fig 18 It was observed that the respondents are from male and they feel that it might be because insured persons debtoneven to death. Because they cannot offered part from their monthly wages.

From fig 19 It was observed that the respondents are from under and they feel that it might be because insured persons debtoneven to death. Because they cannot offered part from their monthly wages.

From fig 20 It was observed that the respondents are from private sector and they feel that it might be because insured persons debtoneven to death. Because they cannot offered part from their monthly wages.

From fig 21 it was observed that most of the respondents are from age groups of 21-30 and they that it might be because when insured persons was affected with life threatening illness the insurance policies will help at uncertain events of their life they do not need to spend money from their pockets.

From fig 22 it was observed that most of the respondents are from male and they that it might be because when insured persons was affected with life threatening illness the insurance policies will help at uncertain events of their life they do not need to spend money from their pockets.

From fig 23 it was observed that most of the respondents are from undergraduate and they feel that it might be because when insured persons was affected with life threatening illness the insurance policies will help at uncertain events of their life they do not need to spend money from their pockets.

From fig 24 it was observed that most of the respondents are from private sector and they feel that it might be because the insured persons was affected with life threatening illness the insurance policies will help at uncertain events of their life they do not need to spend money from their pockets.

From fig 25 it was observed that the respondents are from age groups of 21-30 and they feel that it might be because purpose to provide some of amount at uncertain events in their lives which was the main reason for the general public to take insurance policies.

From fig 26 it was observed that the respondents are from male and they feel that it might be because purpose to provide some of amount at uncertain events in their lives which was the main reason for the general public to take insurance policies.

From fig 27 it was observed that the respondents are from undergraduate and they feel that it might be because purpose to provide some of amount at uncertain events in their lives which was the main reason for the general public to take insurance policies.

From fig 28 it was observed that the respondents are from private sector and they feel that it might be because purpose to provide some of amount at uncertain events in their lives which was the main reason for the general public to take insurance policies.

Limitations:

The major limitation of my study is the sample frame the sample frame is in the Anna Tower Park Amma in a beach, market and the topic is a general topic Sir sample frame is also a public place The survey questions can be answered by the illiterate and literate people have wider knowledge about the life insurance policies and they were aware about the rest inhaled in the insurance policies the most of the respondents are illiterate was conducted in a slum area illiteratePeople answer will also be the same in fact they have taken the life insurance policies they may not have wider knowledge about their policies but They were aware of it.

CONCLUSION

The Covid-19 pandemic has re-emphasised the importance of life insurance policy in every day life. Life insurance is not only beneficial to people as it plays a vital role in the National economy. The medical expenses were rising to sky level and people started to insure their body parts to avoid consequences. Private companies offers various type of insurance to uphold the customers . Even though there are problems which reminds unattended by IRDA and Life Insurance Corporation. They should launch new policies to cope up with modern technology as modern problems needs modern solutions. The government should take initiatives to educate the life insurance policy in rural areas. Premium should be paid to the employees working in the labor organization.

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