

Working women's investment in Life insurance product in India: a Perspective

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Abstract:

This article is interested in looking at the requirements of women to invest in life insurance policies and their participation in this secured investment. In modern society, women are now equal partners in a family and are also important earning members and decision-makers. The major need of women is financial protection and hence a change in their savings and investment pattern is pertinent. Ensuring the financial protection of women is an extremely important concern considering they make up almost half the country's population.

Keywords: Life insurance, Working Women, Empowerment, Savings, Investment.

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I. INTRODUCTION:

A few decades back in India, women were not seen working outside their local area due to a lack of education and skills and also due to social pressure. They were not allowed to step out of the house because of their family reputation. They were not allowed to take education. They were dependent upon their family partner. In any unforeseen events, their situation would be very precarious as she would not have adequate education or knowledge about finance and earnings about the family. Normally women in India save money for their family and children's education and marriage and to fulfil the other goals of their life. Women's traditional investment options secure investments like Gold, post office savings, Bank Fix deposits, Precious metals, etc. women mainly prefer to invest in Gold. (Dr.D.Chitra & Mahalaxmi, 2020)

After the Globalization economy started opening and women started getting involved more and more in all fields including education. People have started recognizing the importance of education for women and today we find many highly educated women in all sectors. (Devi Mohan 2016) The role of women is changing due to changes in the educational system, economic policies, political developments, cultural changes, technological advancement, etc. Now women started getting control over the resources and women are managing their duties like home and job perfectly (Priya Vasugadekar, 2014). In an urban area, it has become a need for women to work and contribute to the family needs of financial independence and lifestyle affordability. As men and women are both employed, they may have independent investment ideas and may act differently. Men are in general are more aggressive in their investment decisions and women are seen to invest in savings and safest investments. Most of the men prefer to invest in equity shares, real estate, fixed deposits, etc. They invest with an aim of appreciation in capital, wealth creation retirement and education, and marriage of children. On the other hand, women traditionally preferred investing in Gold, jewelry because they feel that was the safest investment. (Backman, Maurie, 2018)

Some studies conducted in this area indicate that in Indian society there are very few real examples where women participate in the decision-making process in the family. It was also found that women in an urban area do have the financial freedom to take a decision not only concerning their investment but also for the family as a whole. (Ms. S. Pradeepa, A. Ananth, 2017) According to a study conducted by Smriti Chand (2018) it was observed that Women's participation in decision-making is directly correlated with their income generation in the household. (Smriti Chand, 2018) But now a day's awareness of women toward investment is also on the rise. Their investment attitude is inclined towards safety, protection for the family but they are ready to explore new avenues to achieve the same levels of security.

Globalization of the Indian life insurance sector and the entry of private players resulted positively in this sector. Companies selling life insurance products are now geared up to meet the challenges of increasing market share, meeting the customer's expectations, and providing better services to customers. As per the IRDA

report, there are 23 private companies and 01 public sector Company that provides life insurance policies to the people. (Sunil Kumar et al. , 2012)

The financial sector is taking into account that women are essentially different from men, due to their inherent natural biological differences and socio-economic systems. (Stephen Diacon, 2002) This presents a huge opportunity and will require targeted and gender-differentiated product and sales strategies based on new research on women's psychology related to financial matters. As more data about women's lifestyles are becoming available, this needs to be analyzed correctly to conclude how women perceive Life insurance as their savings product. (Anuradha, 2015)

Life insurance is one category that offers significant protective tools to safeguard the family from financial hardship. Insurance can help increase their ability to mitigate risks and effectively manage unforeseen events. (Sandeep Chaudhary, 2016) Insurance not only prevents women from relying only on traditional risk management mechanisms such as selling assets, high-interest-rate lending, or pulling children out of school but also it empowers the women, and generate positive impacts on women's labor and asset productivity, children's education, health and thereby contribute to a stabilization of income and finally, improve conditions that can help them sustain with the financial support. (Dr. B.M.Ghodeswar,2006)

A sound financial plan covers a woman's needs to go forth and achieve milestones without looking back. What is required is a fundamental shift in their savings and investments patterns and a greater to empower a sense of financial life protection. (Sandeep Chaudhary, 2016)

II. WHY WOMEN SHOULD TAKE INITIATIVE TO INVEST IN LIFE INSURANCE:

Life insurance is an attractive and important tool, for every woman that helps her to address major expenditures during her lifetime. It is as plain as taking care of individual financial needs and continuing to be independent. Some of the reasons found why women require to invest in Life insurance as an Investment:

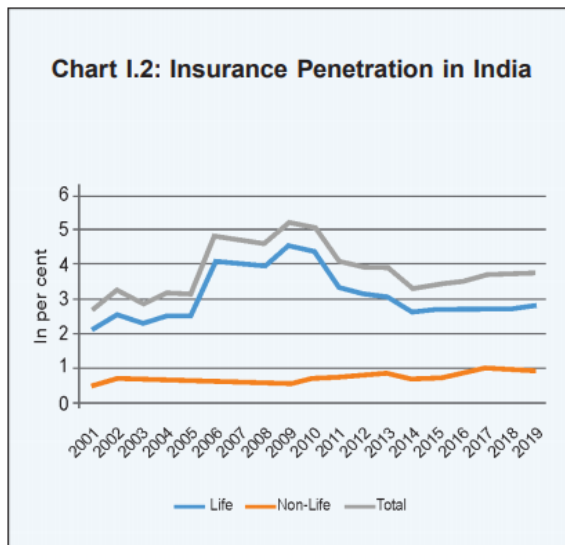
- **Create a safety net:** Life insurance policies helps to prepare every woman to face unforeseen events and protect their families from financial hardship. We can say as life insurance create a safety net by securing her responsibilities.
- **Future Protection:** Working women share the responsibilities with the spouse by protecting the family financially, taking care of children and elderly parents, in this situation life insurance gives her mental peace of having a protected future for the family.
- **Retirement planning:** Long-term financial activities may include taking the right term of life insurance plan and decide how to invest in her retirement plan. Even if the woman is single, getting herself insured is the best thing to do.
- **Outstanding liabilities:** This is because term life insurance products will take care of her outstanding loans expense.
- **Additional cost:** If a woman is a homemaker, her absence will also make a huge difference to her family. In such situations, a life insurance policy ensures that all additional costs are taken care of in the absence of the woman of the house. (Where the father has to take care of the family alone and protect the family financially also). Life insurance policies support her family even when she is not around.
- **Create wealth:** A life insurance plan will help her to create wealth by investing in proper life insurance and will create a good retirement corpus.

In metro cities, the percentage of career-oriented women is more. Some of the women are in such state of mind that they don't want to get married but many a time they adopt and prefer to be a single mother in such a situation they need secured fund to meet the expenses. Therefore, investing in a life insurance policy will create a secure future for herself and her loved ones. (Kamalji Sahay,2019)

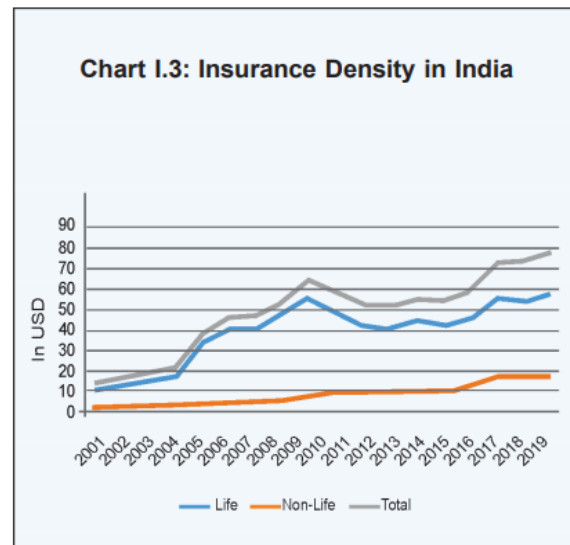
3. Growth of life insurance sector: According to the handbook on "Indian Insurance Statistic" published by IRDA year 2019-2020 there are 23 private life insurance companies and 1 public sector company which is the Life insurance corporation of India

The private players in the industry have brought a sea change to the Indian life insurance industry. Insurance companies are now targeting women and offering gender-differentiated products. This is an emerging area of focus for insurance players as the penetration is low. Looking at the new offices opened by private players shown a growth of 200% it can be concluded that private players are all set to penetrate the Indian Insurance market. (Sunilkumar et al., 2012) The state owned insurance company LIC still has the largest number of offices and wide coverage all over India. (Subhashini et al.,2016) LIC, a state-owned life insurer, offers a variety of products to cater to the emerging needs of the public and is at the forefront by providing innovative services to facilitate its policyholder" Life insurance is one of the significant protective tools to safeguard them as well as their family from financial hardship. As the insurance sector is waking up for women's needs it is important to focus on women's differentiated products and should focus on providing more plans and facilities to women. (Akilanayaki, 2017)

3. Current Life insurance status in India: (according to IRDA annual report 19-20) the insurance density of the life insurance sector had increased from USD 9.1 in 2001 to reach the highest in 2010 with USD 55.7. Since then it has started declining up to the year 2013 and again started increasing from 2016. During the year 2019, the level of life insurance density was USD 58. The life insurance penetration had gone up from 2.15 percent in 2001 to 4.60 percent in 2009. Since then, it has exhibited a declining trend up to the year 2014. Then from 2015 to 2017, it was increasing. After a small decline in 2018 to 2.74, it increased to 2.82 percent in 2019



Source: Swiss Re, Sigma, Various Issues.



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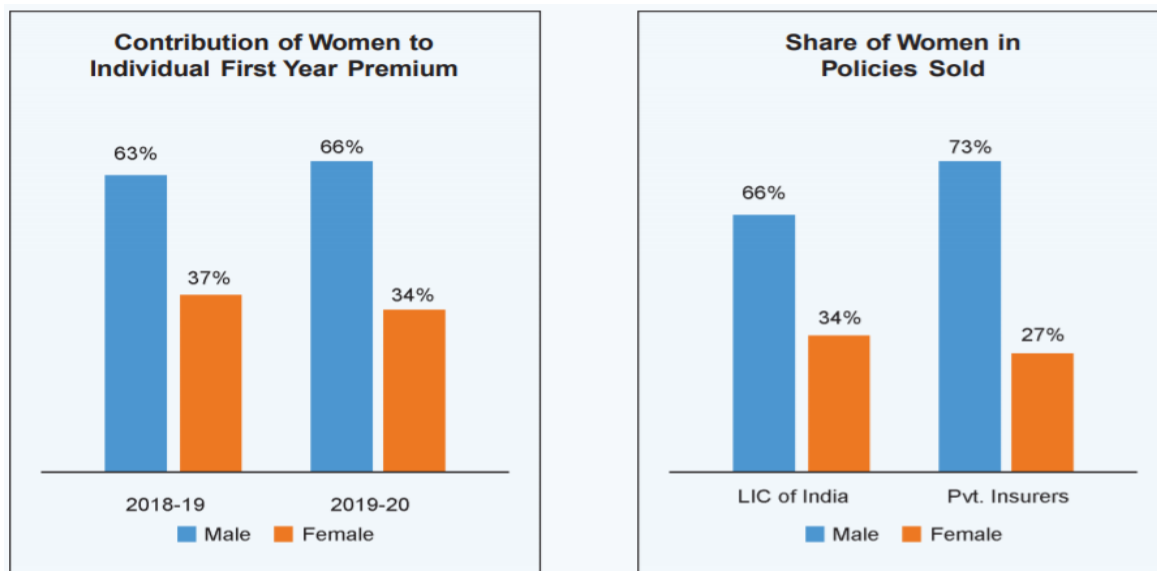
Life insurance in India are developing new products but even through its penetration among different risk group is low. If the products are developed through analysis of understanding needs, then life insurance coverage of Indian people can be improved for a longer extent. (Raju S et al. 2017)

4. Women-centric life insurance Plans (in General): different life insurance plans cater to the needs of women in their different life stages. Some of them are given below:

- The first-time investor and term plan under which we will get a tax benefit under sec 80 C of the Income-tax act. Perfect choice for women at a younger age.
- ULIP's plans perfect for women who are interested in gaining long-term gain. New Mom & endowment plan is a standard life insurance plan to giving financial protection to your family in your absences.
- Women's & critical illness plans allow every woman to do away with the financial stress of handling health issues.
- A Retirement plan is a life insurance policy that takes care of the post-retirement need of medical and living expenses.

5. Women investment in life insurance: Women comprise roughly 49 percent of the total population in India. Their contribution to the economic activity of the country is significant and is increasing every year. In this context, a brief analysis was made on the share of women in the life insurance business. Only the number of policies and first-year premium of individual new business for the year 2019-20 have been considered for the purpose. (IRDA annual report 19-20)

- i. The total number of policies sold in the year 2019-20 stood at 2.88 crores, with a first-year premium (FYP) of 1.02 lakh crore.
- ii. The share of women in the year 2019-20 has decreased to 32 percent in the number of policies and 34 percent in First Year Premium compared to 36 percent and 37 percent respectively in the year 2018-19.
- iii. The proportion of women policies in the case of private life insurers was 27 percent and that of LIC was 34 percent



Sources: IRDA Report 2019-20

The table shows women are not adequately insured in India. Women make up 48% of the people in the country, they owned less than 30% of the total insurance policies sold in India in 2017-2018 and slightly more to reach 36% in 2018-2019 and in 2019-2020 it reduced to only 34% (IRDAI Annual Report). It also shows that the ones that own a term insurance plan in India have a risk cover that is just not good enough. On average, women have a 22% lower risk cover than men in India. An important concern is that almost half of the population is not insured right. In the current Covid-19 and post-Covid situation, there is greater awareness on health-related savings and insurance needs but risk cover of Women remains low. This needs to be corrected.

6. New initiatives for women: India First Life Insurance Co. Ltd. has taken, Women First Financial Freedom Initiative: A research was conducted to understand the key barriers to risk management and saving for the future with the guidance of Women's World Banking. The target group was semi-urban and rural women in the age group of 18-50 years that were either part of self-help groups or engaged in menial jobs; typically making a financial contribution to the household. The survey was conducted with 5500 women and also six Focus Group Discussions (FGDs) were conducted consisting of 5-6 women each. The insights were incorporated into two micro offerings by India First Life Insurance. Similar initiatives are being adopted by progressive life insurance companies and gender-differentiated products are being offered in this space. (IRDA Annual Report 2019-2020)

Scope of a study:

According to the IRDA annual report 19-20 Out of 93 lakh policies bought by women, nearly one-third policies have come from three States, Maharashtra (11.98 percent), out of 34,737 crores FYP contributed by women, slightly more than one-third have come from three States, namely, Maharashtra (17.05 percent), Looking at the above study it has become the need to study Maharashtra state gender-wise policy framing, distribution and satisfaction in life and non-life insurance products.

III. CONCLUSION:

LIC is also at the forefront of women-related initiatives and has introduced more customized products and services to facilitate its policyholders. The insurance companies have to work and concentrate on the time based competition. The policyholders also recommend their friends and relatives to avail themselves of life cover. So, Life insurance companies needs to frame a strategic marketing plan to retain its existing policyholders as well as to attract new ones and concentrate also on women-centric life insurance products farming and marketing.

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