

Factors Behind Taxi Drivers Not Having Life Insurance & Impact of Awareness On The Same

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Abstract

The Insurance sector in India is on a significant growth path because of the introduction of a good range of insurance products and services. With 24 companies offering life insurances to Indians and presence of an independent regulatory authority, IRDA, the sector is booming. But still, the current percentage of Indians having life insurance is abysmal, because of lack of awareness among the mass population. A significant part of this uninsured category are the taxi drivers who belong to the most vulnerable category of workers. The percentage of drivers having life insurance in India is abysmal, whereas the vehicle they drive is covered under general insurance. This research paper is an attempt to study and understand the reasons behind the low life insurance penetration among the Indian Cab drivers and specific to the Pune region, Maharashtra. The cab and taxi drivers of the region were surveyed for the research to know the exact reason. There were a few reasons behind the low count of the policyholders. The research revealed that the drivers were not majorly not aware of what life insurance is and the way it functions. Lack of awareness came out to be the prime factor. Though, after having sufficient information and being aware of its benefits, majority of the respondents were willing to have a life insurance plan.

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I. INTRODUCTION

According to the data prepared by Maharashtra Highway police, a total of 352 road accidents occurred on the Mumbai-Pune expressway in 2019, of which 91 people lost their lives. In the same year, 32867 accidents happened in the whole of Maharashtra, resulting in 12565 loss of lives and seriously injuring 19175 others. Nearly 9723 people escaped with minor injuries. Maharashtra is ranked 5th in the state list of most accidents and 2nd in terms of fatalities caused.

Housing the cities like Mumbai, Pune, Nagpur among others, Maharashtra as a state has witnessed a tremendous growth in the taxi market. Majority of this is still in the organized sector. With the growth of IT, BFSI, and other sectors in the region, there has been a substantial increase in the number of taxis in the cities. The cab service companies like Ola and Uber, have banked upon the need of the demand of travel within the cities to provide an

easy medium of commute. With the cabs present throughout the day, equal number of cab drivers are present on the streets. This category of work comes under one of the most vulnerable jobs among others. As we looked on the stats of the number of accidents on roads in the region, the cab drivers and their families are always under the threat of losing everything in just moments.

Life Insurance is basically a deal between an insurance policy holder, termed as insured, and the one providing insurance, known as insurer or assurer, in which the insurer promises to pay an already designated amount (benefit) in exchange for a regular payment made by the insured (premium), upon the death of the insured. The major purpose behind having a life insurance is to have financial protection to surviving dependencies after the death of the insured. It is very important for the consumers to assess their current financial situation and analyze their living standard which is needed for their surviving dependencies before

going for a policy. Life insurance is one of the most assured and secured sources of provision for old age when earnings of a person are either stopped or reduced. Further, the emergencies due to severe accidents, sickness, disease etc. can be easily tackled with the help of life insurance policies. As the market for the insurance sector is growing, the players in the market are also banking on the same. Though, there is one major segment which has majorly been left out - cab and taxi drivers. With an exponential growth in the auto industry, the cities are filled with cars. Banking on this growth are the companies like Ola and Uber who are providing commuting options to the passengers, as an alternative of using other public conveyance or even having their own vehicle. This has resulted in the major growth of cab drivers in the market in the organized sector.

Pune city has witnessed a substantial increase in the population because of the advent of the IT and other sectors in the region. Majority of this population constitutes the young people who instead of having their own vehicle are making use of cabs to travel within the city. As cabs have become a very useful mode of conveyance, its customer base covers everyone. Fulfilling their needs are the drivers who report on time for pick-up and drive hard to drop the passenger within the specified time. Usually a cab driver makes 12-15 rides a day and covers more than 150kms a day. Considering the data from the highway police, 352 accidents happened in a year, which is nearly 1 accident in a day. Each accident is a risk to a driver's life and several lives associated with the driver. In general scenario, a driver is the sole earner in India with around 3-4 dependants. This data puts all the drivers in one of the most vulnerable categories. And this major category has been ignored by the insurance providing players.

II. LITERATURE REVIEW

Holyoak & Weipers, 2002, studied the basic structure of Insurance from end to end. They reframed Insurance as a means to minimize financial losses and future uncertainty. The primary function of insurance is to act as a risk transfer mechanism from the insured to the insurer. **Rejda (2008)** also analyzed Insurance policies and stated that sharing of losses can be considered as the heart

of insurance. The main aim is to spread the losses incurred by the few of them over the entire bracket of policyholders to substitute the average loss in place of actual loss. Hence, insurance can be taken as a co-operative device to scatter the loss which is due to a particular risk over a range of people who are exposed to it and within the gambit of the risk and have agreed to insure themselves against the risk.

(Banumathy & Subhasini, 2004) A study was done to determine the attitude of LIC policy holders towards life insurance business. A random sample of around 200 respondents were given a structured questionnaire to get deep insight. The result said that the important factors which influence their decision to take the policy are income level, education and financial status. The agents are the major source of imparting information to most of the policyholders. Several purposes like future safety, family welfare, tax benefits, children education and marriage; etc. are the reason behind policyholders going for policies. To measure the level of attitude, about 10 components were identified. According to the study, the satisfaction level of the customers with the services by the insurance giant, Life Insurance Company (LIC), was measured by their level of attitude. **(Ranjan Jayakant & Manish M, 2011)** This study was done to analyze the factor which were affecting the buying decision of Life Insurance policy in the Surat city of Gujarat. They came across these factors - Age, Income levels, Education Awareness about Insurer, Attitude towards life insurance, Occupation, Gender etc. Among all these factors, Age, Income levels, Awareness about the Insurer and the Type of Insurer were the major affecting factors of the buying decision of the people in the city. They also suggested that customer satisfaction and attitude towards life insurance are significant factor in influencing the market share of different players providing insurance policies.

Praveen Sanu, Gaurav Jaiswal and Vijay Kumar Panday (2009) analyzed the buying behaviour of Consumers towards LIC. Their analysis revealed that in the Indian market of 2009, observed a frequent change in the investment habits of the people in India. For different investment plans, the individuals have their own perception.

With respect to their research, the market has expanded steeply in the previous decade and the behaviour has grown in the positive side itself. More and more people are looking forward to have investment plans and going for a diversified portfolio. **Kulvinder Kaur Batth (2016)** also analyzed the buying behaviour of consumers but restricted the research to a city in Punjab, Moga. He analyzed that a large part of insurance related opportunities are untapped in the area. Thus, stating the plethora of existing opportunities existing in that area. He researched that only 28% of the respondents were a part of some or the other insurance policy and were generating the revenue for the market players. The market had the potential to generate 3 times more revenue with respect to the sample size, as the 72% market is still left to cover. He also learnt that in future, with government opening more space for FDIs and inviting foreign players will create more options to explore for the respondents.

K. Uma et.al. (2011) studied the different sources of providing information and spreading awareness and found that the insurance agents of the companies are the primary source of information. These are then followed by pamphlets, bulletins, newspapers, hoardings and other conventional means. The other sources like radio, friends and television played a very minor role in creating awareness about life insurance policies and benefits involved. **G. Raju and S. Mohan (2011)** studied the market and observed that during those days customers were getting educated by media and were always in search of the best product, brand name, quality, operation and service support. This can be related with the present scenario as well. Only the awareness imparting mediums have changed from media to social media, but the customers want to know more and explore before making their final commitments. The researchers also realized that this awareness has improved consumer awareness aspects pertaining to life insurance product. **S. Hasanbanu and R. S. Nagajothi (2007)** researched on what can be done to build the gap between the insurer and the insured. They suggested that insurance companies should avoid making use of technical jargon which the customers are not aware of and the terms and conditions should be completely transparent. They

also suggested that the companies should arrange some meetings, seminars and campaigns so as to popularize the schemes, mostly to make the people more aware about their policies. **Joseph Vijayakumari (2010)** analyzed that in spite of having a great market potential, the life insurance sector is not growing substantially. In the view of the researcher, the biggest challenge before the insurance industry is the product unawareness. The author suggested that the insurance company should be creating, implementing and sustaining appropriate marketing programmes to create awareness among the people about insurance. The efforts should be made in the direction to satisfy the customers by providing the products which are best suited according to their financial needs.

III. DATA AND METHODOLOGY

Variables

Various variables like Life Insurance Policy, Lack of Awareness, Pricing Issues, Too Early to think about it, Never thought about it etc. are tested based on the data collected from the respondents in the Pune City. A questionnaire was prepared for the same. The respondents, cab and taxi drivers in this case, were made to answer the relevant questions. The form was not floated, rather questions were asked individually to all the respondents. All the responses were recorded to analyze and check the relevance of the hypothesis.

Hypothesis

H1: Lack of Awareness is the major reason behind cab and taxi drivers not having Life Insurance

Indian Insurance sector is on a growth path but hasn't penetrated to a greater extent. There are several reasons behind this. It is assumed that the major factor behind not having an insurance policy is the lack of awareness of Life Insurance. The taxi market is majorly filled with drivers who haven't had the opportunity to educate themselves and landed in the sector to earn daily wages. With digitalisation, they are aware of functioning of mobile phones and internet. They can now be reached out via several modes and make them aware of different policies which are attached with life insurance. There might also be several other factors like the pricing issues, early stage to think about insurance, respondents might have never

thought about it, etc. All these can be considered, but when it comes to life and the future of their family without them, there would be very less cases of not going for insurance.

H2: The drivers who are not aware of the Insurance Policies will be willing to buy the policy once they are briefed about the benefits.

The hypothesis stated above will be tested to substantiate further the awareness factor when considering Insurance Policy. It is assumed that since the consumers were initially unaware of the different policies and benefits of Life Insurance, they were not opting for the policy. But now, after briefing the respondents about the attached benefits, they will be willing to have it. The respondents were briefed about the existing market players and the different policies they launch, the premium policy of the firms, the tenure of paying the premium, the benefits their families will have, and much more. This exercise was done only for the respondents who didn't have life insurance and were also not willing to have it.

Method

211 respondents (N=211) from the Pune city of Maharashtra, India were selected on a random basis and were asked to answer the questions of the survey. The respondents were the local taxi drivers and the cab drivers of Ola and Uber company. The respondents were clubbed into 6 groups based on their age starting from 20 years and the last bracket of drivers above 45 years. Picking up the local taxi and cab drivers ensured the coverage of both unorganized and organized sector of the taxi industry. Their responses regarding their perception towards life insurance is being noted. They were asked for how long they have been driving a vehicle and whether they were enrolled in some or the other insurance policies. All those were not having any insurance policy were then asked about their level of understanding of life insurance. They were asked to select the factors because of which they don't have life insurance. The factors which they were asked to select were - Lack of Awareness, Pricing Issues, Too early stage to think about insurance, they never thought about this or some other reason. They had the option of choosing more than one factor as the reason. They were also asked whether they want to avail the benefits of an

insurance policy. All the respondents were then briefed about the several insurance policies and the benefits they could foster out of it. Once this exercise was over, the respondents were again asked few questions on their probable future decisions and steps they would take. All this data was collated and structured into several tables to cast out the correlation between the variables.

Then multiple correlation and regression analysis and anova test was performed to test the hypothesis proposed. Additional qualitative and quantitative analysis was performed to assess the impact of retail promotions and its impact on consumer buying behavior and brand equity.

IV. RESULTS

1. Firstly correlation is done to check for linear relationship of the dependent variable with the independent variables. The following results were obtained:

	Do you think because of Lack of Awareness you don't have Insurance Policy?	Do you wish to have Life Insurance Policy now or anytime in future?
Do you wish to have Life Insurance Policy now or anytime in future?	1.000	
Do you think because of Lack of Awareness you don't have Insurance Policy?	0.924557207	1.000

There is a strong positive correlation between Customers who are willing to have Life Insurance Policy, but it was because of Lack on Insurance that they don't have until now.

2. Linear Regression was performed between the dependent and independent variables to further predict the behavior of dependent variable (Do

you wish to have a life insurance policy in future) w.r.t. independent variable (Reason for not opting Life Insurance Policy) and for testing the hypotheses and following results were obtained:

Multiple R	0.925
R Square	0.855
Adjusted R Square	0.853
Standard Error	0.460
Observations	147

	df	SS	MS	F	Significance F
Regression	1	180.637	180.637	853.664	1.2455E-62
Residual	145	30.682	0.211		
Total	146	211.319			

	Coefficients	Standard Error	t-Stat	P-value
Intercept	0.26	0.13	1.97	0.050242
What is the reason behind not taking a Life Insurance Policy?	0.91	0.03	29.19	1.2455E-62

As is visible from the values in the table, the R square is 0.855 which indicates a better fit and p-value lies in the significant range i.e. less than 0.05. Hence, this proves our hypothesis to be true, that Lack of Awareness is the major factor behind Drivers not having a life insurance policy.

- Out of the 211 respondents that were part of the survey, only 64 of them were having Life Insurance Policy in their name. The remaining 147 were without any backup plan for themselves and for their families. According to the stats, 70% of the sample size was without life insurance policy.

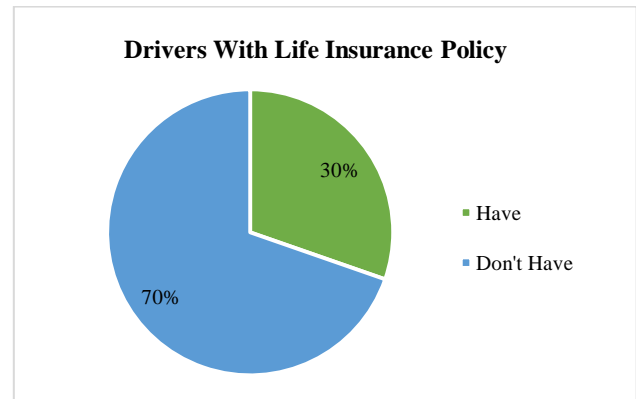


Fig. 1. Percentage of Drivers with Life Insurance Policy

- Out of the drivers who didn't have any insurance Policy, only 27% of them were aware of what Life Insurance is all about. Around 58% of the drivers accepted that they are not aware of Life Insurance and its benefits. The remaining 14% knew what life insurance is, but nothing in detail. This shows the major factor behind no Insurance is the Lack of Awareness.

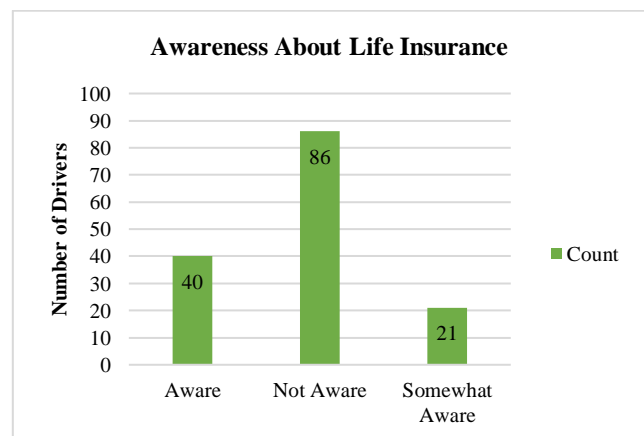


Fig. 2. Awareness about Life Insurance

- Drivers without an insurance policy were asked to choose one or more factors because of which they are without insurance. Among the factors, Lack of Awareness came out to be the prime reason. For nearly 60% of the drivers, lack of awareness was a reason. Around 34%

considered high prices as the reason, as they couldn't afford the policy. 31% never thought about having any such policy, which in turn refers to the lack of communication from the end of insurance companies. For nearly 5%, it was too early for them to think about having an insurance.

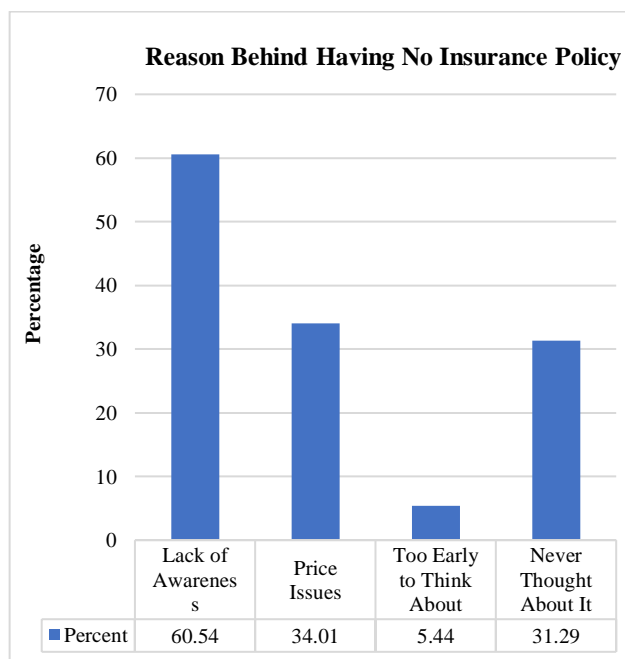


Fig. 3. Reasons Behind Having No Insurance Policy

6. Considering Lack of Awareness as the major factor, the drivers were then briefed about the insurance policies and benefits which they and their family will have. After the briefing, when asked again about having life insurance, nearly 52% were ready to buy a plan and around 24% might go for the insurance, but were not sure. Only the remaining 24% were not willing to buy the plan as they were having price issues and would not be able to afford the policies. Also, some of them had no relative alive, hence, they will not have any insurance.

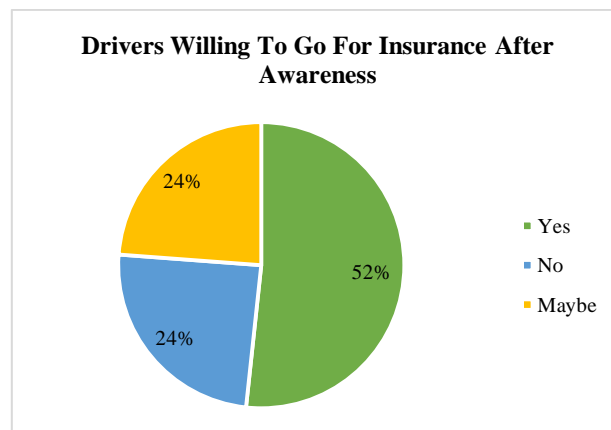


Fig. 4. Drivers Willing to have Insurance after Awareness

7. The following graph shows the change in the decision of the drivers before and after the briefing (spreading awareness) who initially were not any insurance owner because of lack of awareness. There were 89 respondents who chose Lack of Awareness as the factor. Clearly, 52 of them will be looking forward to have an insurance policy and 13 might go for the same in future, but were not sure. The remaining 24 were reluctant as they also had price factor involved and might opt if the prices were reduced in future, or their income increases.

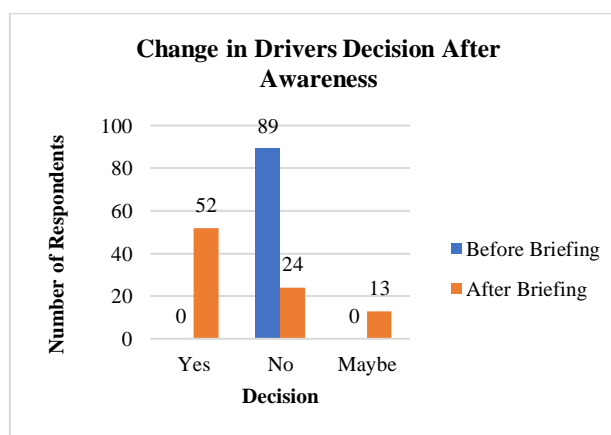


Fig. 5. Change in Drivers Decision after Awareness

V. CONCLUSION

This study shows the factors which play a crucial role in the cab and taxi drivers in Pune region for not having an Insurance Policy. The major factors which came out were the Lack of Awareness and the Pricing Issue. With respect to the Lack of Awareness factor, the market players need to work

on this aspect and make sure their message reaches. Drivers come in the vulnerable category and should be a target customer for the firms. Also, the change in the drivers decision after being aware of the policies and benefits of insurance, strengthens the point that awareness about insurance will lead to more drivers insuring themselves. Hence, both the Hypothesis are proved to be correct via this survey.

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