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Comparative Evaluation of the Postal Life Insurance & Rural Postal Life Insurance Offered by the India Post, the Pioneer Institution in the Life Insurance Industry of India

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Abstract

Life insurance serves as a safe haven in modern life scenario. Moving ahead with life without life insurance is a challenging task in the risky environment of the present day world. Postal Life Insurance (PLI) is the oldest insurance scheme in India. The PLI scheme was introduced on 1st February 1884. In India, Life Insurance Corporation (LIC) is the largest insurance corporation offering diverse insurance products to the people. But Postal Life Insurance is functioning successfully in this sector by offering many best life insurance plans for the safe and secured life of the people. Various insurance plans of Life Insurance Corporation have become more popular due to huge publicity and advertisements but Postal Life Insurance has not reached the masses due to lack of wide commercial advertising campaigns. In this juncture, the study attempts to throw light on the various life insurance schemes of the PLI and intends to conduct a comparative evaluation of the different life insurance schemes offered by the India Post.

Keywords: India Post, Postal Life Insurance, Rural Postal Life Insurance, PLI, RPLI

Introduction

Postal Life Insurance (PLI) is the oldest insurance scheme in India. The PLI scheme was introduced on 1st February 1884. Initially its policies were designed for the welfare of postal department employees for rendering them insurance protection, but later various types of insurance schemes were introduced to provide insurance service to employed people of the nation and rural areas of the country. The aggregate number of policies issued by the PLI as on 31.12.2022 was 320.27 lakhs and the total amount of policy was 3, 66,104.61 crores (AR, India Post, 2021-22). Life insurance products are just one of the many other services offered by India Post. That is why postal insurance plans do not seem to be gaining the same popularity as life insurance. But India Post is focusing on providing many insurance plans available at low premium to its beneficiaries.

Statement of the Problem

Life insurance serves as a safe haven in modern life scenario. Moving ahead with life without life insurance is a challenging task in the risky environment of the present day world. It is not possible for a person to go about his daily life without facing many social and natural risks. Insurance provides financial security to an individual and his family against many such risks. In India, Life Insurance Corporation (LIC) is the largest insurance corporation offering diverse insurance products to the people. But Postal Life Insurance is functioning successfully in this sector by offering many best life insurance plans for the safe and secured life of the people. Life Insurance Corporation and Postal Life Insurance have attained remarkable achievements in this field with their excellent operations over years.

Various insurance plans of Life Insurance Corporation have become more popular due to huge publicity and advertisements but Postal Life Insurance has not reached the masses due to lack of wide commercial advertising campaigns. In this juncture, the study attempts to throw light on the various life insurance schemes of the PLI and intends to conduct a schematic evaluation of the different life insurance schemes offered by the PLI. The problem is stated as the “Comparative Evaluation of the Postal Life Insurance & Rural Postal Life Insurance Offered by the India Post, the Pioneer Institution in the Life Insurance Industry of India”.

Objectives

The general objective of the study is to throw light on the major life insurance schemes of the PLI and the relevant procedure for subscribing the life insurance products of the PLI. The study undertakes the task of evaluating the nature of the different insurance schemes of the LIC. The following are the specific objectives of study;

1. To ascertain the business performance of the different life insurance products of India Post
2. To compare and contrast the performance of Postal Life Insurance and Rural Postal Life Insurance (RPLI)
3. To examine the Income progression of the life insurance business of India Post.
4. To examine the difference between the volume of business and income of the PLI and RPLI

Hypotheses

1. **H0:** Different life insurance schemes offered by the India Post are asymmetric and inconsistent in their business performance
2. **H1:** Different life insurance schemes offered by the India Post are having a consistent business performance.
3. **H0:** There is no constant and substantial growth in income of the PLI and RPLI products.
4. **H1:** There is a constant and substantial increase in the income of PLI and RPLI products of the India Post.
5. **H0:** There is no significant difference between the volume of business and income of the PLI and RPLI products
6. **H1:** There is significant difference between the volume of business and income of the PLI and RPLI products

Materials & Methods

The study is purely based on the secondary data. The Annual Report of the PLI from 2018-2019 to 2022-2023 rendered the necessary inputs for the conduct of this study. The official website of the India Post facilitated the study with relevant data related with the typology and features of the life insurance schemes. Descriptive statistical tools, Chi-Square test, Two-sample Wilcoxon Rank-Sum (Mann-Whitney) test and T-Test were used for analysis and for testing the hypotheses set for the study.

Limitations of the Study

1. The study is not an elaborate one covering the minute aspects of the various life insurance policies offered by the PLI.
2. Non-use of primary data is a handicap of the study. Hence, many relevant issues related to this area of study have not been covered and analyzed.

Postal Life Insurance

The life insurance schemes under PLI are offered to employees of Central & State Governments, Defence and Para-Military Services, Public Sector Undertakings, Banks, Educational Institutions, Local Bodies, professionals (such as doctors, engineers, chartered accountants, MBAs, lawyers etc.) and employees of companies listed with National Stock Exchange (NSE) / Bombay Stock Exchange (BSE).

Table: 1

Postal Life Insurance Schemes

Sl.No.	Schemes	Age Conditions	Assured Sum	Declared Bonus
1.	Whole Life Assurance (Suraksha)	19-55	Minimum – Rs.20000/- Maximum – Rs.50 lakhs	Rs. 76/- per Rs. 1000 sum assured per year
2.	Convertible Whole Life Assurance (SUVIDHA)	19-55	Minimum – Rs.20000/- Maximum – Rs.50 lakhs	Rs. 76/- per Rs. 1000 sum assured per year
3.	Endowment Assurance (SANTOSH)	19-55	Minimum – Rs.20000/- Maximum – Rs.50 lakhs	Rs. 52/- per Rs. 1000 sum assured per year
4.	Joint Life Assurance (YUGAL SURAKSHA)	21-45	Minimum – Rs.20000/- Maximum – Rs.50 lakhs	Rs. 52/- per Rs. 1000 sum assured per year
5.	Anticipated Endowment Assurance (Sumangal)	15 -20	Survival benefits paid periodically	Rs.48/- per Rs. 1000 sum assured per year
6.	Children Policy (Bal Jeevan Bima)	Adult: <45 Children: 5 -20	Maximum sum assured Rs.3 lakh or equal to the sum assured of the parent, whichever is less	Rs. 52/- per Rs. 1000 sum assured per year

Source: Postal Life Insurance, India Post, Department of Posts, Ministry of Communications, Government of India, https://www.indiapost.gov.in/Financial/Pages/Content/pli.aspx

Rural Postal Life Insurance (RPLI)

The RPLI was introduced in 1995 extending the benefits of life insurance to the population of the nation. The basic goal of the RPLI is to grant insurance coverage to the rural people for the welfare of the weaker sections as well as women workers of rural areas. It also aims at spreading insurance awareness among the rural population.

Table: 2

Rural Postal Life Insurance Schemes

Sl.No.	Schemes	Age Conditions	Assured Sum	Declared Bonus
1.	Whole Life Assurance (Gram Suraksha))	19-55	Minimum – Rs.10000/- Maximum – Rs.10 lakhs	Rs. 60/- per Rs. 1000 sum assured per year
2.	Convertible Whole Life Assurance (Gram Suvidha)	19-45	Minimum – Rs.20000/- Maximum – Rs.10 lakhs	Rs. 60/- per Rs. 1000 sum assured per year
3.	Endowment Assurance (Gram Santhosh)	19-55	Minimum – Rs.10000/- Maximum – Rs.10 lakhs	Rs. 48/- per Rs. 1000 sum assured per year
4.	10 Years Rural PLI (Gram Priya))	20-45	Minimum – Rs.10000/- Maximum – Rs.10 lakhs	Rs. 45/- per Rs. 1000 sum assured per year
5.	Anticipated Endowment Assurance (Gram Sumangal)	19 -40	Survival benefits paid periodically	Rs.45/- per Rs. 1000 sum assured per year
6.	Children Policy (Bal Jeevan Bima)	Adult: <45 Children: 5 -20	Maximum sum assured Rs.1 lakh or equal to the sum assured of the parent, whichever is less	Rs. 48/- per Rs. 1000 sum assured per year

Source: Rural Postal Life Insurance, India Post, Department of Posts, Ministry of Communications, Government of India, https://www.indiapost.gov.in/Financial/Pages/Content/rpli.aspx

Table 3

Performance of PLI & RPLI, 2018-2019

Type of Insurance	Aggregate No. of Policies (In Lakhs)	% of Total Volume	Aggregate Premium Income (In Crores)	% of Total Income
PLI	2.88	27.25	7978.35	76.74
RPLI	7.69	72.75	2418.88	23.26
Total	10.57	100	10397.23	100

Table 4

Performance of PLI & RPLI, 2019-2020

Type of Insurance	Aggregate No. of Policies (In Lakhs)	% of Total Volume	Aggregate Premium Income (In Crores)	% of Total Income
PLI	2.46	27	7035.50	74
RPLI	6.64	73	2438.24	26
Total	9.10	100	9473.74	100

Table 5

Performance of PLI & RPLI, 2020-2021

Type of Insurance	Aggregate No. of Policies (In Lakhs)	% of Total Volume	Aggregate Premium Income (In Crores)	% of Total Income
PLI	2.45	28	8087.91	74
RPLI	6.20	72	2820.89	26
Total	8.65	100	10908.80	100

Table 6

Performance of PLI & RPLI, 2021-2022

Type of Insurance	Aggregate No. of Policies (In Lakhs)	% of Total Volume	Aggregate Premium Income (In Crores)	% of Total Income
PLI	3.08	72	6576.10	75
RPLI	1.19	28	2192.00	25
Total	4.27	100	8768.10	100

Table 7

Performance of PLI & RPLI, 2022-2023

Type of Insurance	Aggregate No. of Policies (In Lakhs)	% of Total Volume	Aggregate Premium Income (In Crores)	% of Total Income
PLI	132.42	20	9849.86	72
RPLI	517.32	80	3774.94	28
Total	649.74	100	13624.80	100

PLI & RPLI Volume Progression

Type of Scheme	Mean	SD
PLI	34.85	21.0176
RPLI	65.15	21.0176

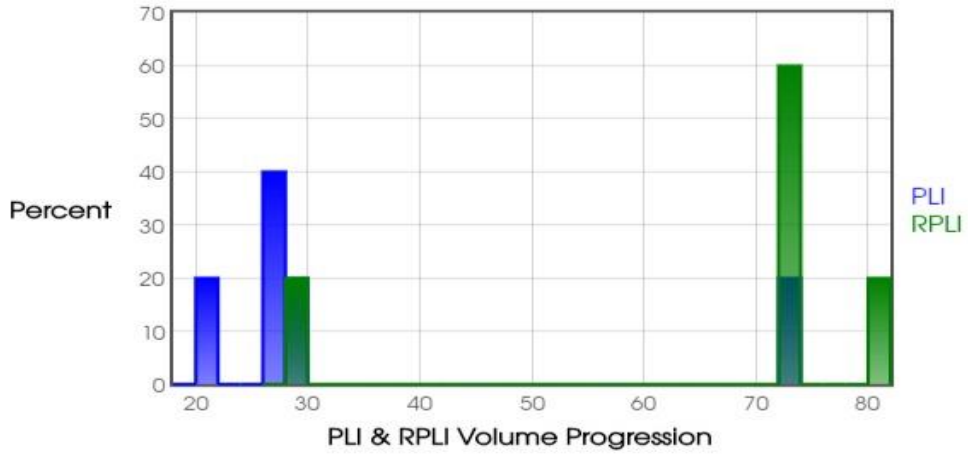

Figure 1, PLI & RPLI Volume Progression

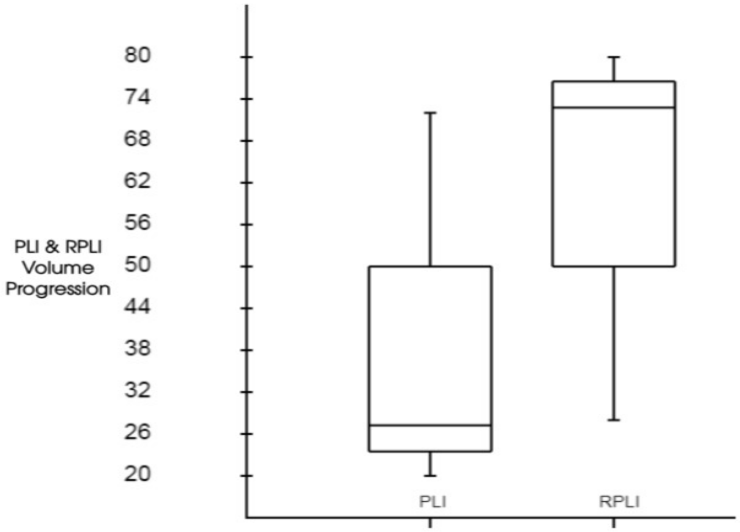

Figure 2, PLI & RPLI Volume Progression

PLI & RPLI Income Progression

Type of Scheme	Mean	SD
PLI	74.348	1.725
RPLI	25.658	1.725

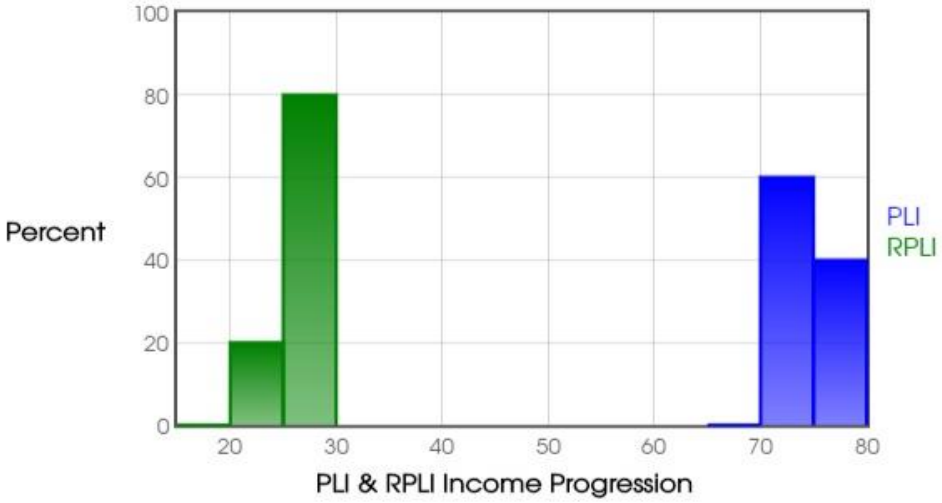

Figure 3, PLI & RPLI Income Progression

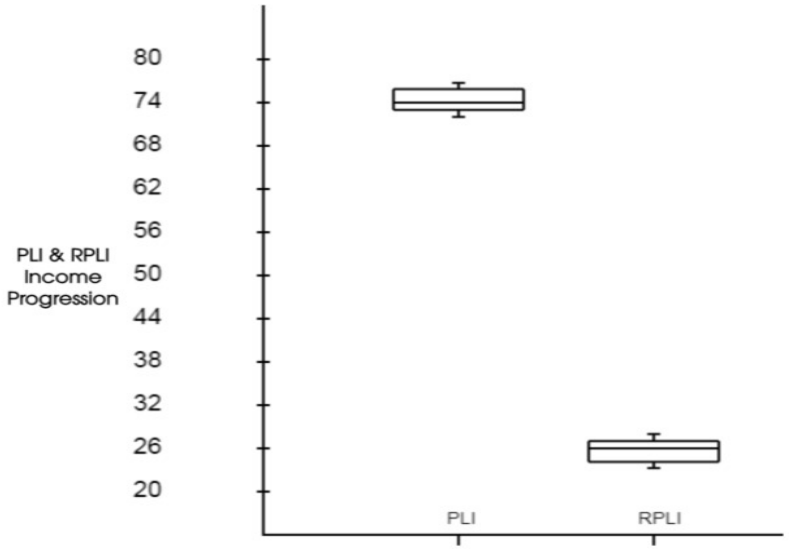

Figure 4, PLI & RPLI Income Progression

Test of Hypotheses

1. The test results of the Chi-Square Statistic are ***7.6073, DF: 4 and p-value: 0.1071***. Hence the null hypotheses, different life insurance schemes offered by the India Post are asymmetric and inconsistent in their business performance is found true and accepted. So the alternative hypothesis in this context is rejected. The probability of seeing a chi-square statistic of 7.6073 or greater is 0.1071. That is, if there really is no relationship, then 10.71% of similarly collected samples will have a chi-square statistic of 7.6073 or greater. Here the inference is that different life insurance products of the India Post are asymmetric and they have an inconsistent business performance.

2. Two-sample Wilcoxon rank-sum (Mann-Whitney) test on the difference between the growth in income of the PLI and RPLI products arrived a **p-value of 0.0122** and so rejected the null hypothesis; there is no constant and substantial growth in income of the PLI and RPLI products. The test results are; Wstatistic: **W= 40, Mean of W under H0: μW = 27.5, Standard Deviation of W under H0 (with tie correction): σW = 4.7871, z Value for Test (with continuity correction): z = 2.5067, Critical z Value: z∗=1.96.** Therefore the alternate hypothesis is accepted and inferred that there is a constant and substantial increase in the income of PLI and RPLI products of the India Post.
3. The **t-test value** for the volume business and income of the PLI is **4.1881** and **p – value is 0.0127** which shows a clear difference between the two variables. The **t-test** value for the volume business and income of the RPLI is **4.1383 and p – value is 0.0134** and shows a clear difference between the two variables. Hence the null the null hypothesis; there is no significant difference between the volume of business and income of the PLI and RPLI products is rejected and inferred that there is significant difference between the volume business and income of PLI and RPLI.

Findings

1. Postal Life insurance (PLI) and Rural Postal Life Insurance (RPLI) are the two major life insurance products offered by the India Post. There are different schemes available under these products. Government employees, employees working in Defence and Para-Military Services, Public Sector Undertakings, Banks, Educational Institutions, Local Bodies, professionals (such as doctors, engineers, chartered accountants, MBAs, lawyers etc.) and employees of companies listed with National Stock Exchange (NSE) / Bombay Stock Exchange (BSE) are eligible for the subscription of PLI. But RPLI schemes are offered to the rural people of the country.
2. The number of policies and volume business of PLI and RPLI are not similar. The volume business of RPLI is more compared to the PLI. But in the context of income generation by means of premium, PLI is at the top.
3. Different life insurance schemes offered by the India Post are asymmetric and inconsistent in their business performance.
4. The comparative evaluation of the income progression of the two life insurance products; PLI and RPLI, both are showing a constant and substantial increase in their sales growth.

5. Even though, the two life insurance products are structured and marketed by the India Post, there exists a significant difference in their volume business and income generation capacity.

Conclusion

Life insurance schemes of the India Post need to be more popularized for the benefit of the common people of the country. It would be better if the postal department pays special attention to this end. Postal life insurance schemes are currently offered only to government employees and if they are designed to benefit all sections of the population, it will be of great advantage to the people and India Post. If various schemes are included under the current PLI and RPLI, it is possible to increase the volume of business and thereby increase the revenue of the insurance business. At present, life insurance is not the mainstream service and business of the India Post. An approach of more professionalization and industrialization of this functional segment would help the India Post to attain a leading position in the life insurance sector of the nation.

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