FUNERAL INSURANCE
AN INNOVATIVE PRODUCT
A STUDY WITH REFERENCE TO PUNE CITY

Nitesh Behare¹, Vidula Dharmapurikar²
Assistant Professor
Institute of Business Management & Research
Wakad, Pune
beharenb@gmail.com, vgoswami86@rediffmail.com

Abstract

The term funeral insurance can mean different things to different people. Burial insurance might not take away the pain of a death, but it can make funeral planning management and it can help with funeral costs after a sudden loss. Just like health insurance, funeral expense insurance helps to defray the costs of funeral and burial. Even with inflation, insurer can plan for the costs of his death to be minimal, if present at all. With funeral insurance, insurer can help their loved ones know exactly what to do--and insurer can foot the bill too. No one wants to go to a funeral, cry, and then be handed a bill, though in a discreet and compassionate way. With a funeral insurance plan, insurer can ensure no one but he himself is paying for his death.

Keywords: Insurance, Funeral, Burial, funnus, general insurance, health insurance

1. Introduction

A funeral is a ceremony for celebrating, sanctifying, or remembering the life of a person who has died. Funerary customs comprise the complex of beliefs and practices used by a culture to remember the dead, from interment itself, to various monuments, prayers, and rituals undertaken in their honor. These customs vary widely between cultures, and between religious affiliations within cultures. The word funeral comes from the Latin funus which had a variety of meanings, including the corpse and the funerary rites themselves. Funerary art is art produced in connection with burials, including many kinds of tombs, and objects specially made for burial with a corpse.

Funeral insurance, also known as “pre-need” insurance, is life insurance that you buy specifically to pay for your final expenses, such as the funeral service, caskets, flowers, etc. Usually, the funeral home is listed as the beneficiary up to a certain amount through a trust, with any balance going to another named beneficiary.

Insurance

In law and economics, insurance is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for payment. An insurer is a company selling the insurance; an insured, or policyholder, is the person or entity buying the
insurance policy. The insurance rate is a factor used to determine the amount to be charged for a certain amount of insurance coverage, called the premium. Risk management, the practice of appraising and controlling risk, has evolved as a discrete field of study and practice.

2. Objectives of the study

- To analyze potential market for funeral insurance.
- To study consumer perception towards the funeral Insurance.
- To study the opportunities and threats for such type of policies.

Research Methodology-

- Sample size - 300
- Sample universe - Policy Holder and non policy holder of Pune and Pimpri- Chinchwad City having edge more than 18 years
- Sampling Technique - Convenient Random Sampling Technique
- Location - For research purpose data is collected by means of Questionnaire form various locations of Pune (Kalyani Nagar, Koregaon Park, Swargate, Kothrud, Katraj and Hadapsar) and Pimpri-Chinchwad (New Sangvi, Pimpri, Akurdi, Pimple Nilakh, Wakad and Nigdi Pradhikaran) area.

- Data collection tool - Questionnaire

Limitations

- All findings are related to the Pune and Pimpri Chinchwad city only. The findings may not be applicable to all over India.
- The responses given by the respondents may not be cent percent accurate.
- There are chances for exaggeration for about expenditure and under estimation of income.
- Inability of human mind to remember certain facts also poses a limitation.
- Despite these limitations the study will be of use to the insurance sector to survive with the competitive strength in the light of foreign competition by strengthening its foothold in the rural market.

SWOT analysis of Funeral Insurance:

Strength:
Potential market much more than sufficient.

Could be a unique product in the Indian market.

The above two can leads to improve financial status of the nation.

Could be useful for those who live in old age homes.

Could be helpful to analyze mortality ratio.

Weakness:

- More difficult to convince the customer to buy the product.
- Can take more time to penetrate in the potential market.
- It is only based on the life of the insurer and cannot convert in term plan.
- As India is multi religious as well as multi caste and community country, the chances of getting success of such type of product is very low.

Opportunities

- There could be a monopoly for a particular insurance company.
- Can generate more capital.
- Can generate more employment.

Threats

- Behavioral approach of the customer towards the insurance.
- Current living standards of the customers
- Perception of the Indian customer not allow to them to pay the cost of death.

3. Data analysis

1. Do you think your Funeral should be ROYAL?

<table>
<thead>
<tr>
<th>Do you think your Funeral should be ROYAL?</th>
<th>0%</th>
<th>100%</th>
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</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
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</tbody>
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2. Would you like to invest in any insurance policy which covers your risk of life as well as a funeral expenses?

![Pie chart showing 94% Yes, 6% No]

3. Would you like to buy Funeral Insurance policy alone?

![Pie chart showing 96% Yes, 4% No]

4. If yes, for whom would you like to buy funeral Insurance policy?
4. Result and discussion

- Almost 90 percent of the respondents have either life insurance or general insurance policy, which indicates the awareness of the insurance amongst them.
- Out of those respondents who are having any type of insurance policy, have responded that, 48 percent respondents are having both life insurance and general insurance policy, where 37 percent respondents only life insurance policy.
- Out of those respondents who do not have any type of insurance policy, responded that, 41 percent of the respondents wish to buy only life insurance policy, where 35 percent wants to buy both life insurance as well as general insurance.
- As Investment in an insurance policy is a Tax saving tool, 59 percent of the respondents had invested for the same purpose. Only 19 percent thinks that purpose of insurance is to secure their lives against uncertainties.
- 76 percent of the respondents pays insurance premium below Rs. 50000/-, whereas only 7 percent of the respondents are paying more than Rs. 100000/- as premium.
- As the concept of Funeral Insurance is very new in the industry, only 8 percent of the respondents are aware of the product.
- 69 percent of the respondents, out of those respondents who are aware of the funeral insurance, came to know from magazine.
- 81 percent of the respondents feels that everyone’s funeral should be royal, which we can interpret that “Like all other functions funeral would be celebrated”
- Every respondent feels that their funeral ceremony should be ROYAL.
- 94 percent of the respondents wish to invest in such type of policy which covers risk of life as well as funeral expense.
- 96 percent of the respondent does not want to invest funeral policy alone.
- Out of those who wish to invest in funeral insurance, like to invest for spouse.
91 percent of the respondents feel that funeral expenses are not more than Rs. 50000.

5. Conclusion

As Funeral is the sentimental condition of everyone’s life, it is very difficult to marketize the concept of funeral insurance. India is multi religious and multi caste & community nation, again it will create many problems to implement funeral insurance policy. One more factor which can harm the applicability of the policy is living standard of the population.

Only 17 percent of the Indian population is insured under life insurance policies, which shows the unawareness of the population towards the insurance. If any insurance company wants to launch the concept of the funeral insurance, the funeral insurance must be attach to life insurance policies.

References