



A STUDY OVER RECENT TRENDS IN INSURANCE MARKETING

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Abstract- Human life is a most important asset and life insurance is the most important type of insurance which provides financial protection to a person and his family at the time of uncertain risks or damage. Life insurance provides both safety and protection to individuals and also encourages savings among people. Risk is inherent part and parcel of our lives. None of us know what is going to happen to us in the future but what we do know is that accidents happen. This is the simple idea that the insurance industry is founded on. The insurance industry in India has changed swiftly in the turbulent economic environment throughout the world. Indian insurance companies have become competitive in nature and are undoubtedly serving customers in manifold ways. One of the important contractual savings institutions is life insurance which provides multi-dimensional services having a significant impact on economic growth. Insurance is one of the demanding financial products in India. Its basic motto is to protect the family from any uncertainty in life. So it is long term investment and need knowledge about that. Indian life insurance is too old. In the present study, insurance strategies, trends are considered. Product innovation, profitable growth, multi-channel distribution and ethical practices in business are few factors to be considered.

Keyword - Life Insurance, LIC, Privatization, Loan, General Insurance Corporation.

I. INTRODUCTION

Life insurance is a must for everyone because life is very precious. With a population of over one billion, national and international life insurance companies, see India as a land of opportunities and a market for big business. Until 1999, the business of life insurance in India was the monopoly of life insurance Corporation of India (lic).[1] Privatization witnessed dynamic changes in the insurance industry and most of the private insurance companies are joint ventures with recognized foreign players across the globe. Customers are the main pillar of life insurance business. Every company tries to attract and retain existing customers to keep their profits high. The proper understanding of customers, their needs and expectations help insurance providers to bring improvement in product as well as services offered.[2] When compared with the developed foreign countries, the Indian life insurance industry has achieved only a little because of low consumer awareness, poor affordability, delayed customer services, lack of suitable products. In today's cut throat competition, it becomes essential for life insurers to provide better customer services, spread more awareness, emphasis on need based innovative products and reasonable price. So that, every individual may avail the benefits of insurance and protect their lives against future uncertainties. Insurance can be broadly categorized as life insurance, non-life insurance and reinsurance. [3]

Life insurance represents the long- term funds whereas the non-life insurance represents short –term funds. Reinsurance can be defined as security of other insurance company against loss.

II. INSURANCE COMPANIES

These institutions on the contractual basis collect funds at regular intervals. These financial intermediaries that are characterized by a high level of security can anticipate paying its obligations in the coming years, so unlike depository institutions may not be affected by the current loss. They are not the main concern of achieving liquidity assets, and therefore tend to have long-term investments in corporate bonds, shares and mortgages.[4] The insurance industry has a very important role in the financial systems of countries around the world. The world market for insurance year after year records an increasing growth, largely thanks to the opening of the insurance market in developing countries. Insurance markets in developing countries until recently were closed to foreign companies, and therefore, due to the lack of competition and adequate knowledge management, insurance companies were inadequately developed.[5]



GENERAL INSURANCE COMPANIES



Figure 1: Top insurance companies

The insurance industry today, despite the great importance it has in the developed parts of the world, gets the increasing influence on the markets of developing countries. In developed countries, there is almost no one who does not have one or more insurance policies: life insurance, health insurance, disability insurance, auto liability, auto insurance, fire insurance, etc.[6]

III. PRESENT STATUS OF GENERAL INSURANCE IN INDIA

Government of India through The Insurance Regulatory and Development Authority Act 1999 opened up the insurance sector to private players as part of economic liberalization and globalization policy and amended The Insurance Act 1938 and ended the monopoly of the public sector Insurance companies. Since then, 23 private General Insurance companies in addition to the six public sector general insurance companies (including ECGC & Agriculture Insurance Company) have been registered by the IRDA and are working in the country [7].

As a result of General Insurance Business (Nationalization) Act 1972 which came into existence with effect from 2-1-1973, four public sector insurance companies were formed viz., National Insurance Company Limited with its head office at Kolkata, New India Assurance Company Limited with head office at Mumbai, Oriental Insurance Company Limited with head office at Delhi and United India Insurance Company Limited with head office at Chennai. All these four public sector companies were working as subsidiary companies of the General Insurance Corporation of India with its head office in Mumbai.[8]

The organization of the public sector companies consists of a Corporate or Head Office which controls and coordinates few Regional Offices, each of which is located in most of the states of the country. Regional office controls few Divisional Offices located in the jurisdiction of the region. Divisional Office may or may not have Branch Offices under its control [9]. The divisional/Branch Office serves directly to the customers. After the opening up of the General Insurance business to the private companies in the year 1999 all the four public sector insurance companies were de-linked from the General Insurance Corporation of India and the GIC it was renamed as the National Re-insurer.

IV. STRUCTURE OF INSURANCE SECTOR

The development of the life insurance market has positive effect on economic growth. The LIC was founded in 1956 when the parliamentary of India passed the life insurance of India act that nationalized the private insurance industry in India. LIC slogan is in Sanskrit “yoga kshemem wahan yam” which translated in English as “your welfare is our responsibility”. This is derived from the ancient Hindu text, the Bhaagawat geetha’s 9th chapter, 22nd verse. The life insurance industry started with a modest beginning in the year 1957 with 82 cores of funds. The business performance of life industry for the period ending 31-12 -1956 was 13 cores first year premium on 9.5 lakh policies. The no. of direct agents was 12,387 in the year 1958. It is the 2nd biggest real estate after Indian railways. In term of policies paid 96.97% in the year of 2014-15 and 99.55% in the year of 2015-16. [10]

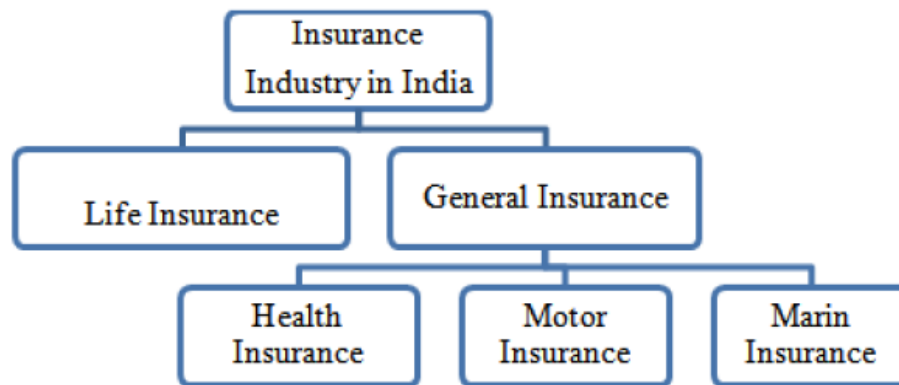


Figure 2: Types of Insurance Sector

V. MARKETING STRATEGIES ADOPTED BY LIC

In order to facilitate their consumers expediently LIC of India has adopted wide-ranging marketing strategies to acquire reach, frequency and impact onto the panorama of life insurance coverage. This section of the research study will focus on the diverse marketing strategies adopted by LIC of India to reduce the competitive pressure and uphold their first position in the Indian life insurance market.[11]

Facilities to their existing employees

LIC of India believes and functions on the principle that if they have to continue as a market leader then it is imperative that the employees of the organization should be satisfied. LIC of India have worked thoroughly and introduced many new strategies as a part of marketing tool to satisfy their employees [12]. LIC of India provides amenities to their employees such as:

- Housing Loan to Agents

LIC of India offer home loans to the agents of the corporation under the Agents Housing Scheme. LIC of India has a separate sister concern working under LIC- HFL from where many housing schemes are transferred for better throw.

- Meal Coupons to employees

In Sep. 2010, LIC of India has launched a very unique facility to their employees at every level. The amount of Meal coupon is decided depending upon the hierarchical position of every employee. The organization is also planning to introduce petrol/Diesel/CNG coupons for their employees very soon.

- Sports

The employees of LIC of India are encouraged to take part in several sports activities for physical fitness and overall personality development. The employees of LIC of India have also represented the corporation at various national and international echelons. With a view to retain competitive excellence in the field of sports and to compete on equal footing with other organizations, LIC of India has recruited many employees from their Sports Recruitment Quota.

- Employees' Training

LIC of India has started providing training to their employees at every hierarchical position. LIC of India has formed a separate Human Resources Development / Organizational Development (HRD/OD) Department focusing on building and strengthening competencies, commitment and building learning and performance centered culture in the organization. For this purpose training sessions are conducted in a big way across all zones using in-house as well as National / International Training Institutions of repute. LIC of India has organized training programs at IIM's, MDI Gurgaon, certificate AWI program by CII England and many others.[13]

VI. EMERGING TRENDS

- India with about 200 million middle class household shows a huge untapped potential for players in the insurance industry. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. The insurance sector in India has come to a position of very high potential and competitiveness in the market. Indians, have always seen life insurance as a tax saving device, are now suddenly turning to the private sector that are providing them new products and variety for their choice.
- Consumers remain the most important center of the insurance sector. After the entry of the foreign players the industry is seeing a lot of competition and thus improvement of the customer service in the industry. Computerization of operations and updating of technology has become imperative in the current scenario. Foreign players are bringing in international best practices in service through use of latest technologies.



- The insurance agents still remain the main source through which insurance products are sold. The concept is very well established in the country like India but still the increasing use of other sources is imperative [14]. At present the distribution channels that are available in the market are listed below.
Direct selling
Corporate agents
Group selling
Brokers and cooperative societies
Bank assurance
- Customers have tremendous choice from a large variety of products from pure term (risk) insurance to unit linked investment products. Customers are offered unbundled products with a variety of benefits as riders from which they can choose. More customers are buying products and services based on their true needs and not just traditional money back policies, which is not considered very appropriate for long-term protection and savings. There is lots of saving and investment plans in the market.
- Internet and technology has helped a lot to insurer. Now policy procuring through online is economical than buying the same plan from agent. The major problem is not getting the support from the agent for that policy, if there is a claim or maturity. The person has to keep direct contact with the company.
- From 2010, the no of advisors have decreased in the industry. The no of agents declined by 29% from March 2010 to March 2013. Also it is expected that more agents will leave the industry. Under this situation, Claim management will be tougher for the companies. As people buy insurance because of the face value of agents, assistance of them is highly essential for good business. [15]

VII. SUGGESTIONS

- Insurance is a co-operative device to share the burden of risk, which may fail on happening of some unforeseen events.
- The contract also provides for the payment of premium periodically to the corporation by the policy holder.
- The development of the life insurance market as positive effect on economic growth.
- General insurance covers insurance of property against fire, burglary, theft; personal insurance covering health, travel and accidents; and liability insurance covering legal liabilities.
- LIC's Insurance Plans are policies that talk to you individually and give you the most suitable options that can fit your requirement.

VIII. CONCLUSION

Life insurance is an important form of insurance and essential for every individual. Life insurance penetration in India is very low as compare to developed nation where almost all the lives are covered and stage of saturation has been reached. It is very vital for the insurance companies to survive in the globally competitive scenario. They have to adapt themselves with the turbulent environment. This industry is going to face more challenges due to change in economy and employment. More no of players around the world have planned to enter into India looking to the potential available here. Probably understanding the customer expectation and attitude for this product is the important. There is time to re-engineer the business model. There are many factors which affect customer's investment decision in life insurance and from the study it has been concluded that demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies.

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