Chapter-6

Conclusion and Suggestions

6.0 FINDINGS AND SUGGESTIONS

The life insurance companies deals in intangible product. With the entry of private sector, now the competition is becoming intense. In order to satisfy the customers, every company is trying to implement marketing mix programme. The Indian insurance market is likely to witness a sea change in the realm of changing liberalized scenario. The customer driven market would result a lot of flexibilities and innovations in products, pricing, distribution channels and communication mechanisms. The IRDA with its developmental and regulatory guidelines is promoting competition, fairness and reliability and at the same time protect insured against excessive, inadequate or unfairly discriminatory rates. In this regard the research is carried out and a deep and careful analysis is made. The present chapter reveals the main findings of the study which is divided into two sections. Section-I comprises findings of the study and Section-II constitutes suggestions based on findings.

6.1. Findings of the Study

6.1.1 Based on Questionnaire for Executives
Total 190 respondents (employees of insurance companies) investigated across hierarchy and nature of organization. The hierarchy level of respondents is 50 respondents are at junior level, 62 respondents are at middle level and 78 are at senior level. Analysis on the basis of organization revealed that 114 respondents belong to public insurance company (LIC) and rest (78) respondents belong to private insurance companies. The findings have been drawn with respect to marketing mix, product policy, pricing policy, distribution policy and promotion policy of life insurance companies in India.

(a) Marketing-mix

Hierarchy-wise analysis reveals that the difference is significant between the means of junior, middle and senior level respondents about briefing mix plans to outside contractors (MM 9) while the difference is not significant between the means of respondents of said hierarchy regarding the rest dimensions of
marketing mix (MM 1, MM 2, MM 3, MM 4, MM 5, MM 6, MM 7 and MM 8) by marketing department of life insurance industry. Hierarchy-wise analysis examined that the respondents at junior level, middle level and senior level have same opinion regarding Mix Ingredients, Mix development and Mix Adjustment. They do believe that insurance firms understand and implement all the suggested variables for Mix Ingredients, Mix Development and Mix Adjustment.

The organization-wise analysis abstracted that there is significant difference between the means of respondents of public company and private companies regarding quantification of expenditure for marketing mix (MM 2). On the contrary, the difference is not significant between the means of public and private sector respondents regarding the rest dimensions of marketing mix (MM 1, MM 3, MM 4, MM 5, MM 6, MM 7, MM 8 and MM 9) by the marketing department of life insurance industry. Organization-wise analysis extracted that the opinion of respondents of public and private companies are same regarding all the three factors of marketing mix.

(b) Product Policy
There is significant difference between the means of respondents of various age group regarding funds are allocating towards developing and supporting brands (PP 8). The difference is not significant regarding developing unique features and benefits (PP 3), policy portfolio is balanced (PP 5), investment recovery analysis forms integral part (PP 6) and notion of added value recognized as a part of enriching policy (PP 7), marketing department seeks to anticipate need and develop policy accordingly (PP 1), policy is always consistent with insurance firms’ objectives (PP 2), insurance firm screens policy idea in systematic ways (PP 4) and a deletion policy is existed to monitor performance of policies (PP 9). Factor analysis of product policy determined that total four factors are extracted out of nine original variables namely Integrated Product Policy (Factor 1) which is combination of four original variables (PP 3, PP 5, PP 6 and PP 7), Consistent and Compatible Product Policy (Factor 2) which is combination of PP 1 and PP 2, Monitoring
Performance (Factor 3) made up of PP 4 and PP 9 and Brand Development (Factor 4) is made up of single variable (PP 8).

Further, on the basis of hierarchy-wise analysis it is concluded that the means of junior, middle and senior level respondents are significantly different regarding PP 4 and PP 9 while the difference is not significant between the means of respondents of various hierarchy regarding PP 1, PP 2, PP 3, PP 5, PP 6, PP 7 and PP 8. Hierarchy-wise analysis revealed that opinion of junior, middle and senior level respondents are same regarding Integrated Product Policy and Consistent and Compatible Policy while they have different opinion regarding Monitoring Performance. (Table II) Junior and middle level respondents have same opinion i.e. insurance firms always have deletion policy whereas senior level respondents stated that insurance firms sometimes have deletion policy.

There is significant difference between the means of public company and private company respondents regarding marketing department seeks to anticipate need and develop policy accordingly (PP 1) and policy is always consistent with insurance firms' objectives (PP 2). There is no significant difference between the means of respondents of public and private companies regarding PP 3, PP 4, PP 5, PP 6, PP 7, PP 8 and PP 9. Organization-wise analysis revealed that opinion of respondents of public and private companies are different regarding Consistent and Compatible Policy. The respondents of public company stated that insurance firms rarely develop policy in response to identified needs while the respondents of private companies stated that insurance firms sometimes develop policies in response to identified needs. They have same opinion regarding all rest of factors of product policy.

(c) Pricing Policy
There is no significant difference between the means of respondents of various hierarchy levels (junior, middle and senior) regarding PRC 1, PRC 2, PRC 3, PRC 4, PRC 5, PRC 6, PRC 7, PRC 8, PRC 9 and PRC 10.
Hierarchy-wise analysis revealed that the respondents at junior, middle and senior level have same opinion regarding all dimensions of pricing policy.

The means of the public company and private company respondents are significantly different regarding PRC 2, PRC 3, PRC 4, PRC 6, PRC 7, PRC 8 and PRC 9. The difference between the means of respondents of various hierarchies is not significant regarding PRC 1, PRC 5 and PRC 10. Organization-wise analysis investigated that the respondents have different opinion regarding Integrated and Developing Pricing Policy. The respondents of public company expressed that insurance company always consider needs while fixing the prices, always pricing policy is integrated with marketing mix, pricing policy is always flexible, pricing policy always pay attention to various segments, always firm make price adjustments and firm sometimes use discounts while respondents of private companies stated that firm sometimes analyze needs, pricing policy sometimes integrated with marketing mix, pricing policy rarely is flexible, rarely pay attention to various segments, firm do sometimes adjustments and firms rarely use discounts.

(d) Distribution Policy
There is no significant difference between the means of respondents of various age groups regarding distribution is managed in an integrated fashion with rest of marketing mix (DP 2), quantitative as well as qualitative both criteria are used to select intermediaries (DP 4), insurance firms set targets with mutual consent of intermediaries (DP 5), insurance firm has sound and effective distribution policy (DP 1), deep analysis is carried out to select intermediaries (DP 3), firms constantly seek some criteria which evaluate relevance and value of service element to customers (DP 8), firms’ delivery system is compatible with customers’ acceptance system (DP 6) and firm has system to respond to the complaints of customers (DP 7). Respondents, junior level, middle level and senior level respondents and public company and private company is same regarding all dimensions of distribution policy.
(e) Promotion Policy
Respondents, junior level, middle level and senior level respondents and respondents of public company and private company is same regarding all dimensions of communication policy.

6.1.2 Based on Questionnaire for Policyholders
This questionnaire is used to assess the customer satisfaction regarding life insurance policies. Total 355 respondents (policyholders) are investigated during the research and analysis is carried out across age and qualification. Out of 355 policyholders 98 belongs to 25-40 years age group and majority (257 respondents) belongs to 40 years and above age group, Total 152 respondents are graduates, 122 are post-graduate and rest of (81 respondents) M. Phil. / Ph. D. The analysis is carried out regarding product satisfaction, agents’ services and office services. The findings have also drawn with the help of SERVQUAL Model.

(a) Product Satisfaction
It can be accomplished from the analysis that when all the benefit of life insurance policies are compared, tax benefit perceives as very high as compared to other benefits by the policyholders of different age group and qualification. Risk protection, savings and retirement benefit perceives as high while the benefit of life insurance policies as children’s education and marriage is considered as OK to high and finally the investment benefit is considered as OK to very low.

Analysis revealed that age-wise and qualification-wise respondents are satisfied with the dimensions of need satisfaction (combination of tax benefits, risk protection, savings and investment benefits). It further revealed that graduate policyholders are more satisfied than post-graduate and M. Phil. / Ph. D. policyholders.

Respondents of various age group and qualification are of same opinion that life insurance policies are charging reasonable premium.
The policyholders of both age groups think that the liquidity of life insurance policies is lower as compared to other financial instrument (PPF, Bank deposits, UTI, NSC and Postal Savings). Return on life insurance policies has perceived at par by policyholders of below 40 years age group while policyholders of 40 years and above age group presume it as better. Safety has been presumed as better by policyholders of both age groups. It can be whispered that postgraduate and M. Phil. / Ph. D. policyholders perceives that the liquidity of life insurance policies is lower than other financial instruments whereas graduate policyholders presumes that liquidity of life insurance policies is better. It can be extracted surprisingly that the policyholders of various qualifications cannot say anything about return on life insurance policies as compared to other financial instruments. Further, it can be concluded that the policyholders of all qualification group feels that life insurance policies are more safe than other financial instruments. Through factor analysis of product satisfaction it is concluded that financial features is extracted as the most important feature followed by product feature and risk feature.

(b) Agents’ Services and Office Services

The respondents of various age group rate presale (selection of policy, counseling for financial needs, knowledge and competency, benefits of various policies, friendliness, assistance in filling up necessary forms and attentive to consumers), post sale (agents’ visit to their customers, reviewing the insurance needs, assistance in remittance of premium, assistance in premium notice, assistance in policy documents and assistance in other sale services) and office services (appearance of branch, convenient operating hours, competent, communication, assurance of information, responsiveness, reliability, empathy, system and procedure and understanding of consumers) as OK to good. Respondents of various qualification rate OK to very good. The important factors comes out to be sending of premium notice, timely assistance in remittance of premium and providing satisfactorily intermediaries services. Factor analysis to determine office services revealed that customer concern is most significant factor followed by organizational
competency and tangibility. Customer concern defines responsiveness, reliability and empathy.

6.2 Suggestions

Based on the above findings certain suggestions are made for the improvement in marketing strategies in life insurance companies.

(a) Marketing mix

1. The insurance firms should focus on the concept of marketing mix and they should implement the concept.
2. Insurance firms should quantify the level of expenditure for its mix ingredients.
3. Insurance firms should study elasticity of mix ingredients.
4. Insurance firms should carry out careful analysis in order to identify most effective and most economic mix.
5. Insurance firms should analyze its competitors' mix while implementing marketing mix.
6. Insurance firms should review whole mix in detail and so that each segment gets its own assemblage of mix components.
7. Insurance firms should review its marketing mix on regular basis.
8. Marketing department of insurance firms should call other functional department while developing marketing mix.
9. Marketing department should provide the detail of their thinking on the subject supported by mix plan.

(b) Product Policy

1. Insurance firms should realize that money spent on brand development constitutes an investment likely to strengthen the policy position in market place.
2. Insurance firms should explore new policy ideas in systematic way.
3. Insurance firms should have procedure to monitor their policy performance and they should have deletion policy for low performing policies.
4. Marketing department should anticipate customers' need first and then develop mix.

5. Insurance company should ensure that policy is consistent with objective of firms.

(c) Pricing Policy
1. Insurance companies should make its pricing policy as an integral part of firms' overall strategy.
2. Marketing department should study price elasticity while fixing the price.
3. Insurance companies should analyze the pricing performance of policy on regular basis.
4. Insurance firms should analyze customers' need while fixing the price.
5. Pricing policy should be integrated with marketing mix.
6. There should be criteria available for price adjustment according to life cycle.
7. Company should use discounts and it should be considered as an integral part of marketing and pricing strategy.
8. Company should get constant feedback of market attitude to its pricing policy and it plans a response to such input.
9. Companies should not only do the prices respond to the existence of segment but the whole mix is analyzed and differentiated appropriately.

(d) Distribution Policy
The present distribution strategy is well focused and well performing. Analysis do not suggest any suggestions but bancassurance, retail shops, internet and a strong brokerage system could be emerged as innovative and effective distribution channels in life insurance sector.

(e) Promotion Policy
1. Company should review promotional objectives and strategy on regular basis.
2. Company should welcome new idea for communication.
3. Company should treat its communication policy as an integral part of its image and it should develop compatibility between image and communication policy.

6.2.1. Customer satisfaction

(a) Product Satisfaction

1. It would be useful if the premium rates for policies are reviewed on regular basis, if with such reviews any reduction can take place, customers can be benefited more. And company could be able to tap potential customers (untapped customers).

2. Efforts should be made to increase the business of new policies and improve the retention of in force policy to greater level.

3. Total computerization of various functions of offices would also certainly help to cut the cost in long-run.

4. It would be suggested that premium in installments, switchover options to other plans and introduction to new innovative policies like policy for senior citizens and policy for women and weaker sections, policy for rural people help to create a perception of low cost or greater product satisfaction among policyholders.

5. Diversification into new areas like health and care insurance, pension, banking, credit and merchant banking may help in increasing the business and re-deployment of existing staff.

6. Life insurance policies need to be positioned on the basis of its product features after proper segmentation.

7. Recently mutual funds and unit linked plans are performing well. So company should launch such kind of policies to increase their business and benefits to the customers.

8. The liquidity aspects need to be improved than other financial products.

(b) Agents' Services

9. Efforts should be made to improve agents' counseling and presentation skills and develop versatile product knowledge of popular financial products. Special training programme should be designed.
10. They should be trained to explain the significant and important benefits to customers at the time of selling the policy.

11. They should develop professional attitude regarding assistance in policy documents, assistance in premium notice and selection of policy according to customers' need.

12. Agents should be paid renewal commission mainly for improving the retention of inforce-policies and for providing satisfactorily after-sale services to customers. The after-sale services of agents should be monitored by their branch manager periodically. And there should be reward system to motivate them.

13. More emphasis should be given on relationship marketing and integrated marketing. This kind of concept should be taught through training programme. Periodic training is useful to strengthen the systematic recruitment and selection of skilled agents. In this way, cost could be reduced in long-run.

(c) Office Services

14. In urban areas customer concern factor should be focused more. It includes responsiveness, empathy and reliability.

15. Efforts should be made to develop a value system for quality at all levels of the organization. Training should be given to improve technical skills, customer related skills and problem-solving skills. Infrastructures of offices should be improved and necessary facilities like drinking water, seating arrangement, parking facility, fans and toilets should be improved.

16. Internal inspection system has to be made in conformance with the customer data. And try to build an organization as customer friendly organization.

(d) Service Quality Model

17. The service quality index used in this study suggested that since the service quality parameters are linearly related to each other and they are interdependent, service quality need to be measured in totality with the help of such index. This would create a reliable quality measure general enough to be comparable and benchmark across the operating offices of insurance companies.
Figure: 6.1

Model for Profitability

A
Need of Customer

B
Product Mix

C
Pricing Mix

D
Promotion Mix

E
Customer Satisfaction

F
After Sale Service

G
Office Service

H
Profitability