CHAPTER - VIII

SUMMARY OF FINDINGS, SUGGESTIONS & CONCLUSION

The present research is an in-depth study on marketing of life insurance products in Coimbatore. In this chapter, the researcher presents a detailed summary of findings and constructive suggestions for the development of the insurance companies.

CHAPTER I

The insurance companies are playing an important role in the economic and social lives of the people. The insurance sector in India is nearly 150 years old. It is now in the third phase of its existence. The first phase was the long-growth phase before the nationalizations in 1956. They were all private sector insurers, and one was state-owned. In the second phase, the entire sector became a state monopoly. Marketing was never a strong point in the Indian Insurance Industry. Unfortunately, the industry has only been selling and not marketing the products all these years, because of monopoly status. In life insurance, although there was no element of competition to buy insurance, whoever needed it had only one supplier to fall back upon. The industry was wedded to the mantra of “Life Insurance is sold, not bought”. The end customer- the one who buys life insurance- did not merit sufficiently serious consideration because somewhere it is felt they belonged to the company. Selling of insurance products is often to be the most challenging among all types of selling because of its intangible nature.
In the third phase, has due to the impact of globalization, the organization underwent a sea change. The Insurance Industry in India is shaded with the monopolistic character. The life insurance in India has witnessed a significant surge in recent years that numerically raised the insurance players to 21 in 2008. The Indian life insurance sector has got the much-needed boost that reflected in a 15% to 16% annual business growth every year since the arrival of the private players in the scene. The private players had even recorded a 26% market share at the end of 2005-06. Their success could be attributed by numerous numbers of factors.

Competition has opened various options and made people aware of them. Distribution channels have themselves been subject to vast changes. As realization about the new market realities has set in, life insurers have begun to feel the need for a fresh look at the way they approach the marketplace and customers. The Indian market has a lot of potential for insurance products. In the Indian market, the insurance companies have to tread through a lot of challenges before finally establishing themselves in the Indian insurance market. The future growth of this sector will depend on how effectively the insurers are able to come up with product designs suitable to our context and are able to create awareness of the insurable products.

Life Insurance Corporation of India needs to focus on rendering cost effective quality to customers’ service. In India, real meaning of marketing has been lost due to experience focusing on short term extending even to 30-35 years. Sale is a single transaction, but servicing is a continuous business for an insurance company. It is this service function which is very important and needs to be provided with efficiency. In a
country of more than one billion population, LIC of India is expected to adopt mass marketing strategies to retain the existing customers and attract new customers. In this context it is necessary to study the marketing of life insurance services by insurance companies in Coimbatore.

CHAPTER II

In recent years, several studies with growth and development of life insurance sector as the major or one of the objectives have been undertaken by the Central Government, States in the country and private agencies including industries and universities. A brief review of some selected studies with their scope and their objectives may be useful for understanding the present scenario of insurance sector. An attempt was made to identify the research gap. The gaps are identified from the survey of literature that will help to do research on the problem.

Most of the research concentrated on the strong growth of Indian insurance sectors. Insurance markets have changed dramatically in recent years. Policyholders in India, who used to have only one company, now have a wide variety to choose from various life insurance companies. The fight to attract and keep customers has resulted in the development of relationship marketing strategies. The insurance companies are developing a mix of relationship marketing tools to establish and build profitable customer relationship. It is a well perceived fact that customer trust and commitment have become the important factors of business success.
There are very few studies related with trust and commitment in insurance sector with special reference to India. The present study proposes to identify the factors influencing trust and commitment of policyholders on their insurance companies in Coimbatore. The study focuses on marketing the services to the policyholders by public and private insurance sectors. The marketing of services can be successful only if there is a match between the service product from the customer’s point of view and supplier’s point of view. The study enumerates the opinion of the agents and policyholders’ trust and commitment on their insurance companies.

CHAPTER III

The research methodology adopted for this study is given in this chapter. Life insurance is a contract that pledges payment of an amount to the person assured (or his nominee) on the happening of the event insured against. The contract is valid for payment of the insured amount during the date of maturity, or specified dates at periodic intervals, or unfortunate death, if it occurs earlier. Among other things, the contract also provides for the payment of premium periodically to the Corporation by the policyholder. Life insurance is universally acknowledged to be an institution, which eliminates ‘risk’, substituting certainty for uncertainty and comes to the timely aid of the family in the unfortunate event of death of the breadwinner. The main objective of the study is to assess the problems faced by the agents and policyholders’ trust and commitment on their insurance companies.

Hypotheses have been framed to indicate the direction in which the research study should proceed. The hypotheses are tested in the study. The main objective of the
study is to assess the problems faced by the agents and policyholders’ trust and commitment on their insurance companies. The general plan of analysis ranges from simple descriptive statistics to multiple regression models. The extent and variation of trust and commitment of policyholders are measured through the scales and constructed on the basis of the scores of components.

The factor-wise analysis was made. The dependent variable trust and commitment was related to independent factors influencing the same. The respondents were grouped according to these factors and accordingly their mean and range of trust and commitment scores for each factor group were calculated. In order to find out the significance of the differences between the averages, analysis of variance and ‘F’ tests have been applied. In addition to this, the inter-relationship of each group was also studied for finding out the critical difference. For quantitative factors co-efficient of correlation and partial regression analysis have also been worked out.

In order to analyze the opinion of the agents of the insurance companies, the researcher has used the Garrett’s ranking method to rank their major opinion on marketing activities like Method of approach to policyholders, Basic services rendered to policyholders, Insurance product features, Motivational factors, Type of policy and Problems in marketing new products in the order of importance.
CHAPTER IV

Life insurance provides financial protection to beneficiaries-usually spouses and dependent children-upon the death of the insured. An attempt was made to provide the profile of selected life insurance companies with the type of products offered by them. There are many types of the life insurance policy. The important ones are, Endowment policy, Group Insurance, Joint life insurance policy, Loan cover term policy, Money back policy, Pension plan policy, Term life insurance policy, Unit linked insurance plans and Whole life insurance policy.

CHAPTER V

In this chapter, an attempt has been made to present the socio-economic status, of the policyholders of life insurance companies in Coimbatore. The main reason behind this exercise is to find out the present Socio-Economic status of the policyholders.

It is observed that the policyholders below the age of 30 constitute only 16.67% in private insurance companies. The policyholders above 50 years of age constitute 17.67%, and their percentage is minimal in LIC of India. It is inferred that the majority of the insurance policy holders are middle-aged.

It is found that the majority of the respondents are male in both the LIC of India and the Private sector insurance companies. The female policyholders are more in private sectors than the LIC of India. It is also found that the socially backward caste is
predominating in the sample respondents and the policyholders belonging to forward caste is least represented (13%).

The percent of married policyholders is 24 and unmarried policyholders is 76 in the LIC of India. The percent of married policyholders is 34.67 and unmarried policyholders is 65.33 in Private sectors. The study reveals that majority of the policyholders are married. It can be observed that about 40% of the respondents have school level education and the other 60% of them are graduates and post graduates.

It is inferred that around one half of the LIC policyholders are employees in various organizations, but about one half of Private insurance policyholders are business people. It is safely concluded that the agriculturists are also very much interested to take insurance policies in both the and Private insurance companies. It is observed that the female members are found to be more than the male members in the families of the respondents. It is also found that the dependent members are more than the earning members in the families of the respondents. The average size of the family is found to be 4.99 in the LIC of India and 4.74 in Private insurance sectors.

It is clear that more than one-third (33.33% in the LIC and 45.33% in the Private) of the families earned income above Rs.20000/- per month. Generally, the higher the level of income, the greater is the scope for savings. Besides, the size of savings depends upon other economic and non-economic factors as well.
CHAPTER VI

In order to analyze the opinion of agents of insurance companies, the researcher has used the Garrett’s ranking method to rank their marketing activities like Method of approach to policyholders, Basic services rendered to policyholders, Insurance product features, Motivational factors, Type of policy and Problems in marketing of new products in the order of importance. The variables like, Experience, Education, Nature of company, Occupational status and Income from insurance company are tested with the above said marketing activities by using ‘Chi – Square test’.

It is inferred from the analysis that the main methods of approach to policyholders in procurement of life insurance policies are frequent follow-up actions and prompt services of the insurance agents. It was found that the three variables, nature of the company, occupational status and education have significant relationship with method of approach to policyholders.

It is arrived from the analysis that the savings and tax benefits and family protection are the important features of life insurance products. It is found that the three variables, occupational status education and income from insurance companies has no significant relationship with the life insurance product features.

It is deducted from the analysis that the endowment and risk coverage plans are the popular type of life insurance policies. It was found that the two variables, nature of the company and experience have significant relationship with the type of life insurance policies.
It is inferred from the analysis that helping in policy documentation, assisting in loans and advances are the main services offered by the insurance agents. It is found that the three variables, nature of the company, experience and income from insurance companies have significant relationship with the various services of life insurance agents.

It is found that lack of support of development officers and unwillingness of the customers to take up the policy are the main problems in marketing of new life insurance products. It is found that the three variables nature of the company, experience and income from insurance companies has significant relationship with the various problems in marketing of new life insurance products.

It is observed that personal growth and development of life insurance agents is the main motivational factor. It is found that the two variables, nature of the company and occupational status have no significant relationship with the various motivational factors.

**CHAPTER VII**

Policyholders’ trust and commitment relating to the various factors influencing life insurance companies in Coimbatore is abstract and qualitative. It can be measured only indirectly through their opinions or response to various factors in their life insurance companies. A scale by name ‘Policyholders’ Trust and Commitment Scale’ has been constructed to measure the level of trust and commitment of each
policyholder-respondent. The Policyholders’ Trust and Commitment Scale has a maximum score of 180. The respondents have been grouped into three categories namely (i) Low level of trust and commitment (ii) Medium level of trust and commitment and (iii) High level of trust and commitment. This classification is done according to “Mean + SD” criterion. Their mean score is 122.15 and SD is 11.47.

It is observed that 152 policyholders have low trust and commitment. It works out to 25.30 per cent. There are 262 medium trusted policyholders (43.70%). Highly trusted policyholders are 186 (31%). It is found that majority of the respondents (43.70%) have medium level of trust and commitment. The highest percentage (33.33%) of highly trusted respondents is among the old and aged policyholders. The percentage of highly trusted is the highest among the unmarried respondents.

It is inferred that the average Trust and Commitment score of the Policyholders with Secondary level education is higher than that of the other groups. The percentage of highly trusted is the highest among the nuclear family respondents. The percentage of respondents with higher level of Trust and Commitment is the highest among the government/private employees. The percentage of respondents with higher level of Trust and Commitment is the highest and with lower level of Trust and Commitment is the lowest among the middle income group.

The percentage of respondents with higher level of Trust and Commitment is the highest among the endowment policyholders. The percentage of respondents with higher level of Trust and Commitment is the highest among the highly satisfied group. The percentage of low level of Trust and Commitment is low and the high level of trust
and commitment is high among the policyholders who are aware of the various schemes and products.

Twelve factors are identified and their influences on trust and commitment have been analyzed. The influence of each factor has been tested with the help of correlation co-efficient. Among the factors tested, the following are the significant influences on growth.

a) Age
b) Marital Status
c) Size of the Family
d) Monthly Income
e) Satisfaction
f) Awareness

The above statistical tests have proved that the following factors do not influence satisfaction.

a) Gender
b) Community
c) Education
d) Type of Family
e) Occupational Status
f) Type of Policy
Stepwise multiple regression analysis of five variables namely Awareness, Age, Satisfaction, Marital Status and Occupational Status had made significant contribution to the trust and commitment when the influence of other factors was kept constant.

HINTS FOR FUTURE RESEARCH

The researcher feels that any number of micro-level studies can be undertaken to study the performance of insurance sectors. This research work is done, in order to obtain greater insights into these objectives and suggest more effective and result-oriented action programme. These exercises can be undertaken by further researchers, concentrating on a specific problem such as feasibility of customer clubs with trust and commitment, how trust and related variables affect the length of the customer/service provider relationship and how the relationship commitment can be improved and its outcomes can also be undertaken.

SUGGESTIONS

On the basis of the information obtained from the agents and policyholders, the researcher feels that it is her duty to offer some salutary suggestions for enhancing better customer service and more efficient functioning of the life insurance companies.

As policyholder’s awareness has been found to influence their level of trust and commitment, the insurance company should come forward to present advertisement in regional language. It will create awareness in the minds of the public at large. It is also felt that the pamphlets containing the details of the schemes be further improved with
more information, and the policies and other details may be printed and given in vernacular to serve the purpose of the people who do not know English.

Customers’ meet may be arranged atleast twice a year to receive grievances of the customers and to meet their expectations at divisional level.

Liberalization will result in better customer service and will help improve the variety and price of insurance products. Efficient marketing strategies should be developed to reach the unreached. Operations such as pricing, risk management, marketing plans and decisions must be made more prudent and open to every today.

It is true that the management policy that the customer is always right has to be upheld without any doubt. But there is a need for public awareness of the special difficulties faced by the agents because they have to meet declines and might be working in an atmosphere of tension and turbulence. Let the customer do their best to make a large allowance for some lapses of the agents whom they meet for various reasons on occasions.

The study suggests that the life insurance companies should take necessary precautionary measures at the time of scrutinizing the proposals and processing the claims to reduce the amount of bogus claim.

The company should take necessary steps to settle the claim in time. The business hours of the office could be extended upto 6 p.m. instead of 5 p.m.

It is necessary to simplify the claim procedure.
It is suggested that the insurance companies should take the steps for improving job satisfaction of the employees, which will be beneficial for the managements, employees and policyholders. The job satisfaction among the employees can be improved by way of providing adequate monetary and non-monetary benefits.

It is also suggested that the insurance companies have to chalk out various social welfare schemes for their agents like arranging the health check-up for the agents and their family members, establishing tie-ups with the medical and educational institution for the benefit of the agents and their family members. It will help them to enrich their social life even outside the working hours and working place.

It has been suggested that, to increase the efficiency of the agents and create an interest in the work, suitable promotional opportunities have to be given to the agents. The seniority along with efficiency may be considered for the promotion of the agents for higher positions in the organization. In addition to this, whenever new products are introduced, the agents may be given suitable training to cope up with the changes. To encourage the agents to undergo the training, incentives may also be offered to them. The opportunity for promotion and training given to the agents for improving their efficiency will increase the level of satisfaction.