Chapter 6

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

Marketing service, especially life insurance products and services, demands strategic approach in its design and development, pricing, distribution, promotion, making up of service scape (physical evidence), setting service standards and procedures (process), equipping personnel (people) and performance evaluation, to survive in the competitive environment. The reforms in the insurance sector have ultimately led to the opening of private participation and foreign equity, that brought in major changes not only in the design of products available in the market but also the manner in which they are marketed. This called for strategic approaches in the formulation and implementation of marketing decisions. The availability of a variety of products and services, advent of innovative channels of distribution, creative promotional efforts in product positioning, greater use of information technology in enhancing speed and quality of service, trained and professional-looking
sales personnel, drastic shifts in the facilities and utilities provided at service-scape are the outcomes of strategic approach in marketing services. The interrelation of marketing policies, practices and strategies of the LIC, in terms of marketing mix elements, viz., product, price, place (distribution), promotion, people, process and physical evidence, the resources and capabilities possessed with performance variables like market share, return on investment, sales growth (in terms of number of polices), customer retention (persistency ratio) and corporate image, highlights the effectiveness of policies, activities and strategies pursued.

The present study is a descriptive and analytical one that attempts to identify the level of awareness of policyholders on selected financial products and services, especially life insurance products and services leading to evaluation of their investment preference and assessment of their purchase behaviour. The study also intends to analyse the perception of customers on promotional strategies and media employed by the LIC, satisfaction towards products and services in terms of marketing mix elements and services of individual agents, the perceptions on the level of knowledge of agents on the LIC, its products and services, customer needs and attitudes, attitude and behavioural pattern of agents along with customer perception on brand image, evaluation of their brand trust, brand loyalty and brand equity of the LIC. In addition, the perceptions of agents on insurance profession, the major problems faced in marketing life insurance, their experience on duties, tasks and activities along with skills, abilities and knowledge on marketing life insurance products and services are also examined. The study also aims at an evaluation of the promotional programmes of the LIC in realising its promotional objectives and effectiveness of its promotional media, along with assessment of the interrelationship of marketing strategies, resources, capabilities,
activities and programmes of the LIC with business performance and approaches and practices followed by agents in marketing life insurance products and services.

6.2 Objectives of the Study

The main objectives of the study are:

1) To identify the level of awareness of policyholders on selected financial products and also to examine their purchase behaviour.

2) To examine the promotional strategies of the LIC and assess the effectiveness of such strategies.

3) To assess the perceptions of customers on the brand image of products and services of the LIC and to evaluate the impact of their brand trust, brand loyalty and satisfaction on brand equity.

4) To evaluate the relationship and impact of marketing mix strategies, resources, activities and programmes of the LIC on its performance measures.

5) To analyse the various problems and difficulties faced by agents in marketing the life insurance products and services of the LIC.

6) To identify the preference of policyholders to avail the products and services of the LIC in relation to their features and benefits.

6.3 Research Methodology

The design of the present study is descriptive and analytical in nature. The study requires both primary and secondary data. Primary data were collected from the selected policyholders and life insurance agents of Kerala by using a pre-structured interview schedule. The secondary data were
obtained from the Annual Reports and Hand Book of Insurance Statistics and Journals of the IRDA, Annual reports of LICI, Journals of The Insurance Institute of India, publications of NIA (Pune), Annual reports of Swiss Re, Kerala State Planning Board and Database on Indian Economy maintained by the RBI. The LIC has 5 Divisions in Kerala, viz., Thiruvananthapuram, Kottayam, Ernakulam, Thrissur and Kozhikode. One branch under each Divisional office was taken at random for study. A sample size of 530 policyholders and 310 agents are fixed statistically to represent the whole population. Multi stage random sampling method is applied for the selection of sample policyholders and agents. In the first stage, Kerala is divided into 5 Divisions based on Divisional offices under LIC. In the second stage, one district is selected at random from each Division. In the third stage one branch office each is selected from each district identified and finally the sample size was allocated proportionate to the number of policyholders and agents in each branch selected from the district.

The data collected were coded, edited and analysed using statistical package for social sciences (SPSS Version 17). The statistical tools used for analysis of primary data consist of frequencies, cross-tabulation, descriptive Statistics like arithmetic mean, standard deviation, variance, percentage etc. The analytical tools used for establishing and analysing the relation and dependence between variables include Log-linear Multinomial Model, Chi-square test, Friedman’s Test for K-related samples, One -way ANOVA, Two way ANOVA, MANOVA, Pearson Correlation, Simple Linear Regression, Multiple Linear Regression, Step-wise Multiple Linear Regression, Canonical Correlation, Conjoint Analysis, Man Whitney U Test, Kruskal Wallis Test, Concordance Kendall’s test, Independent sample T test, Binomial Test and One sample Kolmogorov –Smirnov test.
6.4 Summary of Findings

6.4.1 Life insurance scenario

1) The life insurance density, a measure of premium per capita, was 235 $ and 9.1 $ in 2001 at the international level and the national level. The statistics for the year 2011-12 reveals that the same has turned to 378 $ and 49$. It shows the slow phase of growth even though the numbers of insurers have increased many times this growth statistics. In India the number of life insurers was one in 2000; presently, it is 24 including one in the public sector. With respect to life insurance penetration, premium to GDP, the world average was 4.68 in 2001 compared to the national average of 2.15. The latest statistics reveal that the life insurance penetration has declined to 3.8 at the world level and it is 3.40 at the national level which is the lowest compared to the preceding 5 years. At the state level, the life insurance density shows the lowest level of Rs 834.2 in 2011-12 for the 6 years since 2007, and as to penetration a steep declining trend is seen from 2009 onwards, that stood at 0.89 per cent in 2011-12.

2) The number of policies in force of the LIC has increased 47 times, i.e., from 54.2 lakh in 1957 to 2560 lakh in 2012.

3) The annual premium (the total premium collected) has risen to 135256 crore in 2012, an increase of 1656 times compared to 1957.

4) There has been 1946 times growth in the sum assured of policies in force from 1957 to 2012.

5) The life fund of the LIC comes to Rs 1283990.72 crore that was just 378 crore in 1957. There has been 6.9 times growth in Life fund in 2011-12 compared to 2000-2001 statistics.
6). The 5 per cent and 95 per cent of surplus of the LIC to government and policyholders respectively shows a year-to-year growth rate of 11.56 per cent and 11.89 per cent respectively from 2001-2002 to 2011-2012. The total surplus and amount paid by the LIC to the government in terms of 5 per cent surplus and taxes, has increased 2.95 times and 4.38 times respectively in 2011-2012 compared to 2001-2002.

7). The market share of the LIC in terms of total premium, renewal premium and new business was reduced by 10 per cent in 2004-05 since the opening up of the sector. There has been a decline of 10 per cent (twice) with a gap of 2 years in respective segments reducing the market share to 70 per cent in 2009-2010. Since then, it has been cornering around 70 per cent in all the three segments.

8). The number of zonal offices as on 31-03-2013 is 8, and divisional offices have increased from 33 in 1957 to 113 in 2013. With respect to branch offices, no increase has been seen from 2048 in 1999-2000 to the present day.

9). The number of active agents shows a growth of 12.5 and 1.5 times in 2012-13 compared to figures in 1957 and 2001 respectively. Regarding the number of development officers, there has been 4.6 and 1.2 times increase in 2012-13 in comparison to the 1957 and 2001 figures.

10). The rural new business of the LIC in terms of number of polices and sum assured shows lower figures since 2001-2002 due to change in definition of the rural sector by the IRDA. The average rural new business has been around 29 per cent and 18.5 per cent in terms of the number of polices and sum assured, from 2009-10 to 2012-2013.
11). The contribution of individual agents to new business of the LIC has been 98.15 per cent and 95.86 per cent as to policies and premium respectively in 2012-13. There has been an increasing trend as to contribution in terms of policies but the trend is reverse in the case of premium contribution.

12). The productivity of individual agents has been showing a rising trend not only in respect of average business in terms of sum assured but also in the number of policies for a period of 5 years from 2008-09 to 2012-13. The average new business has increased from 28.5 lakh in 2008 to 45.3 lakh in 2013 as to sum assured and the number of policies has increased from 23 to 32 in the respective years.

6.4.2 Perception of Agents on the Marketing Strategies and Policies of the LIC

6.4.2.1 Sample profile and business features of Agents

1) The majority of the respondents/agents (70 per cent) belong to rural areas. Gender-wise classification shows prominence of males (60 per cent) over females. A majority of the respondents are married (90 per cent). Around 56.7 per cent of the agents are under-graduates or lesser qualified. It is also observed that 35.8 per cent agents do not belong to any of the clubs, and 26.5 per cent to Branch Manager Clubs and in other clubs the membership is less than 20 per cent. The monthly income status of respondents reveals that 90.3 per cent have an income above Rs 10000. It comes to 19.3 per cent in the case of agents belonging to the above Rs 25000 category. A majority of the agents (86.1 per cent) range from the age of 26 to 55. The classification of agents based on their working experience shows that the majority of the selected agents (79.3 per cent) have experience less than or equal to
15 years, while those having experience above 20 years come to **8.1 per cent.** Considering the average number of policies sold (annually) and the average sum assured, it is clear that **81.4 per cent** and **73 per cent** of respondents sold policies up to 100, having sum assured up to 100 lakh.

2) Depending on the concentration of business area by LIC agents, it is observed that the majority of the agents sold their policies in rural areas. The frequency distribution of the policies sold by the selected agents in rural and urban area confirms this.

3) Considering the occupation of the policyholders in different divisional offices in Kerala, most of the policyholders are professionals or business or self-employed people in Ernakulam division, but the majority of the policyholders in Kozhikode division are agriculturists/farmers and NRI/Foreign employed people. The mean rank variation of the responses of the selected agents in this regard is statistically significant at 5 per cent level of significance in the Kruskal Wallis test.

4) In the evaluation of the preference of policyholders at the time of purchasing policy, it is observed that as per the opinion of the selected agents, Endowment policies and Money Back policies are the most preferred policies by Daily Wage Earners, Salaried Employees, Agriculturists/farmers, Business and self-employed people and professionals and pensioners, but Jeevan Anand and Money back plans are preferred by NRI/foreign employed people, Professionals and Pensioners. The differences in the opinions of the agents about the preference of these policies among the selected policyholders are tested statistically with Kendall’s Coefficient of Concordance and the output shows Kendall’s W and its associated Chi-square values are statistically
significant at 5 per cent level of significance \( p<0.05 \) in all cases). The maximum value of concordance among salaried employees (Chi-Square value 1889.821) indicates the similarity in attitude among the policyholders towards selection of a particular policy/policies.

5) With regard to the motive behind taking up the job of LIC agents, the majority of the agents in Ernakulam division consider it as a social service; in Kottayam division they are motivated by success stories of LIC agents. In other divisions the selected agents have no such specific motives. This is further validated by observing the output of the Kruskal Wallis test in which the Chi-square values for the two cases are statistically significant at 5 per cent level of significance \( p<0.05 \) in both cases).

6.4.2.2 Agents’ Perception on Life Insurance Agency and Training Programmes

1) Considering the elements of LIC agency as a profession, the agents in the Kottayam division feel that sales promotion campaigns of the LIC support their profession while agents in Kozhikode division opine that interaction with branch managers and development officers helps their profession and they do not feel their work load to be heavy. The agents of other divisions have no such feelings about the different elements of their profession. The statistical variation in the mean scores of the responses of the selected agents about these elements in all the 5 divisions is tested with One-way ANOVA and the value of F for these 3 divisions is found statistically significant at 5 per cent level of significance (value of \( p<0.05 \) in these cases).
2) Regarding the satisfaction of the selected agents with the training offered by the LIC, it is observed that agents in the Kozhikode division are more satisfied than agents working in other divisions. This is validated statistically by observing the F values and its associated p values \((p<0.05)\) in the One-way ANOVA output.

6.4.2.3 Problems in Marketing Life Insurance

By analysing the problems faced by the agents in the marketing of life insurance products, it is observed from the output of MANOVA model after taking all the problems as a bundle, PRCFS and PRPR are the severe problems faced by agents (grand mean 6.323 and 8.752), but area-wise consideration of the problems reveals that all the problems except UHEMPAA are found to be the main problems in marketing of LIC’s products and services in rural areas, while UHEMPAA is the main problem in urban area. This is validated by observing the powerful Pillai’s Trace in the MANOVA model and its statistically significant F value with \(p<0.05\). Similarly, PRPR, PRCPAIAK, PRCA are the main marketing problems faced by agents in Kozhikode division, PRCFS, PRMPLIC and UHEMPAA in Kottayam division, and PRSF and PRAO in the Ernakulam division. This is also validated by the Pillai’s Trace in the MANOVA model.

6.4.2.4 Agents’ Perception on the Promotional Strategies of the LIC in India

1) With regard to the effectiveness of different media used for advertisement in the rural and urban areas, in the opinion of agents AMJ, PBSH, IWA, DME, WP, PIBI, TSED, IK, TCA are the effective media in urban areas, while WM, SC and CCP are effective in the rural areas. The difference in the effectiveness of the media is tested by applying independent sample t test and the value of t is found to be significant in all these cases \((p<0.05)\).
2) Regarding the major reasons for not reaching the message of advertisements to customers in the five divisions, it can be seen that WSAM and IUMM in Thrissur division, ITMA in Kottayam division and ILA in Thiruvananthapuram division are the major reasons. The difference in the mean rank variation is found statistically significant at 5 per cent level of significance, by observing the value of Chi square in the Kruskal Wallis test \( (p<0.05) \).

3) The promotional programmes of the LIC in achieving its promotional objectives are found to be most effective in Kozhikode Division (mean score 57.0238). The mean score variation among the 5 divisions is found to be significant in One-way ANOVA \( (p <0.05) \).

6.4.2.5 Perception of Agents on Marketing Mix Strategies, Resources, Activities and Programmes of LIC

1) In the opinion of the selected agents, the market share of the LIC in the life insurance market is affected by the physical evidence strategies of the LIC and their marketing resources and capabilities. This is further validated statistically by observing the Beta Coefficient and its associated t values with \( p<0.05 \) in the Step Wise Multiple Linear Regression Model. So, it can be found that the physical evidence strategies and marketing resources and capabilities of the LIC will improve its market share in the insurance business.

2) The return on investment of the LIC is affected by factors such as marketing resources and capabilities, promotional strategies, marketing consensus activities, marketing experience elements, physical evidence strategies, process strategies and product strategies. This is also validated statistically by observing the Beta Coefficient and its associated t values.
with $p<0.05$ in the Step Wise Multiple Linear Regression Model. Among the factors, marketing resources and capabilities, marketing consensus activities, physical evidence strategies, and product strategies enable the LIC to accelerate its ROI.

3) The sales growth of the LIC, in the opinion of selected agents, is influenced by its marketing experience elements, people strategies, distribution channel strategies, marketing consensus activities and physical evidence strategies. The R square 0.27 also confirms that 27 per cent of the explanation in the variation of sales growth is explained by the 5 elements; moreover, the Beta Coefficients and their associated t values are statistically significant in the Step Wise Regression Model ($p<0.05$). Therefore, it can be concluded that marketing experience elements, distribution channel strategies, marketing consensus activities and physical evidence strategies contribute to the sales growth of the LIC.

4) The customer retention of the LIC is influenced by its cross-functional integration activities, physical evidence strategies and promotional strategies. The R square 0.264 also confirms that 26.4 per cent of the explanation in the variation of customer retention is explained by the 3 elements; moreover, the Beta Coefficients and their associated t values are statistically significant in the Stepwise Multiple Linear Regression Model ($p<0.05$). Therefore, it is concluded that customer retention by the LIC is influenced by its cross-functional integration activities, physical evidence and promotional strategies.

5) The agents of the LIC feel that its corporate image is affected by its marketing resource commitment activities, process strategies, people
strategies, cross-functional integration activities and marketing consensus activities. This is further validated statistically by observing the Beta Coefficient and its associated t values with \( p < 0.05 \) in the Step Wise Multiple Linear Regression Model. Therefore, it can be concluded that marketing resource commitment activities, process strategies, cross-functional integration activities and marketing consensus activities contribute to the enhancement of the corporate image of the LIC.

6) The Canonical Correlation Model of the marketing mix strategies with performance variables reveals that the promotional strategies and distribution channel strategies play an important role in determining the sales growth of the LIC and that the product strategies and pricing strategies are closely related to the market share and corporate image of the LIC respectively. This is validated by observing the highest positive coefficients in the four dimensions of the Canonical Correlation Model.

7) The Canonical Correlation Model in relation to the resources, activities and programmes of the LIC and its performance variables, the corporate image, return on investment and market share are closely interlinked with its cross-functional integration activities. This is validated by observing the highest positive co-efficients in the three dimensions of Canonical Correlation Model.

6.4.2.6 Approaches and Practices of Agents in Marketing Life Insurance, and Handling Customer Objections

1) In marketing life insurance products and services, agents are facing objections at a very high level from customers in relation to the aspect of “return and liquidity”. It is also found that the objections raised are very low with regard to promotion and place-related elements of marketing services.
2) Among the different methods of handling objections raised by customers in the course of marketing life insurance products and services, the agents in Ernakulam division simply avoid such customers, the agents in Kozhikode division postpone the answer to the objections and the agents in Kottayam division refuse to answer such objections or raise disagreement with their objections. The mean scores of the different objections raised were found significant at 5 per cent level of significance as per Kruskal Wallis test with $p<0.05$ in all cases except the last option.

3) With regard to the method of catching prospects, agents in Kozhikode Division mostly depend on offering to pay initial premium and agents in Kottayam division depend on old customers to catch new prospects. The difference in the mean scores is found significant at 5 per cent level of significance, based on the output of Kruskal Wallis test ($p=0.000 < 0.05\text{ in both cases}$).

4) The analysis of the services rendered by agents reveals that almost all services are rendered by agents except a few services, due to its special non-frequent occurrence like surrender of policies, policy transfer, assignment, and issue of duplicate policy.

5) The basis/ criterion depended on by agents in recommending a policy to a customer in Thrissur division is found to be needs and desires of customers, while wealth and income, social, occupational and family background of customers and age, education, marriage requirements are considered in Kottayam and Kozhikode divisions respectively. The mean score variations in the above cases are found statistically significant by observing the Chi-square values in the Kruskal Wallis test at 5 per cent level of significance ($p<0.05\text{ in all cases}$).
6) Among the selected factors making the marketing career of an agent easier, the most influencing factor is identified to be product and service quality in Ernakulam division, and all other factors except company image and efficient office staff are influencing the agents in making their marketing career easier in Kozhikode division. The F value is found to be significant in all the above cases with \( p<0.05 \) in One-way ANOVA.

6.4.3 Impact of Marketing Strategies on the Customer Behaviour of the LIC

6.4.3.1 Demographic profile of the selected policyholders and Life insurance characteristics

1) The majority of the sample policyholders (69.4 per cent) belong to rural areas. The gender-wise classification shows a higher per cent of males over females. With regard to marital status, 73 per cent are married. The educational status indicates that 58.3 per cent possess graduation or higher qualification. A lion’s share of the policyholders (81.1 per cent) are from nuclear families and a large majority of the policyholders are having two or less earning members in the family. The monthly income-wise classification of the policyholders presents that a higher per cent of (60.9 per cent) are earning less than or equal to Rs 20000. A majority of the policyholders (81.2 per cent) belong to the age group of 21 to 50. The classification of the sample based on their occupation reveals the prominence of policyholders belonging to the government service (29.6 per cent), followed by others (28.1 per cent) comprising housewives, daily wage earners and students.

2) The relationship between monthly income and family income of policyholders is found to be significant. It shows that the monthly income of the policyholder contributes most to the family income. The dependence is tested by using Log linear multinomial model in which
the value of the Chi-square is found to be significant at 5 per cent level of significance. \((p<0.05)\).

3) The majority (60.8 per cent) of the policyholders had only one policy. At the same time, 89.1 per cent of the respondents had 3 policies or less. It is also observed that only a few policyholders have more than 3 policies.

4) As many as 87.1 per cent policyholders have no single premium policies. But 95.3 per cent of the selected policyholders purchased at least one level premium policy. At the same time 95.9 per cent have no limited premium policy.

5) As many as 84.3 per cent of the policyholders have level premium policy only, i.e., they have no single premium and limited premium policies.

6) Regarding the types of polices purchased, the majority purchased Jeevan Anand (34.2 per cent) and Money Back Plans (28.7 per cent).

7) It is observed that 89.1 per cent of the policyholders purchased policies having sum assured upto 5 lakh.

8) The premium payment period opted by 35.1 per cent of policyholders is monthly payment and 32.5 per cent policyholders are paying premium quarterly.

9) The majority of the policyholders (49.6 per cent) are found to pay the premium through agents and 23.2 per cent, directly at offices of LIC.

10) A majority (82.8 per cent) of the policyholders save below ₹ 10000 p.m. The actual amount spent on the payment of premium (p.a) is below 5000
for 41.5 per cent of the selected policyholders, while an annual premium of 5001 to 10000 is paid by 31.7 per cent of the policyholders. This means that the majority (73.2 per cent) of the selected policyholders paid an annual premium of below 10000.

11) Out of the policyholders who purchased policy of a sum assured upto 1 lakh, 90.2 per cent have only one policy and out of those who have policy with sum assured of 1 to 5 lakh, 43.7 per cent have also one policy. Further, the Loglinear Multinomial Model of goodness of fit test shows that there is significant dependence between the number of policies taken and the sum assured, as the value of the Chi square is statistically significant at 5 per cent level of significance. (value of the Chi square 262.26 with p=0.000<0.05). In addition to this, the parameter estimates of Loglinear Multinomial Model indicate that, based on the 6 or more policies taken by the policyholders, the policyholders having one policy are found to show the tendency to purchase policies more than 3 times. (Parameter estimate 3.06 with Z=11.609 and p<0.05). It is also observed that considering the sum assured, the policyholders having policies of amounts upto 1 lakh have a tendency to purchase policies more than 3 times more of policyholders having sums assured of above 15 lakh. (Parameter estimate in the Loglinear Multinomial Model 3.807 with Z= 8.420 and p<0.05).

12) The policyholders in the category of government servants have higher preference towards holding more than 1 policy (62.4 per cent). The Loglinear Multinomial model test of goodness of fit shows that there is significant dependence between the number of policies purchased and the occupation of the selected policyholders, as the value of the Chi-
square is statistically significant at 5 per cent level of significance (*Value of the Chi-square 87.748 with p<0.05*). The parameter estimates of the model indicate that based on the occupation of policyholders in the category “others”, the policyholders in the category of government servants have a tendency to purchase polices 0.052 times.

13) The policyholders who have purchased policies with sums assured upto ₹ 1 lakh and residing in rural areas formed 46.7 per cent, while 53.7 per cent of policyholders who are residing in urban area have taken polices with sums assured in between ₹ 1 lakh to 5 lakh. Further, the Log Linear Multinomial model of goodness of fit test shows that there is significant dependence between the area of residence of policyholders and the sums assured of polices, as the value of the Chi square is statistically significant at 5 per cent level of significance (*Value of the Chi-square 13.902 with p<0.05*). The parameter estimates show that, compared to policyholders residing in urban areas, the policyholders in rural area have taken policies with lower sum assured 0.820 times only (*Parameter 0.820 with Z= 8.702 and p<0.05*).

14) The majority (58.6 per cent) of the policyholders belonging to the class of government servants hold policies with sum assured in between ₹ 1 lakh to 5 lakh. The dependence between occupation of policyholders and sum assured of policies tested by using Loglinear Multinomial goodness of fit is found to be significant, as the value of the Chi square is statistically significant at 5 per cent level of significance (*value of the Chi square 79.625 with p=0.000<0.05*).

15) Out of the policyholders belonging to the nuclear family structure category, 44.7 per cent hold policies with sums assured upto 1 lakh, and,
among those who hold policies with sums assured in between 1 lakh to 5 lakh, 46.5 per cent belong to the nuclear family structure. In addition to this, the Loglinear multinomial test of goodness of fit shows that there is significant dependence between the sum assured of policies and the policyholders belonging to different family structures, as the value of the Chi square is statistically significant at 5 per cent level of significance (Value of the Chi square 27.12 with p<0.05). Further, the parameter estimates indicate that, compared to the policyholders belonging to joint family structure, the policyholders in nuclear family structures have the tendency to hold policies with higher sums assured more than 2 times (Parameter estimate 2.038 with Z= 14.349 and p<0.05).

16) Most of the policyholders (44.6 per cent) who are government servants opt for monthly mode of payment of premium. The policyholders who are private servants (43.7 per cent) and NRI/foreign employed (42.4 per cent) choose quarterly payment of premium. The Loglinear multinomial model of goodness of fit shows that there is significant dependence between the period of payment of premium and the occupation of policyholders, as the value of the Chi square is statistically significant at 5 per cent level of significance. The parameter estimates indicate that compared to single premium payers, policyholders opt for monthly and quarterly payment of premium more than 2 times (Parameter estimates 2.518, 2.439 with Z= 9.380, 9.061 with p<0.05).

17) The policyholders except government servants depend mostly on agents’ services (more than 40 per cent) for payment of premium. The policyholders belonging to the class of government servants (27.4 per cent) mostly opt for salary savings scheme as the mode of premium
payment. The Loglinear model of goodness of fit shows that there is significant dependence between the occupation of policyholders and mode of premium payment opted by policyholders, as the value of the Chi square is statistically significant at 5 per cent level of significance (Value of the Chi square 170.7 with p<0.05). Further, the parameter estimates indicate that, based on mode of payment of premium, “others” policyholders opt for the services of agents and direct payment in office as a mode of premium payment more than 2 and 1.2 times respectively (Parameter estimates 2.046, 1.286 and Z= 11.225, 6.636 with p=0.000<0.05).

18) Out of the policyholders who belong to nuclear family structure, 52.1 per cent depend on agents’ services for premium payment. Further, the Loglinear multinomial model of goodness of fit test shows that there is significant dependence between the family structure group of policyholders and the mode of payment of premium opted by policyholders, as the value of the Chi-square is statistically significant at 5 per cent level of significance (value of the Chi-square 27.110 with p<0.05).

6.4.3.2 Financial awareness/knowledge/habits on long term saving instruments/Assets and Life Insurance Products and Services

1) The awareness level in respect of the long-term saving instruments/assets among the selected policyholders reveals that urban customers are having higher awareness of the capital market products than rural customers. The difference in the awareness level is statistically validated by observing Man Whitney U test, which is found to be statistically significant at 5 per cent level of significance (value of Man Whitney U 206306 with p=0.030<0.050). But the Kruskal Wallis test indicates that
government servants are fully aware of the various schemes announced by the government, private servants/employees are aware of the benefit of investment in real estate, and agriculturists have some idea about the investment in chit funds, as the mean score variations are statistically significant at 5 per cent level of significance in these three cases (p<0.05).

2) The awareness level in respect of LIC’s products and services among the selected customers shows that policyholders from nuclear family structures are better aware of LIC’s products and services than customers from extended and joint family structures. The mean score variation of the responses of selected customers about product awareness is statistically validated by applying Two-way ANOVA in which the F value and its corresponding probability level are statistically significant at 5 per cent level of significance (value of F 3.469 with p=0.031<0.05).

3) Considering the awareness of the selected policyholders on the distribution channel of LIC, it can be observed that policyholders from nuclear family structures are more aware of the LIC’s channel of distribution than the extended and joint family structure members. This mean score variation is tested with Two-way ANOVA and it is found that the value of F 3.596 and its corresponding probability 0.028 are statistically significant at 5 per cent level of significance.

4) The level of recall rate on LIC’s policies among the selected customers shows that 61.7 per cent of the policyholders could recall the names of polices they have purchased, while 38.3 could not. The difference in the proportion of the frequency distribution on the recall rate is tested with binomial test and is found that the proportion is statistically significant at
5 per cent level of significance \((p=0.000<0.05)\). Further, it is also observed that the majority of them could recall Jeevan Anand \((74.01\text{ per cent})\), Money Back plans \((33.33\text{ per cent})\) and Jeevan Saral policies \((33.03\text{ per cent})\).

5) Considering the comparison of the benefits of investments in LIC and investments in other listed financial products and assets, 62.6 per cent mentioned that investment in Real Estate is better than investment in LIC. The difference in the preference between these two investment avenues is statistically significant with Loglinear Multinomial model of goodness of fit test, in which the Pearson Chi-square is statistically significant \((\text{value of the Chi square 9.717 with } p=0.045<0.05)\).

6) The customer perception on the adequacy of coverage on life insurance revealed that \(82.3\text{ per cent}\) of the customers are of the opinion that they are not adequately covered by life insurance due to the low income \((43.3\text{ per cent})\).

6.4.3.3 Analysis of Customer Purchasing Behaviour

1) From the source of information on life insurance products and services for the rural and urban customers of LIC, it can be seen that the rural customers get more information about LIC products from TV Advertisements than urban customers, while the urban customers depend more on internet/website for getting the knowledge on the services of the LIC. The difference between the source of information for urban and rural customers is statistically validated with Man Whitney U test and the values of Man Whitney U in both the cases are statistically significant at 5 per cent level of significance. \((p=0.002 \text{ and } 0.015<0.05)\). The most dependent source of information about products and services of the LIC
for the agriculturist group is BBWW, while internet/website gives more information to NRI/FE, compared to other sources of information. The difference in the mean rank variations of both the cases is statistically significant by observing the value of the Chi-square in the Kruskal Wallis test \( p<0.05 \text{ in both the cases} \). The policyholders belonging to nuclear family structure depend on friends and relatives to know about life insurance products and services. The difference in the variation of mean scores is also statistically validated through Kruskal Wallis test at 5 per cent level of significance \( (p=0.037<0.05) \)

2) Considering the decision taken by the policyholders belonging to the “others” category, it may be observed that their family head took the decision to purchase LIC policy, while NRI/Foreign employed customers took the decision themselves. The Kruskal Wallis test is used to test the mean rank variation of the response of the policyholders as to the person who takes decision in the family whether to purchase the life insurance policies or not, and the mean difference is found significant at 5 per cent level of significance as to head of family and own decision (Value of Chi-square 42.736, 48.789 with \( p= 0.000<0.05 \) in both the cases). Considering the case among policyholders in different family structures, it is found that the head of the family takes the decision as to purchase of life insurance in the nuclear family structure while the policyholders in joint family structure take the decision by themselves. The mean difference is tested by using Kruskal Wallis test and it is found statistically significant at 5 per cent level of significance by observing the value of the Chi square (9.483, 7.684 with \( p= 0.009 \) and 0.021 respectively).
3) The motivating factor to choose LIC in buying policies by business and self-employed customers is the influence of officials of LIC, while informative brochures and pamphlets serve as the motivating factor for NRI/Foreign Employed customers. The difference in the mean rank variation of all these cases is statistically significant as per Kruskal Wallis test at 5 per cent level of significance with the Chi-square values of 18.746, 13.269 and $p = 0.002$ and $0.021 < 0.05$ respectively. Considering the motivating factor in choosing LIC for buying policies with respect to different family structures, it is seen that policyholders in the nuclear family structure are motivated by officials of LIC and the policyholders pertaining to joint family structures take policies from LIC by their own perception and interest. The difference in the mean scores of both the cases are tested by using Kruskal Wallis test, which is found statistically significant at 5 per cent level of significance by observing the Chi-square values 9.529 and 7.355 with $p < 0.05$ in all cases.

4) Regarding the motivating element of marketing mix for rural and urban customers of LIC, it can be seen that place mix plays a prominent role in motivating policyholders in rural areas than urban customers, as per the Man Whitney test where the Man Whitney U value is statistically significant at 5 per level of significance ($p=0.035 < 0.05$). The place element of marketing mix of LIC is the most motivating element of marketing mix of LIC for business and self-employed persons. At the same time, policyholders belonging to category of “others” are motivated by the physical evidence elements of marketing mix. The mean rank variations in all the cases are found statistically significant at 5 per cent level of significance, by observing the Chi-square values in the Kruskal Wallis test ($p=0.001$ and $0.024 < 0.05$). The motivating factor
in the marketing mix of LIC for customers in joint family structure groups is its product mix. The mean rank variation for these cases is statistically significant at 5 per cent level of significance as per Kruskal Wallis test with Chi-square value 6.605 and p= 0.037<0.05.

5) **The basic motive behind holding life insurance policy** for customers in rural areas is bequest motives/final expenses and acquisition of home assets while in urban areas it is income tax relief. The difference in the basic motives for holding life insurance policy between rural and urban customers is statistically validated by the Man Whitney U test and the values of the test in all the cases are statistically significant at 5 per cent level of significance (p<0.05). The motive for holding life insurance policy for government servants is found to be income tax relief, while it is old age protection and debt payment/loan facilities for business and self-employed group, child marriage/education, and bequest motives and final expenses among agriculturists group, and wealth creation and additional income among the respondents in the private service group. The differences in the mean rank variations of these cases are statistically significant at 5 per cent level of significance as per the Kruskal Wallis test (p= <0.05 in all cases). The basic motives for holding life insurance for customers in the joint family structure are risk coverage and availing income tax relief, while the customers in the nuclear family structure are having the motive of child marriage and education in buying policies from the LIC. The difference in the basic motives for holding life insurance policies based on the variation of the mean ranks is statistically validated at 5 per cent level of significance with Kruskal Wallis test, and the values of the Chi square in these cases are statistically significant (p<0.05 in all cases).
6.4.3.4 Customer perception on promotional strategies of LIC

1) The evaluation of the overall promotional strategies of the LIC as to marketing of insurance products reveals that advertisement of products and services and their benefits will create better image of the company in the minds of customers and that this can change the personal attitude of customers and enhance the utility of its products and services to customers, as the mean values are very high compared to personal selling and public relations. Similarly, public relations can promote LIC’s products and services among the investors. The mean score variations are statistically validated by applying the MANOVA model in which the F values and the corresponding p values are statistically significant at 5 per cent level of significance. Moreover, in the parameter estimates the t values are also significant.

2) The evaluation of the effectiveness of advertisement of LIC’s products through different media indicates that TV advertisements, Newspaper advertisements and Calendars, Diaries and Business cards of agents persuaded the customers of LIC to purchase products and services. This can be validated by observing the variations of the frequency distribution in the output of Kolmogorov Smirnov test, in which the Z values are found statistically significant at 5 per cent level of significance (p=0.000<0.05 in all the cases).

6.4.3.5 Customer Satisfaction on the Products and Services of LIC, and the services of LIC agents

1) The level of customer satisfaction on the products and services of the LIC among selected policyholders reveals that the policyholders in urban areas are highly satisfied as to the process element of marketing
Summary of Findings, Conclusions and Recommendations

The observed mean score variation is statistically significant at 5 per cent level of significance in the Two-way ANOVA General Linear model ($p = 0.030 < 0.05$). The variations in the mean scores of the satisfaction level of policyholders as to product, price, place or distribution, promotion, people, physical evidence elements of marketing mix in relation to their area of residence, occupational category and family structure group and level of satisfaction as to process element in relation to occupational category and family structure group are found to be not significant as per the Two-way ANOVA test.

2) The satisfaction on the services provided by agents among the customers of the LIC after issue of policy for rural and urban customers shows that policyholders in urban areas are highly satisfied (mean score 48.79) than the rural customers as the mean scores for the responses of these customers vary significantly. The observed mean score variation is statistically significant at 5 per cent level of significance in the Two-way ANOVA General Linear Model ($p = 0.030 < 0.05$).

3) The observed mean score variations for the responses of the customers on the knowledge and behavioural pattern of agents in marketing life insurance with regard to the level of knowledge on the needs and attitudes of policyholders, level of knowledge on the LIC, level of knowledge on products and services, attitudes and behavioural pattern of agents, are found to be not significant as to area of residence, occupational category and family structure group as per the Two-way ANOVA General linear model.

4) Out of the different factors that motivate the customers of the LIC to choose a particular agent for policy servicing, the expert knowledge of
agents is most considered for availing the services of the LIC. Here the mean rank variation of all the motivating factors is statistically significant in the output of the Friedman test, where the expert knowledge of the agents has the lowest mean rank of 3.62. Further, this mean rank variation is statistically significant at 5 per cent level of significance (Value of the Friedman Chi-square 1872.456 with p=0.000<0.05).

6.4.3.6 Customer Perception on Brand Image and Evaluation of Brand Trust, Brand Loyalty and Customer Satisfaction and its impact on Brand Equity

1) The urban customers are more concentrated on the brand image at the time of purchasing products and services of the LIC than rural customers, as the mean scores of the responses of the urban customers are much higher than those of rural customers. The mean score variation is statistically significant in the Two-way ANOVA model where F value is 11.524 with p=0.001<0.05.

2) The customers of the LIC residing in urban areas are found having better Brand trust on LIC than those in rural areas, as the mean score of the responses of the customers in urban areas (mean score 15.676) is higher than that of rural customers (mean score 15.079). The mean score variation is statistically significant in the Two-way ANOVA model where the value of F is 5.319 with p=0.021<0.05.

3) With regard to the relationship among Brand Image, Brand trust, Brand loyalty and Brand equity, the relationship can be measured by applying the Pearson Correlation and the value of the r is found greater than 0.5 in all the cases. Therefore, it is found that the relationship among these variables can be statistically validated. Here the LIC Brand trust of the
customers is affected by their brand image and brand loyalty. This relationship was proved by applying Multiple Linear Regression in which the Beta coefficient and the associated t values are statistically significant (Observed $p<0.05$ in all cases). Therefore, the impact of LIC brand image and LIC brand loyalty on LIC brand trust is established in the regression model statistically. Similarly, the LIC brand equity is also affected by LIC brand trust of customers as the Beta coefficient and its associated t value are also significant.

4) The brand trust of the LIC is affected by the service satisfaction of customers before issue of policy and the satisfaction after issue of policy. The relationship between satisfaction of customers before issue of policies and after issue of policies with brand trust is proved by simple linear regression, in which the Beta coefficient and associated t value are found statistically significant ($p=0.004$, $0.000<0.05$).

5) The product, place or distribution, people and physical evidence elements of marketing mix are found to be the deciding factors in determining the brand equity of the LIC. The relationship between the 7 marketing mix elements and brand equity is proved by Multiple Linear regression model, where the regression explains thirty per cent variation in brand equity, and the Beta coefficients and the associated t values are found statistically significant $p<0.05$.

6.4.3.7 Customer Evaluation on the Relative Importance of Features and Benefits of Policies of LIC

Considering the different levels of preferences of customers about the features and benefits of LIC policies, it is found that policyholders highly prefer Loyalty Additions/Bonus followed by liquidity and safety. This is also
found valid by observing the highest and statistically significant Beta coefficient of conjoint analysis (1.01 and -4.60, p=0.000<0.05).

6.5 Conclusions

The life insurance industry has great potential in India and Kerala, as just around one fifth of the population has insured their lives. Bringing the uninsured mass under the umbrella of life insurance needs strategic approach, not only in designing appropriate and suitable products but also in satisfying the customer needs to the extent of their expectation in all respects, especially in servicing policies. Understanding the customers’ purchasing behaviour and level of satisfaction on products and services, perception on the satisfaction of services rendered by agents, customer perception on the brand image, evaluation of their brand trust, brand loyalty and brand equity, are of great utility in this sense. The analysis of problems faced by agents in marketing life insurance and the interrelation between marketing strategies, resources, activities and programmes of the LIC and its performance measures will be an eye opener in redesigning strategies to suit its requirements. In this context, the following conclusions were made from the data collected and analysed and from the findings of the study.

1) The majority of the policyholders are having lower number of policies (less than or equal to 3) with lesser sums assured (less than or equal to 5 lakh). Considering the level of awareness on capital market products, policyholders in urban areas are found to have higher awareness. Further, the level of awareness of policyholders on products and services of the LIC is found to be high in respect of products and distribution channel elements among the members of nuclear family structure group.
2) The selected policyholders of the LIC could recall Jeevan Anand, Money-back plans and Jeevan Saral mostly in the product mix of the LIC.

3) Among the factors influencing the purchase decision of policyholders of the LIC, the most depended source of knowledge on life insurance is TV advertisement for rural customers and internet website for urban customers. While NRI/foreign employed policyholders take the decision on life insurance purchase themselves, the head of the family takes the decision in the case of policyholders belonging to the “others” category. The most motivating factor to choose the LIC in buying policies for business and self-employed customers is officials of the LIC, while informative brochures and pamphlets motivated NRI/Foreign employed customers. The most influencing element in the marketing mix of the LIC motivating rural customers and business and self-employed policyholders to purchase policies from the LIC is its place mix, while it is physical evidence for policyholders in the “others” category. The basic motives for holding life policies for rural customers are bequest motives/final expenses and acquisition of home assets, while it is income tax relief for urban customers. The government servants prefer to hold life policies for income tax relief, while policyholders in business and self-employed group have the motive of old age protection and debt payment/loan facilities. Agriculturists hold policies with the motive of children’s marriage and education and for bequest/final expense. At the same time, private employees have the motive of wealth creation and additional income in holding policies. Children’s marriage and education among policyholders in the nuclear family structure and risk coverage and income tax relief among customers in the joint family structure are found to be the basic motives for holding life policies.
4) The advertising efforts of the LIC create better company image, change the personal attitude of customers and enhance the utility of its products and services. At the same time, public relation helps to promote its products and services. TV advertisements, newspaper advertisements and calendars, diaries and business cards of agents are the most persuading elements in the promotional mix of the LIC to purchase policies.

5) The policyholders of the LIC in urban areas are highly satisfied about the process strategies of the LIC. At the same time, the urban customers are having better brand image of the LIC in their mind and brand trust on the LIC. While the brand image and brand loyalty factors decide the brand trust on the LIC, brand trust influences the Brand equity. Therefore, it can be seen that Brand image, Brand trust and Brand loyalty factors are powerful determinants of the customer Brand equity of the LIC.

6) The customers of the LIC prefer loyalty additions/bonus as the most liking feature in respect of purchase of policies.

7) The business of agents of LIC mostly pertains to rural areas and they have the opinion that Money-back polices, Endowment plans, and Jeevan Anand are the most preferred policies for policyholders.

8) The severe problems in marketing life insurance in rural areas are PRPR, PRCPAIK, PRCA, PRCFS, PRMPLIC, PRSF and PRAO, while UHEMPAA is the major problem in urban areas. Out of the listed problems in marketing life insurance, PRPR, PRCPAIK, PRCA in Kozhikode division, PRCFS, PRMPLIC and UHEMPAA in Kottayam division and PRSF and PRAO in Ernakulam division are found to be the most severe.
9) The agent evaluation on the promotional media and programmes employed by the LIC in marketing life insurance products and services shows that certain tools like customer contact programme and word-of-mouth are effective in rural areas while magazines/journals, internet/web advertising, posters/banners/sign boards/hoardings, direct mail/email, paper inserts/bound inserts in books, transslides/electric display, information kiosks, and taxi cab advertising are effective in urban areas.

10) The Step-wise Regression of marketing mix strategies, resources, activities and programmes of the LIC on its performance variables like MS, ROI, SG, CR and CI shows that the physical evidence strategies and MRC greatly influence the market share of the LIC. The MRC, MCA, MEE, promotional strategies, physical evidence strategies, and process and product strategies influence ROI while MEE, MCA, people strategies, distribution channel strategies, and physical evidence strategies dictate the sales growth of the LIC. While CFIA, physical evidence strategies and promotional strategies decide the customer retention, the MRCA, MCA, CFIA, process strategies and people strategies determine the corporate image of the LIC. The Canonical Correlation analysis of the marketing mix strategies with performance variables reveals that while the promotional strategies and distribution channel strategies play an important role in determining the sales growth of the LIC, the product strategies and pricing strategies are closely related to the market share and corporate image of the LIC respectively. Considering the resources, activities and programmes of the LIC, the corporate image, return on investment and market share are closely interlinked with its cross-functional integration activities.
11) The most frequent objection faced by agents in the course of marketing life insurance products and services is related to return and liquidity of policies. Considering the most influencing factor in making the marketing career of agents easier, the product and service quality in Ernakulam division and promotional measures, training programmes, efficient grievance settlement mechanism, speedy claim/due settlement, higher ROI, and cooperative higher authorities of LIC are found to be influencing the agents in Kozhikode division.

6.6. Recommendations

1) Life insurance awareness campaigns are to be organised by the LIC as the market leader, along with the regulator of the industry (IRDA) so that the public can have a better idea on the importance of having life policies and thereby increased life insurance density and penetration.

2) The information technology has immense potential in marketing services and servicing policyholders. The dependence of customers on agents for payment of premium and other services shows the underutilization of information technology. As such, the premium payment and other services are to be simplified by enabling the customers to access and utilise the services with ease through online by providing demo.

3) Life insurance agents face multiple problems in marketing life insurance products and services from the perspectives of customers, office authorities and among themselves, as to the upkeep of ethics and standards in marketing. Up-to-date training and skill development programmes are to be arranged, which help to know the customer well and match their needs with products of the LIC. The severe problem faced by agents relates to poor customer financial status, followed by undue delay in
payment of premium and demand for lower premium in rural areas. Customer education in different aspects of life insurance, especially premium, return and purpose of having policies in life, should be initiated to change the mindset towards investment in life insurance. Proper measures are to be taken to address and discourage the unhealthy market practices among agents in urban areas.

4) The role of personal selling in marketing life insurance is to be optimally used by the LIC as the large agents’ workforce can be effectively used in creating customer awareness, changing the attitude of customers towards the LIC, promoting products and services and enhancing their utility.

5) The promotional initiatives in rural areas are to be reoriented such that radio and newspaper get a prominent place among the promotional media, along with word-of-mouth, social camps and customer contact programmes. The distribution of calendars and diaries at low price will also be an added advantage in this direction. As internet, website and email use are not so much popular among rural customers, installation of trans-slides electric display at prominent places and provision of information kiosks at office premises will be helpful in enhancing the effectiveness of the promotional efforts of the LIC.

6) The regional language should be given importance in implementing promotional efforts through opted media and the media selected should be suitable to customer segments, and its theme and contents should be oriented in such a way that it adds to awareness and creates knowledge on products and services among the prospective customers.
7) The rural new business of the LIC is to be improved in terms of policies and sums assured by redesigning products with features and benefits suitable to the segment in terms of their financial capacity and requirements.

8) The most vital objection raised by policyholders is related to the return aspect of life insurance. It is because of their misconception of comparing the short-term gains raised in other financial instruments with return of life insurance products and services. The lack of knowledge on the part of customers as to the intricacies of return on investment in life insurance makes it more complex. Educative measures like seminars, conferences, distribution of educative materials like brochures, pamphlets, etc., are to be undertaken to correct the misconception in respect of life insurance products and services.

6.7 Scope for further research

Life insurance marketing in the competitive market environment calls for appropriate and specific strategies to survive and grow. The strategies in relation to marketing mix elements are to be tuned to meet the market demands emphasizing enhanced service quality due to the special characteristics of service. No study has been undertaken to assess the perception and impact of the programmes and polices of the LIC in Kerala, incorporating all stakeholders. The present study is descriptive and an analytical one that provides an outline of the promising sector. In-depth studies can be undertaken in the following areas to explore the innate potential of the sector.

1) Cost benefit evaluation of distribution channel strategies of the LIC
2) Customer satisfaction on the e-products and services of the LIC
3) Role of technology in the customer services of the LIC