Chapter 2

Design and Methodology
Insurance is all about making sure your family has adequate financial resources to make those plans and dreams come true. It provides financial protection to help your family or business. Families' counts on everyday for financial support, food, shelter transportation, education and much more. insurance provides you with that unique sense of security that no other form of financial support especially during the time of crisis irrespective of the fluctuations in the stock market. Insurance provides support right from childhood to old age. Having the above things as their objective, many insurance companies has emerged in India. The insurance landscape in India is undergoing major change closed to foreign competition. Since nationalization in 1956, the insurance industry had been protected fro competition. Now, with the re-opening of the sector, several new players have entered the scene offering different types of Insurance products such as –

- Fire insurance
- Life insurance
- Marine insurance
- Industrial insurance
- Corporate insurance
- Liability insurance
- Travel insurance
- Property insurance
- Personal insurance
- Motor insurance
- Health insurance
- Home insurance
- Weather insurance
- Others

According to insurance industry observation, distribution was expected to emerge as one of the key factors for the success of private insurance in India. They also felt that insurance intermediaries and new distribution channels would become the strongest drivers of growth for the insurance sector and that multi-channel would become the norm. With even LIC adapting these new channels of distribution, the distribution of insurance products/services seemed all set to undergo a radical overhaul.

STATEMENT OF THE PROBLEM

Insurance companies in India with their vast branch network been meeting the diverse security needs of the society, but also have evolved innovative organization and methods of cost-effective services delivery. In the wake of liberalization, privatization and globalization, new challenges before insurance sector include competition, the fast growing technology, consumerism, changing economic conditions and marketing strategies. These changes have transformed the role, configuration and responsibilities of insurance managers. To cope up with the new situations, they need to acquire new skills, attitudes, mindset, methods and strategies. In this backdrop, the public and private sector insurance companies in India face the challenge of formulation suitable marketing strategies.

The major problem areas in insurance services are:

- Limited number of services offered by the insurance companies;
➢ Low awareness levels among customers as to the services offered by insurance companies;
➢ Inadequate customers’ access to insurance services;
➢ Low quality of services by insurance companies;
➢ Barriers in Customer Relationship Management (CRM) process;
➢ Dissatisfaction of the customers with services by insurance companies.

Thus, in the present study it is proposed to examine the effectiveness of marketing strategies adopted by select insurance companies in Kadapa Corporation, Andhra Pradesh, in providing insurance services to their customer groups.

OBJECTIVE OF THE STUDY

The objectives of the study are set as mentioned:
➢ to trace out the insurance products offered by public and private sector insurance companies;
➢ to analyse the marketing strategies adopted by public and private sector insurance companies;
➢ to know the customer perceptions on insurance products and
➢ to offer suitable strategies for effective marketing of insurance products.

NEED FOR THE STUDY

There are umpteen numbers of studies on credit practices of insurance companies in India both by the RBI and government appointed official committees and work groups and individual researchers. The under researched area is ‘marketing of insurance products by insurance companies’. Hence, the present study is a gap-filling attempt which aims at evaluating marketing strategies adopted by select insurance companies in Kadapa Corporation in providing services to the customer public.
SURVEY OF LITERATURE

A number of studies have been conducted in India over a period of time to determine as to what are the insurance customer's requirements and expectations from their insurance companies and how far they are satisfied with their insurance companies as regards to the quality of the service rendered. Some studies which have been conducted abroad and are relevant to the present study are reviewed in the present chapter. It is proposed to survey the literature that exists in the field of marketing of Insurance services. The relevant studies having impact on the present work have been bifurcated for the purpose of this review into two parts:

1. Conceptual Studies:

Studies of this sort provide strong theoretical and conceptual foundation for the present study. The studies included here are various published books. 

Books


Ram Mohana Rao, K.S. "Services Marketing", is emphasis on service marketing, intends to provide a conceptual base with practical applications.

The book “Customer Behaviour” was developed by Raju, M.S. Dominique Xadel. This book gives the information for developing the skills to know the customer profile in an easiest manner.

Guruswamy, S. authored a book, titled, "Financial Markets and Institutions". He identified various services, types of risks, range of services, strategic alliance, mutual funds and many more.

"Service Marketing", is a conceptual study authored by Rama Chandra, K., Chandra Sekhara, B., Shiva Kumar, S., where in they reviewed about characteristics of services, customers behaviour, managing relations with customers and customer involvement.
"Successful Direct Marketing Methods" by Bobstone. Ron Jacobs, the authors tells that "a vast relatively untapped market" exists in the sales of life insurance products.

The book "Life Insurance" by Solomon Stephen Huebner, Kenneth Black deals with the rules, problems and techniques of life Insurance.

"Essentials of Marketing by Jim Blithe is the books deals with the basics and essentials of marketing.

The book "Marketing to the Affluent" by Thomos, J. Stanley tells that it is not easy to sell insurance products, often, prospective customers find it difficult to conceptualise the need for the product.

"New Foundations for Insurance Law" by Francis, D. Rose deals with the new laws of marketing of insurance products.

2. Research Studies:

Research Studies on marketing of services pertaining to both public sector and private sector Insurance companies are found to be very limited which pinpoints the very scant attention paid to the particular area.

Books

In the book, "Text book of Marketing of Services - the Indian experience", Nimit Chowdary and Monika Chowdary analysed customer relationship management strategy and 7Ps of service marketing mix.

The book "Marketing Research" - an applied orientation by Naresh,K Malhotra, tells that marketing is a vast subject and many benefits to service industry can be gained by marketing research.

"Innovation in the Service Economy" - The New Wealth of Nations by Faiz Gallonj, is the idea for a new insurance policies which can come from a number of sources like competitors, loss adjustments, sales networks, etc.

"Risk Management and Insurance" - Perspective in Global Economy is the book deals with the risks involved in insurance industry and managing insurance markets.
Articles

Blois, K.S., expressed his views in the article, captioned, "The Marketing Services- an Approach", necessity of marketing, features of services, scope of marketing\(^1\).

George, William, R., and Hiram, C. Barkdale, emphasized in their article, "Marketing activities in the Service Industries", the necessity of marketing activities in service industries, procedures and techniques of services marketing\(^2\).

Mohandas Poornima, in her article, "Private Insurance companies turn on heat" emphasizes that private players in insurance industry is giving a tough competition to the public companies\(^3\).

Shashidhar Ajita, in his article, "When ads get emotional" emphasizes that marketing of insurance products can get good results by attaching emotions with the products\(^4\).

Websites

www.monsterindia.com is the site which contains the information related to insurance industries, their products, customer reactions and expectations\(^5\).

The LIC published its all necessary information on its website www.licofindia.com\(^6\).

The website www.bajajallianz.com provides all information related to Bajaj alliance insurance company\(^7\).

The IRDA in this website www.irda.com gives complete information about all the rules, procedures, journals related to insurance industry\(^8\).

The website www.bimaonline.com is a website which have all necessary information related all insurance players in the market\(^9\).

DATA BASE

The above mentioned objectives have been critically appraised by using both primary and secondary data. The primary data are collected from the samples beneficiaries of the Insurance products through structural interviews. Besides, data
are also collected from insurance officials and other official and non-officials concerned. The secondary data are collected from various reports and publications of both public and private sectors of Kadapa district.

SAMPLE DESIGN

Table 2.

<table>
<thead>
<tr>
<th>Customer Groups (1)</th>
<th>LIC (Public Sector Company)</th>
<th>BAJAJ ALLIANZ (Private Sector Company)</th>
<th>Customers Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total (2) Sample (3)</td>
<td>Total (4) Sample (5)</td>
<td>Total (2+4) Sample (3+5)</td>
</tr>
<tr>
<td>Whole-Life policy Holders</td>
<td>2800 75</td>
<td>800 25</td>
<td>3600 100</td>
</tr>
<tr>
<td>Endowment Policy Holders</td>
<td>1600 75</td>
<td>600 25</td>
<td>2200 100</td>
</tr>
<tr>
<td>Term-life policy Holders</td>
<td>2100 75</td>
<td>400 25</td>
<td>2500 100</td>
</tr>
<tr>
<td>Money Back Policy Holders</td>
<td>1800 75</td>
<td>NC 25</td>
<td>1800 100</td>
</tr>
<tr>
<td>Joint-Life Policy Holders</td>
<td>1300 75</td>
<td>400 25</td>
<td>1700 100</td>
</tr>
<tr>
<td>Pension Plans Policy Holders</td>
<td>2400 75</td>
<td>800 25</td>
<td>3200 100</td>
</tr>
</tbody>
</table>

Note: NC stands for Not Considered

Source: Field Survey
TOOLS OF ANALYSIS:

Multi Sourced data here is tabulated and analysed using appropriate statistical tools such as percentages, averages, ratios, weighted averages. In addition to these graphs are employed at appropriate places.

SCOPE AND LIMITATIONS OF THE STUDY

The study pertaining to the Public and Private sector insurance companies and their customers in Kadapa town, Andhra Pradesh, confines to the marketing strategies of these insurance companies. Further, the study is focused and services of insurance companies. The data generated in the study are the responses from the customers and of LIC and Bajaj Allianz in Kadapa Corporation.

Constrained by time and resources, the study is limited to the Kadapa Corporation, Andhra Pradesh. Low educational levels, at times illiteracy and consequent limited cognizance of their Insurance services is a stumbling block in data collection. Secondary data were collected from reports of LIC, Bajaj Allianz and government agencies. Hence, there are slight discrepancies between one source of data and another. None-the-less, these limitations are in no way deterring the significance, analytical vigor and applicability of the study.

DESIGN OF STUDY:

To achieve the above mentioned objectives the study has been divided into the following chapters.

Chapter-1 INTRODUCTION

Chapter-2 DESIGN AND METHODOLOGY
Chapter-3 INSURANCE COMPANIES AND INSURANCE PRODUCTS

Chapter-4 MARKETING STRATEGIES OF SELECT INSURANCE COMPANIES

Chapter-5 CUSTOMER PERCEPTIONS ON INSURANCE PRODUCTS

Chapter-6 SUMMARY OF CONCLUSION AND SUGGESTIONS

A brief bibliography of books, reports, articles and journals is added to the study at the end to indicate the nature and scope of literature used for the study.
REFERENCES

5. Rama Chandra, K., Chandra Sekhara, B., Shiva Kumar, S., “Services Marketing”
6. “Successful Direct marketing Methods” by Bobstone.
17. Mohandas Poornima, “Private Insurance companies turn on heat”
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