CHAPTER – V

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

The data collected are analysed with appropriate tools of analysis. Based on the analysis, interpretations are made systematically. In this chapter, an attempt is made to recapitulate the key findings and based on these; a few suggestions are also made for improving the marketing of life insurance in rural areas. The objectives addressed in the research are:

5.1 Objectives of the Study

1. To study the marketing of life insurance in general and in particular in the rural areas of Erode District.

2. To analyze the role of marketing force in selling life insurance products in rural markets.

3. To explore the expectations and satisfaction of consumers in rural market with the insurance service offered and understand the gap that exists.

4. To ascertain the problems faced by the marketing force and the insured in rural market.

5. To suggest marketing strategies to enhance the insurance business in the rural market.
The analysis carried out to substantiate the objectives gives the findings listed below.

5.2 Findings from Policy Holders

The following are the details of the profile of policy holders considered for the study.

1. The study for the insurance rural reach conducted among the policy holders included men respondents to a greater extent. Among the respondents, 65.8 percentage are male and 34.2 percentage are female policy holders. More respondents (55.4 percentage) are of age group 36 years to 50 years. This is followed by the age group of 18 years to 35 years (25 percent) and above 50 years (19.6 percentage). Majority of the respondents are married (61.6 percentage). Policy holders without any formal education was lesser compared to other categories (6 percentage). Respondents with minimum qualification of schooling are 12.4 percentage. Most of the respondents are either under graduate (29.4 percentage); diploma holders (23.2 percentage); or post graduate (16.6 percentage). 12.4 percentage of professionals (who are lawyers, charted accountants, or doctors) also participated in the research.

2. It was learned from the analysis that Majority of the policy holders who participated in the survey are from nuclear family. 62.4 percentage are from
nuclear family and 37.6 percentage are from joint family. More families (65.4 percentage) have two adults in the family and 34.6 percentage family has three adults in the family. Family income of the policy holders in a year ranges from Rs.50,000 to Rs.5,00,000. Most of the families earn less than two lakh rupees per annum. Majority of the respondents are having one or two earning members in the family (42.2 and 39.8 percentages). Only 18 percentage family has more than two earning members.

The analysis carried out to know the awareness level of policy holders reveals the findings listed below:

3. Majority of the respondents are aware about insurance policies in a period of less than three years. Less than 10 percentage of the respondents are aware about insurance policies for 6 to 8 years.

4. Awareness of the respondents to Life Insurance Corporation of India (LIC) is through agents to a greater extent. 56.8 percentage of the respondents are aware about LIC of India through agents. This is followed by development officers, advertisements and word of mouth through friends and relatives. In case of private insurance companies, awareness through advertisement has reach to a greater extent. 45 percentage of the respondents are aware about the private insurance companies through advertisements. 31.2 percentage of the respondents are aware about the private insurance
companies through agents, 12.2 percentage respondents through
development officers and 11.6 percentage respondents through friends and
relatives.

Types of insurance policies held and the payment of premium for the
same by the respondents are analysed with percentages and the findings are
discussed below:

5. Majority of the policy holders considered for the study (72.8 percentage)
have opted for LIC for their life insurance policies. However, 27.2
percentage of the respondents have opted private players

6. Majority of the respondents (54.2 percentage) held two policies in Life
Insurance Corporation of India (LIC). 36 percentage of the respondents
hold one policy with LIC and 9.4 percentage holds 3 policies. In case of
private players, majority of the respondents hold one or two policies (39
percentage and 37.8 percentage). 23 percentage respondents do not hold
any policy with private players.

7. It is found from the analysis that 26.2 percentage of the respondents hold
less than one lakh rupee policies in Life Insurance Corporation of India
(LIC). 21 percentage of the respondents held 2.5 to 5 lakh worth policies
and 20.6 percentage respondents hold 5 to 10 lakh worth polices; and 19.4
percentage holds one to 2.5 lakh worth policies in LIC. With private
players, 39.6 percentage respondents hold less than one lakh worth policies.
20.4 percentage holds one to 2.5 lakh worth policies; 16 percentage hold 2.5 to 5 lakh worth policies; 10.4 percentage holds 5 to 10 lakh worth policies and same percentage holds 10 to 15 lakh policies. 3.2 percentage of the respondents hold 15 lakh and above policies with private players. Sum insured with private insurance companies is more than with LIC.

8. Majority of the respondents pay quarterly and half yearly premiums for both LIC and private insurance companies. Monthly premium is also paid for LIC and private players (16 percentage for LIC & 12.4 percentage for Private Insurance Companies). Lesser percentage respondents prefer single premium for LIC and private players. Hence there is no greater variation in the period of payment of policy holders of LIC and private players.

9. In case of LIC, 37 more respondents (37 percentage) prefer payment through agents. However, there are respondents who pay cash, through bank, by cheque, and in salary saving scheme (15.6 percentage, 16.6 percentage, 13.2 percentage, and 10.4 percentage respectively). Only 7.2 percentage of the respondents go for online payment of premium. In case of private players, 24.8 percentage of the respondents go for payment through cheques. 20.6 percentage of the respondents pay through agents and 16.2 percentage of the respondents pay through banks. Greater numbers of respondents prefer online payment (14.4 percentage of the respondents).
Association between demographic profile of the policy holders and their policy holding is analysed and the findings are listed below.

10. Chi-square test performed at 5 percent level of significance accepts the null hypothesis for all the demographic variables, except for gender, as the p-value is greater than 0.05. Significance level of gender is less than 0.05. Hence there exists association between gender and the number of policies held by the respondents. All other variables do not have a significant association with the number of policies held by the respondents.

Expectations of the policy holders as revealed in the analysis are:

11. Policy holders expectations are enquired with the servqual scale modified for the research. The responses are recorded in a seven point likert scale ranging from ‘strongly agree’ to ‘strongly disagree’. It is difficult for the marketers to concentrate on all the expectations of the policy holders. Exploratory factor analysis is conducted to identify the major expectations that the marketers in insurance products can concentrate on. Total variance explained table explains that 9 factors are extracted as important from the 22 variables identified. The explanatory power of these variables to understand the expectations of the policy holders is to the extent of 52.512 percent. The major expectations of the policy holders in rural market that would aid in marketing insurance policies are: **Factor 1:** Employees should
be neat & Policy holders best interest should be maintained by insurance companies, **Factor 2:** Convenient Operating hours & agents available for service, **Factor 3:** Visually appealing materials & facilities & ensure safe transactions, **Factor 4:** Error free records, **Factor 5:** Knowledgeable agents, **Factor 6:** Agents to instill confidence, **Factor 7:** Keep up promises & provide service as assured, **Factor 8:** Prompt service & personal attention by agents, **Factor 9:** Service first

**Policy holder’s perception about the services offered by LIC is analysed and the results are given below:**

12. Policy holder’s perception about the services offered by LIC is enquired with the servqual scale modified for the current research. The responses are recorded in a seven point likert scale ranging from ‘strongly agree’ to ‘strongly disagree’. It is difficult for the marketers to understand the major perception of the policy holders with regard to the services offered by policy holders. Exploratory factor analysis is conducted to identify the major perception of the policy holders. Total variance explained table explains that 10 factors are extracted as important from the 22 variables identified. The explanatory power of these variables to understand the perception of the policy holders is to the extent of 56.251 percent. The major expectations of the policy holders in rural market that would aid in marketing insurance policies are **Factor 1:** Feel safe & courteous behavior,
**Factor 2:** Personal attention & LIC serves your best interest,  **Factor 3:** Modern equipments & Visually appealing materials,  **Factor 4:** Agents behavior instills confidence & they have time for customers,  **Factor 5:** Error free records,  **Factor 6:** LIC keeps up promises,  **Factor 7:** Agents are willing to help & Prompt in service delivery,  **Factor 8:** Service first,  **Factor 9:** Prompt service,  **Factor 10:** Visually appealing facilities. The expectations of the policy holders are almost satisfied by LIC. LIC has to concentrate on flexible timing for the customers. Otherwise there exists no gap in the expectations and the service delivered by LIC. Hence there exists satisfaction of the service offered by LIC to its policy holders.

**Problems faced by the policy holders are revealed as discussed in the following paragraph.**

13. The weighted average ranking of the problems of policy holders reveal the order of the importance of the problems. The problems are ranked according to their importance below.

**Rank 1:** Delay in the settlement of claim amount

**Rank 2:** Benefits of insurance policy is not clear

**Rank 3:** Ambiguity in the terms & conditions of the policy

**Rank 4:** Formalities in the final claim

**Rank 5:** Delay in the claim due to legal formalities

**Rank 6:** Lack of proper claim facilitators
Rank 7: Initial claim formalities

Rank 8: Low publicity & advertisements of claim settlements

The marketers can concentrate on solving the problems of the policy holders in the order of priority to have better reach in the rural segment.

5.3 Findings from Agents

The following are the details of the demographic profile of the agents considered for the study.

1. LIC agents who participated in the survey are male to a greater extent. 68 percentage male and 32 percentage female agents participated. Majority (57 percentage) of the respondents are of age group 21 years to 40 years. This is followed by the age group of 41 years to 60 years (25 percent); above 60 years (10 percentage) and up to 20 years (8 percentage). Majority of the respondents reside in rural places (63 percentage). Major category of the respondents is married (70 percentage). The agents are with minimum qualification of class 10 (10 percentage). Most of the respondents are either graduate (32 percentage); post graduate (25 percentage); or senior secondary qualified (26 percentage). There is a small group of professionals (7 percentage) who are lawyers, charted accountants, or doctors.

2. Majority (59 percentage) of the LIC agents who participated in the survey are individual agents. 28 percentage are career or direct agent and 13 percentage of them are development officers. 34 percentage of the agents
earn monthly income between 5001 to 10,000 rupees and 31 percentage earn rupees 10,001 to 20,000. 17 percentage of the agents earn up to 5000 rupees and 18 percentage of the agents earn above 20,000 rupees every month. Full-time agents are 58 percentage and part-time agents are 42 percentage. Majority of the agents are with work experience of 11 to 20 years. However, 28 percentage are with experience of 10 years are less and 15 percentage are with work experience of above 20 years.

Rural reach made by the agents and the number of policies sold are discussed below:

3. Majority of the agents (82 percentage) sold LIC policies in rural market. However 18 percentage of the agents did not sell policies in rural market.

4. Majority of the agents sold policies less than 50 numbers in a month. 49 percentage of the agents sold 21 to 50 policies in a month and 42 percentage of the respondents sold up to 20 policies in a month. Only 9 percentage of the respondents sold more than 50 policies in a month.

5. LIC agents sold policies in rural market to a greater extent. 25 percentage of the agents sold 30 to 40 percentage of the policies in rural market. 24 percentage of the agents sold 40 to 50 percentage of their policies in rural market. 23 percentage of the agents sold 20 to 30 percentage of their policies in rural market. 16 percentage of the agents made 10 to 20 percentage and 10 percentage of the respondents made 5 to 10 percentage
of their policy sales in rural market. Only 2 percentage of the respondents made less than 5 percentage sales in rural market.

**Association between demographic profile of the agents and their rural reach reveals the following findings.**

6. Association between demographic profile of the agents and their rural reach is studied with chi-square test. The analysis is performed at 5 percent level of significance and the null hypothesis is accepted for all the demographic variables included, as the p-value is greater than 0.05. Hence there exists no association between the demographic profile of the agents and their rural reach.

7. The analysis reveals that insurance companies have greater interest in reaching rural consumers (68 percentage). Rural segment has equal trust with LIC and other private insurance companies. However, community association by the way of caste, religion would help the agents to approach the rural community easily (66 percentage). Agents opine that existing policies are cost effective and sufficient enough for rural segment. They insisted that endowment policies (41 percentage) and low premium term assurance policies (36 percentage) would suit rural segment. Agents also expected due recognition for rural reach through promotions or increased commission charges. This would help the insurance companies to have a greater reach throughout the country.
Challenges faced by agents in rural reach gives the following findings:

8. Challenges faced by agents in rural reach bring out 17 challenges. As all the challenges cannot be equally addressed, exploratory factor analysis is conducted to identify the major challenged faced by the agents in rural market. Total variance explained table explains that 7 factors are extracted as important from the 17 variables identified. The explanatory power of these variables to understand the challenges faced by the agents in rural market is to the extent of 68.476 percent. The factors extracted are identified with the loadings (above 0.7) irrespective of sign, and are listed below in the order of extraction. These are the major challenges faced by the agents in rural market in marketing insurance policies. **Factor 1:** Exposure to print media is very low & Lack of Knowledge & skills of the people, **Factor 2:** Undeveloped business ecosystems, **Factor 3:** Lack of need based products, **Factor 4:** Information problems, **Factor 5:** Sales & distribution challenges, **Factor 6:** Heterogeneity of rural landscape, **Factor 7:** The gap between the potential available and trapped. Insurance agents perceived these 7 major challenges crucial in facing rural market.

Market strategies adopted by the agents in rural reach reveals the following findings.

9. Agents shared the market strategies that helped them to penetrate the rural market rural market. Their agreement with the strategies is recorded in a
five point likert scale ranging from ‘very high’ to ‘very low’. It is difficult for the marketers to concentrate on all 15 marketing strategies suggested. Exploratory factor analysis is conducted to identify the major strategies that the marketers in rural market can look for. Total variance explained table explains that 6 factors are extracted as important from the 15 variables identified. The explanatory power of these variables to understand the major marketing strategies for the agents in rural market is to the extent of 60.517 percent. The major challenges faced by the agents in rural market in marketing insurance policies are **Factor 1:** Partnership for Sustainability & Promotion through banks, **Factor 2:** Telemarketing, **Factor 3:** Client and Location Specific Promotion, **Factor 4:** Principle of Differential Pricing, **Factor 5:** Flexibility in Payment, **Factor 6:** Availing Loan Facility.

5.4 Verification of Hypotheses

Based on the above stated objectives of the study, the hypotheses are formulated for empirical verification.

\[ H_1: \] There is no association between the demographic profile of the policy holders and their policy holding.

\[ H_A: \] There exists association between the demographic profile of the policy holders and their policy holding.
The analysis made reveals that at 5 percent level of significance the null hypothesis is accepted for all the demographic variables, except for gender, as the is greater than 0.05. Significance level (p-value) of gender is less than 0.05. Hence there exists association between gender and the number of policies held by the respondents. All other variables do not have a significant association with the number of policies held by the respondents. Hence the null hypothesis stated is true for all the demographic variables except the gender. In case of gender, the alternate hypothesis holds good.

$H_2$: There is no association between the demographic profile of the agents and their rural reach.

$H_A$: There exists association between the demographic profile of the agents and their rural reach.

The analysis performed to understand the association between demographic profile of the agents and their rural reach at 5 percent level of significance proves that the null hypothesis is accepted for all the demographic variables included, as the p-value is greater than 0.05. Hence there exists no association between the demographic profile of the agents and their rural reach. The null hypothesis stated is accepted.
Suggestions

The major expectations of the policy holders in rural market that would aid in marketing insurance policies are: Feel safe & courteous behavior, Personal attention & LIC serves your best interest, Modern equipments & Visually appealing materials, Agents behaviour instill confidence & they have time for customers, Error free records, LIC keeps ups promises, Agents are willing to help & Prompt in service delivery, Service first, Prompt service, Visually appealing facilities. The expectations of the policy holders are almost satisfied by LIC. LIC has to concentrate on flexible timing for the customers.

The major expectations of the policy holders in rural market that would aid in marketing insurance policies are: Employees should be neat & Policy holders best interest should be maintained by insurance companies, Convenient Operating hours & agents available for service, Visually appealing materials & facilities & ensure safe transactions, Error free records, Knowledgeable agents, Agents to instill confidence, Keep up promises & provide service as assured, Prompt service & personal attention by agents, Service first. The insurance companies should concentrate on these factors to improve the satisfaction of the policy holders.

Some of the recommendations for the insurance firms to explore rural market are:

- Policy benefits and the claim formalities can be explained in detail to nominees.
• More awareness programs about the various policies and its benefits can be given to the rural people.

• Some type of agent network is must. As insurance customers rely on personal interactions and a need a high level of service that can be very well maintained by these types of rural agents.

• The distribution channel need to be improved and new ideas and people are need to be discovered those can work as an insurance agents.

• Villagers have high trust in banks and post office and they seems it as safe institutions to invest their hard earn money and any tie up with these bodies may enhance the credibility of insurers and their agents. Due to good bonding, these institutions are highly trusted by the rural population, even with access to smallest villages.

• The various rural forums like Choupal and Gram Panchayats and Tahseels also may play significant role because that are means of regular meetings at the village. The block and district level forum can be used for promoting and motivating group insurance.

• The cooperative banks and other cooperative societies may provide a robust platform to sell insurance as these societies are forums that deals with finance matter. The opportunity can be find in selling small-investment and high risk cover policies such as accidental policies.
• The hospital doctors may motivate the villagers to purchase Health insurance that cover hospital expenditure of short term disease such as mother and baby care expenses. The customized products specially design for formers certainly motivate to purchase life insurance and increase in sell of life insurance policies.

• The subsidized schemes like Rural Group Life Insurance Schemes (RGLIS) must be motivated and advertised. These types of subsidized schemes must be introduced for very poor individuals with low premium. Subsidy provides by governments under these schemes.

• Cooperative Insurance Fund may be created from surplus fund of LIC and government participation, as similar to, Army Group Insurance Fund and Naval and Air Force Life insurance Funds.

• The linking of agriculture risk and health risk with life insurance may be a good idea for the purpose of positive motivation.

• The NGOs working in this area are really less in numbers. More NGOs need to be encouraged.

• Some observing authority at Panchayats or Tahseels level must be established to look after speedy settlement of claim and to provide needful assistant in documentation at the time of purchase.
5.5 Conclusion

Life insurance industry requires new strategies in order to survive and survive successfully. To tap the insurance potential to maximum industry needs to frame such plans and strategies that will help to capture the market. Companies instead of focusing only on improving the variety of products needs to focus on targeting new segments and implement innovative strategies in order to achieve sustained growth and ensure profitability of business as well as growth of insurance coverage. Raising the awareness of the customer has two fold advantages - it helps in imparting the knowledge of insurance in general and insurance provider in particular. In a country like India where many villages are in the media dark zones, there should be some pro activeness to bring them to the main stream of the economy. The Indian life insurance companies can think of some model for raising the awareness levels of insurance in the rural markets. Insurance Companies Consortium can also think of publishing small monthly magazines to be distributed to rural people at Melas, Markets, Jatras and village Fairs by conducting exhibitions. Innovative attractions like distributing prizes for answering simple questions can be announced to attract the visitors. The monthly magazines can be stuffed with matters relating to wealth management, life insurance and the advantage of life insurance over other savings. It can also highlight agricultural practices, self employment generation programmes in rural areas, government policies for rural upliftment, legal suggestions and other issues.
to attract the rural people towards the magazines. The private players need to boost their sales and operations by perfecting the Service Index Meters (SIM) with a view to provide the best service to the customers.

5.6 Scope For Further Research

A research study would be incomplete if it doesn’t provide necessary guidelines as well as potential research topics, for further exploration. The following suggestions are made for further research in this area.

1. Claim settlement is one of the most important services that an insurance company can provide to its customers. Insurance companies have an obligation to settle claims promptly. Further study can be done on “Customers opinion on settlement of claim towards life insurance companies”.

2. The applicability of the findings of these studies differs among other district and state depending on the level of development achieved and the pattern of economic policies adopted. An attempt may be taken to study about the “Marketing of life insurance policies in rural areas” based on the rural development of other districts and states.

3. Further research can be done in “Factors influencing households demand for life insurance in rural areas”. The results of this type of
research will enable life insurers to better understand consumer life insurance behavior and thus be better equipped to motivate consumers to purchase needed and appropriate life insurance products.

4. Due to the liberalization of the industry the insurance industry has never looked back and today stand as the one of the most competitive and exploring industry in India. An attempt can be made to analyze the performance of public and private life insurance companies in India.