STRATEGIES OF LIFE INSURANCE COMPANIES IN CHENNAI CITY

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ABSTRACT: The study is designed to evaluate the marketing strategies in life insurance service sector and how these strategies boost sales and marketability of a product which ultimately lead to customer satisfaction. This paper presents different marketing strategies that are taken up in life insurance services keeping in view external and internal environment of the firm. Insurance companies play an important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident. Data was collected with the help of structured questionnaire. The sample constituted of 50 respondents from Chennai city. Finally it concluded that among the all factors savings purpose and policy period is attracted by many policy holders while taking policy.

Key words: life insurance, service quality, strategies.

INTRODUCTION

In India, the structure of economic development has undergone a considerable change in the last decade with the service sector becoming a major part of the economy contributing to more of real GDP in the last few years .Growth in the services sector has been substantive and has resulted in the emergence of a new breed of larger more refined service companies. Services cover a wide range of activities like trading, banking & finance, infotainment, real estate, transportation, security, management & technical consultancy among several others. Contribution of various sectors of services to our economy had been increasing for the last decade. Banking and insurance services contribute the major chunk of financial services in India. The emerging scenario provides the customers with choice of insurance, wider range of new and innovative products, competitive pricing of products and services.

Human life is a most precious asset and life insurance is one of the ways which provides financial protection to a person and his family at the time of any disaster. Life insurance provides both safety as well as protection to individuals and also boosts savings among people. Insurance companies play an important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident.

Customers are the back bone of life insurance business. Every company tries to attract new customers and retain existing customers in order to keep their profits high. This helps insurance companies maintain a good competitive edge on its competitors .

The paper concludes with that demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies.   After the new economic reform private players are free to business in India. In 2000 the private service sector was free to business in India. The foreign life insurance investor is entered in 2001 to establish their business with collaboration of Indian insurance companies. Before, the privatization the only one government regulated life insurance existed in India was LIC. At present scenario 24 life insurance companies are providing life insurance security to their subscriber.

STATEMENT OF PROBLEM

Today, almost all the life insurance companies should rely on promotional strategies as essential and vital tools to provide competitive advantage in this competitive world, hence these arises a need to study the promotional strategies in life insurance companies in Iran. Here the researchers aim to probe into the reason of implementing right promotional strategies.

OBJECTIVES OF RESEARCH

- To understand various strategies undertaken by life insurance companies in Chennai city

- To know whether the new adopted marketing strategies have helped LIC of India to increase their business volume.

- To develop a questionnaire for measuring the key dimensions of the Marketing strategy of life insurance.

- To analyze the Marketing Strategy of Life Insurance companies

- To suggest a Marketing Strategy for life insurance companies based on the findings of the work.

REVIEW OF LITERATURE

Khan, M.K. (1978)1 attempts to know the opportunities and prospects in the career of a life insurance sector. He explains about what a good career is and how a good career should be for selling of life insurance products. There is no age barrier and it requires no previous occupational experience but one must be a professional and capable of creating opportunities in building personality. The relationship of life Insurance agent with clients is not temporary and the service rendered has no substitutes. He also observes that life insurance agent remains, in a sense, permanent server to the clients.

Rajkumar (1985)2 views that advertising is to influence a customer, who has a limited spending power and it seems to operate through familiarizing spreading news over cog inertia and image building improving market share, educating, informative and to have staff support. As far as insurance industry is concerned, misconception is a common problem and the pre-testing revealed that most of the rich people are associated with insurance and he viewed that the treatment of Life Insurance Company to the public is always unfair.

Shesha Ayyar, V. (1986)3 in his article entitled "Product Development" has discussed various issues connected with developing new polices such as the importance of developing new schemes and various problems involved in the development of new schemes in Company. He suggested the need for including ancillary benefits such as accident benefits, disablement and hospitalization benefits.

Rao, B.S.R. and Appa Rao Machiraju (1988)4 in their article entitled "Life Insurance and Emerging Trends in Financial Services Market", contends that the agents of life insurance should improve their services to the level of financial experts. The authors felt that the change in the economic scenario would help the corporation in better services field.

Krirubashni, B. (1991)5 in her study attempts to know the level of awareness, preference and influencing factor pertaining to policy holdings and to test the relationship between the influencing factors and policy holdings. The study reveals that the majority of the respondents aware of the endowment assurance policy and considered to rank it as number one. The study also revealed that there was a significant relationship between personal factors and policy holdings.

Malhotra, R.N. (1996) 6 a committee on reforms in the insurance sector was formed to discuss on the media's insurance sector - According to his survey, the awareness level of various policies of both General and Life Insurance Company is quite limited. He is also of the view that a fair proportion of people are of the opinion that peerless companies are offering only general insurance.

Shekar Chandra (1998)7 in his article "Future strategies for Life insurance" discussed various issues relating to life Insurance. He has given a detailed note about new kinds of products and intimacy with the constant technology adoption for survival as well as for consistent growth.

Shesha Ayyer, V. (1999)8 in his article entitled "New Insurance Products in the Next Century" expressed his views about new products. The possibility of the aged living too long has become real because of advancement in medical facilities. Pension schemes have thus become popular though at a slow pace. Divorce rates are increasing and the insurer can look into the problem and introduce new schemes to fit them.

Vijay Srinivas (2000)9 in his article entitled, "How Returns Linked Insurance Products can be Popularized?" emphasized that the insurers should link insurance products with other benefits. Low incomes, social structure, lack of understanding among the public, lack of availability of new schemes are the main reasons for low productivity for insurance in India.

Swapan Bakshi (2001)10 tries to focus issues on the potential growth in insurance business and the infrastructure for banks to adopt the strategies for success in a competitive environment while opportunities are immense and the challenges are also formidable, the prospects and problems for banks planning to foray into insurance is well discussed. Entry of private players

may erode the deposit base of banks, since life insurance advantage, flexibility and gestation period. The potential threat to deposits may be the factors considered for banks to go for both life and nonlife sector.

Azhagaiah and Varadharajan, R. (2003)11 in their study view that out of one billion people in India; only 35 million people are covered by insurance. With the entry of Private insurance Players, people have a host of schemes to choose with distinguished features, giving importance to the return on investment. Life Insurance Company has been withdrawing many of its assured return plans, due to the factors like changing customer behavior, deregulation and government intervention, competition etc. The ICICI prudential tops the rank with 40% progress followed by Max New York with 13% progress in the insurance business of India.

Mony, S.V. (2005)12 in his article entitled "New Initiatives in the Insurance Sector Opportunities and Challenges Stressed that the Co-operative Sector and the Micro-Credit Organizations", might help in the penetration of insurance in the rural areas by formulating low cost polices. He also stressed that good customer service and information technology might help insurance companies in the penetration of insurance products into urban areas.

A study conducted by Bodla, B.S. and Sushma Rani Verma (2007)13 article "Life Insurance Policies in Rural Area and Understanding Buyer Behaviour", ICFAI University revealed that insurance sector plays a very important role in the development of any economy and it provides long-term funds for infrastructure development and at the same time strengthens the risk taking ability.

Selvavinayagam, K. and Mathivanan, R. (2010)14 article has revealed that the competitive climate in the Indian insurance market has changed dramatically over the last few years. At the same time, changes have been taking place in the government regulations and technology. The expectations of policyholders are also changing. The existing insurance companies have to introduce many new products in the market, which have competitive advantage over the products of life insurance companies.

K.V. Ramanathan (2011)15 in his article "A study on policy holder's satisfaction with reference to Life Insurance Corporation of India" identified a reliable and valid instrument for assessing customer perceived service quality, awareness level, and satisfaction level of customers for life insurance industry. Here, service quality needs to be measured using a six dimensional hierarchal structure consisting of assurance, competence, personalized financial

planning, corporate image, tangibles and technology dimensions. This would help the service managers to efficiently allocate resources, by focusing on important dimensions first.

RESEARCH METHODOLOGY

Data collection Data collection included both primary and secondary data are used.

Primary Data collection: Primary data is collected by a survey of designing a structured questionnaire distributed to the selected policyholders.

Secondary Data Collection: The secondary data is collected from the organization website, journals, Textbooks etc., Most of the data is collected from books and some of the data is gathered from the websites.

Sampling method : Convenience sampling method

DATA ANALYSIS AND DISCUSSION

Table 1		One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean	Sig	T -value
Salary savings	50	1.76	.657	.093	.000	18.956
Investment prefer	50	1.34	.658	.093	.000	14.398
Policy type	50	2.82	1.173	.166	.000	17.005
Sum assured	50	1.94	.818	.116	.000	16.762
Media attracted	50	3.62	1.576	.223	.000	16.237
Likely period of policy	50	2.14	.535	.076	.000	28.289
Satisfaction level	50	1.16	.370	.052	.000	22.149
Agents service	50	1.08	.274	.039	.000	27.867

Source –Computed data

From the above table it can be found that the mean values range from 1.08 to 3.62 with the respective standard deviation and standard error. The t values 18.956, 14.398, 17.005, 16.762, 16.237, 28.289, 22.149, 27.867 are statistically significant at the 5 % level. Therefore, it can be concluded, among the eight factors of insurance policy the policy holders are attracted by period of policy and agents service.

Table – 2 ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Salary savings	Between Groups	3.203	1	3.203	8.582	.004
	Within Groups	17.917	48	.373		
	Total	21.120	49			
Investment prefer	Between Groups	5.741	1	5.741	17.802	.000
	Within Groups	15.479	48	.322		
	Total	21.220	49			
Policy type	Between Groups	5.880	1	5.880	4.589	.037
	Within Groups	61.500	48	1.281		
	Total	67.380	49			
Sum assured	Between Groups	8.841	1	8.841	17.697	.000
	Within Groups	23.979	48	.500		
	Total	32.820	49			

Media attracted	Between Groups	11.801	1	11.801	5.150	.028
	Within Groups	109.979	48	2.291		
	Total	121.780	49			
Likely period of policy	Between Groups	1.541	1	1.541	5.927	.019
	Within Groups	12.479	48	.260		
	Total	14.020	49			
Satisfaction level	Between Groups	1.470	1	1.470	13.440	.001
	Within Groups	5.250	48	.109		
	Total	6.720	49			
Agents service	Between Groups	1.763	1	1.763	44.160	.000
	Within Groups	1.917	48	.040		
	Total	3.680	49			

Source –Computed data

It was observed in the above table Salary savings (F=487.120, P=.000) Investment prefer (F=147.031P=.000), Policy type (F=37.292, P=.000), Sum assured (F=44.293, P=.000), Media attracted (F=33.147, P=.000), likely period of policy (F=12.546, P=.000), satisfaction level (F=7.183, P=.000), agents service(F=8.921, P=.000) are statistically significant at 5% level. This established to the mean comparison of marital status of policy holders. It is found that married policy holders are strongly agree for the existence of savings, policy period and agents reliable service in the Insurance schemes.

FINDINGS AND CONCLUSIONS

1. In this research the researcher finds the factors for taking policy by the policy holders.
2. There are eight factors are attracted by the policy holders while taking policy.
3. The factors are salary savings, Investment prefer, policy type, sum assured, media attracted, likely period of policy, satisfaction level and agents service.
4. Finally it concluded that among the all factors savings purpose and policy period is attracted by many policy holders while taking policy.

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