

Life Insurance Marketing In Bihar: A Comparative Analysis

Ashok kumar*

Abstract

Insurance is a safeguard against uncertain events that may occur in the future. It is a protection against financial loss arising on the happening of an unexpected event. The Indian Insurance Industry has become competitive in recent years, particularly after 1990. About 154 Indian insurance companies, 16 non-Indian companies and 75 provident fund societies were operating in India at the time of nationalization. The Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life business. In 1993, the Government set up a committee under the chairmanship of R.N. Malhotra, former Governor of RBI, to propose recommendations for reforms in the insurance sector. The IRDA has now statutory body for regulating promoting and Insurance the orderly growth of insurance and reinsurance business in India. Different insurance companies are working in Bihar. Most of the insurance companies in Bihar are private insurance companies and a very few insurance companies are under public sector. Such insurance companies belonging to private sector as well as public sector have formulated different strategies to spread their service marketing in the State of Bihar.

KEYWORD: Insurance Marketing, Market development, LIC of India, IRDA

Introduction:

Insurance is a tool by which fatalities of a small number are compensated out of funds (premium payment) collected from plenteous. Insurance is a safeguard against uncertain events that may occur in the future. It is a protection against financial loss arising on the happening of an unexpected event. Hence, Insurance can be best defined as a system which provides protection against monetary loss caused by unforeseen events. An insurance policy provides safeguards to ease risks associated with unexpected accidents, damages or loss of personal property.

HDFC Standard Life Insurance Co. Ltd. is a joint venture between HDFC Ltd., India's largest housing finance institution and Standard Life Assurance Company, Europe's largest mutual life company. It was the first life insurance company to be granted a certificate of registration by the IRDA on the 23rd of October, 2000. HDFC Limited, India's premier housing finance institution has assisted more than 3.8 million families to own a home, since its inception in 1977 across 2400 cities and towns through its network of over 289 offices.

ICICI Prudential Life Insurance Company is a joint venture between ICICI Bank, a premier financial powerhouse and prudential plc, a leading international financial services group headquartered in the United Kingdom. ICICI was established in 1955 to lend money for industrial development. Prudential plc was established in 1848 and is presently the largest life insurance company. They began their operations in 24th November, 2000 after receiving approval from Insurance Regulatory Development Authority (IRDA). Today, their nation-wide team comprises of over 1,000 offices, over 263,000 advisors; and 22 banc assurance partners. ICICI Prudential was the first life insurer in India to receive a National Insurer Financial Strength rating of AAA from Fitch ratings.

Bajaj Allianz is a joint venture between Allianz AG one of the world's largest insurance companies, and Bajaj Auto. Bajaj Allianz is into both life insurance and general insurance. Allianz Group is one of the world's leading insurers and financial services providers. Founded in 1890 in Berlin, Allianz is now present in over 70 countries with almost 174,000 employees.

Birla Sun Life Insurance Company Limited (BSLI) is established in 2001, as joint venture between the Aditya Birla Group, a well known and trusted name globally amongst Indian conglomerates and Sun Life Financial of Canada.. It was the first Indian Insurance Company to introduce "Free Look Period" and the same was made mandatory by IRDA for all other life insurance companies..

Aviva Life Insurance Company India Pvt. Ltd. is a joint venture between Aviva of UK and Dabur. Aviva holds a 26 per cent stake in the joint venture and the Dabur group holds the balance 74 per cent share. Aviva is UK's largest and the world's sixth largest insurance Group.

Reliance Life Insurance Company Limited is a part of Reliance Capital Ltd. of the Reliance - Anil Dhirubhai Ambani Group. The company acquired 100 per cent shareholding in AMP Sanmar Life Insurance Company in August 2005. AMP Sanmar Life Insurance Co. Ltd. has changed to the Reliance Life Insurance Co. Ltd. on 17.01.2006. RLIC has a huge network of around 1145 branches covering a wide geographical area. It is one of the ISO 9001:2000 certified life insurance companies of India.

Tata AIG Life Insurance Company Limited is a joint venture between Tata Group and American International Group (AIG). The Late Sir Dorab Tata was the founder Chairman of New India Assurance Co. Ltd., a group company incorporated way back in 1919. The Tata Group holds 74 per cent stake in the insurance venture with AIG holding the balance 26 percent.. Tata AIG Life Insurance Company was licensed to operate in India on February 12, 2001 and started operations on April 1, 2001.

History of Insurance in India:

In India, some kind of insurance was practiced during the ancient Vedic times. Manu and Koutilya refer to a levy of special charges on merchandise carried from place to place, to ensure their safe carriage and protect the traders from heavy losses. The joint family system, which was the backbone of our society till recently, was a kind of insurance providing such security to the family members.

In 1993, the Government set up a committee under the chairmanship of R.N. Malhotra, former Governor of RBI, to propose recommendations for reforms in the insurance sector. The committee submitted its report in 1994 wherein, among other things, it recommended that the private sector be permitted to enter the insurance industry. Following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000.

The Life Insurance Corporation Act, 1956; The General Insurance Business (Nationalisation) Act, 1972; The IRDA Act, 1999; The Actuaries Act, 2006 and The Securities and Insurance Laws (Amendment and Validation) Act, 2012. Government had introduced the Insurance Laws (Amendment) Bill, 2008 in Rajya Sabha on

22.12.2008, which aims at crucial reforms in the sector, has been reviewed by the Standing Committee on Finance and submitted its report to the Parliament on 13.12.2011. Based on the recommendations of the Committee a Cabinet Note was approved by the Cabinet in its meeting held on 04.10.2012. The official amendments to the Insurance Laws (Amendment) Bill, 2008 are proposed to be introduced at the earliest. The Union Cabinet has cleared a bill to raise the foreign investment ceiling in private insurance companies from 26 per cent to 49 per cent, with the proviso that the management and control of these companies will be with Indians.

Total new business premium of life insurance companies in the country declined by 9.2 per cent in 2011-12 fiscal year. Market leader LIC, a public sector life insurer, recorded 6.05 per cent decline in first year premium collection a year ago. The combined first year premium of private sector life insurers, declined 16.9 per cent from a year ago. LIC's market share stood at 71 per cent at the end of March, 2012. Postal Life Insurance & Rural Postal Life Insurance recorded 22.56 and 40.26 % growth in premium during 2011-12 compared to previous year. During 2010-11, there was a decrease in the number of life insurance offices India.

Data analysis & Interpretation:

This study is descriptive in nature, which is based on empirical evidences in the form of primary data. In this study, the total sample size is 500 from all public and selected private life insurance companies of Bihar. The technique which was used in this survey was stratified random sampling. The geographical scope of this study is Bihar. The respondents were approached with systematic random sampling who is any life insurance policy holder of a company. Under the primary data the tools which were employed in this study were questionnaire, interview and observation on spot. The companies selected for the research work are - Life Insurance Corporation of India as public sector and HDFC Standard Life Insurance Co. Ltd.; ICICI Prudential Life Insurance Co. Ltd.; SBI Life Insurance Co. Ltd.; Bajaj Allianz Life Insurance Co. Ltd.; Aviva Life Insurance Co. Ltd.; Birla Sun Life Insurance Co. Ltd.; Reliance Life Insurance Co. Ltd.; as well as TATA AIG Life Insurance Co. Ltd under private sector. The analysis of the data indicates some opinions about the trends in insurance service marketing in India in general and in Bihar in particular.

Table-01

Gender wise distribution of Respondents

Category	Total no. of Respondents	% of Respondents
Male	395	79%
Female	105	21%
Total	500	100%

Source: Primary Data

The data shows that even today insurance policy option is decided more by male members and less by female members of the society.

Table-02

Age wise Distribution of Respondents

Age group	Total no. Of respondents.	% of Respondents
18-28 yrs.	95	19%
28-38 yrs.	155	31%
38-48 yrs.	195	39%
48 & above	55	11%
Total	500	100%

Source: Primary Data

This table suggests that two different age groups ie;28-38 & 38-48 yrs. People are more interested for the purchasing of different insurance policies.

Table-03

Education wise Distribution of Respondents

Level of Education	Total no. of Respondents	% of Respondents
Illiterate	10	2%
Metric	40	8%
U.G	190	38%
P.G	150	30%
Others	110	22%
Total	500	100%

Source: Primary Data

This data gives the clear information that maximum no. of respondents are graduates, so policies are more popular among the graduates & less popular among the persons who are illiterate.

Table-04

Occupation wise distribution of Respondents

Occupation	Total no. of Respondents	% of Respondents
Govt. Employee	65	13%
Private employee	245	49%
Self employee	190	38%
Total	500	100%

Source: Primary Data

The above data shows that the maximum no. of private sector employees are interested with the policy and then after the govt. Employees. It means, private sector employees feel less security than the public sector employees

Table-05

Geographical distribution of Respondent

Area	No. of Respondents	% of Respondents
Urban	255	51%
Rural	245	49%
Total	500	100%

Source: Primary Data

On the basis of above data we can say that urban people are more aware about insurance policy than the rural people.

Table-07

Distribution of respondents having more than one company policy

Insurance Company	Total no. of Respondents	% of Respondents
Yes	90	18%
No	410	82%
Total	500	100%

Source: Primary Data

The above data reveals that maximum no. of respondents i.e. 82% has taken single insurance policy, and 18% respondents have more than one life insurance policy of more than one organisation.

Table-08

Reasons given for Purchasing Insurance Policy of more than one Company.

Reasons	Total no. Of Respondents	% of Respondents
Goodwill of the organisations	360	72%
Popularity	35	7%
Easily available	50	10%
Better services	55	11%
Total	500	100%

Source: Primary Data

The data shown that there are so many reasons behind purchasing of insurance policies of more than one company, but the main reason behind it is the goodwill of the organisations. Out of 500 respondents 72% have the insurance policies of more than one organisation due to goodwill of the organisations. On the other hand Better services, easily available and Popularity of the organisations are the secondary reasons behind purchasing of insurance policies of more than one organisation.

Suggestive Remarks:

After the completion of intensive study on the subject, some important suggestions are concluded by the Researcher which are as follows:

1. Maximum policy holders in Bihar are males, and females are very few in numbers. It is suggested that proper measures should be adopted by the government to insure the females in the State.
2. If the LIC of India and private insurance companies working in Bihar are introducing any attractive policy exclusively for women then the growth rate of insurance will raise. It is also suggested that proper rules should be made by the government in this regard.
3. The percentage of policy holders below the 28 years' of age are found very poor in Bihar. So, motivational efforts should be made by insurance services providers to improve the insurance marketing for such age group.
4. The illiterate persons who residing in rural areas should be educated about the benefits of insurance in future. It will improve the marketing of insurance services in the State of Bihar.
5. The LIC of India is more popular among Bihar's policy holders, so special plans should be launched by the LIC of India to make more insurance business in the State.
6. Separate insurance scheme for self-employed persons should be incorporated by the life insurance companies with special rebate in premium amount.
7. Some policy holders were having more than one policy of different insurance companies. The other policy holder may easily motivate to purchase more than one. In this regard special policies should be made by the working companies and the government also.
8. The organisational goodwill plays important role in insurance services marketing. The agents of insurance companies manipulate the reality which affects the goodwill. So, rigid legal provisions should be enacted by the government in this regard.
9. Maximum policy holders prefer money back and pension plans. Such types of other plans should introduce other services provider also.
10. The main purposes of life insurance in Bihar were protection and savings. So, the malafide life insurance policies of all life insurance companies should be banned by the government in Bihar. Relative & friends are the main source of information about purchasing of the insurance policies in the Bihar

11. Better and quick services were also pre-requisite for the popularity of policy. The quality of services rendered by different insurance companies should be controlled and guided by the government.
12. Maximum policy holders were not satisfied with their policies. So, real information about unit linked plans of all insurance companies should be advertised by the government every month in all news-papers in Bihar.
13. Maximum policy holders deposit the amount of premium through agents which may delay the deposit of premium. Some rules should be made in this regard to make the agent more honest and to improve decent work culture among them.

References:

1. Agarwal, Abhisek, "Distribution of life Insurance products in Insurance Chronicle, 2002. .
2. Ashok Thampy and Sitharama, S., "Life Insurance Potential in India-An Economic Approach", *Vision: The Journal of Business Perspective*, July-Dec. 2002, P.11-18.
3. Devashish Pujari and Anand Sharma, "Marketing Application in Insurance Services", *Marketing of Services*, P. 184-197.
4. IRDA Journals
5. Keerthi, P. and Vijayalakshmi, R., "A Study on the Expectations and Perceptions of the Services in Private Life Insurance Companies", *SMART Journals*, Vol. 5, 2009.
6. Krishan Kumar, S., "LIC Making Inroads into Rural India", *Insurance Chronic*, 2005, P. 42-49.
7. Krishnamurthy, S., "Insurance Sector: Challenges of Competition and Future Scenario", *Vikalpa*, Vol. 30, No. 3, September 2005.
8. Mittal and Anil Chandnok, "Privatization of Life Insurance Sector in India-Impact and Perspective", *Indian Journal of Marketing*, Vol. XXX II, No. 11, Nov 2002, P. 5-7.
9. Pradeep Gupta and Sanjay Bhyana, "Insurance Sector: Challenges and Strategies", *JIMS* 8 MOct-Dec 2002, P 40-44.
10. Rajan Saxena, "Marketing of Life Insurance Services", *Yogakshema*, December 1986, P.15.
11. Ashok Thampy and Sitharama, S., "Life Insurance Potential in India-An Economic Approach", *Vision: The Journal of Business Perspective*, July-Dec. 2002, P.11-18.
12. Christopher Lovelock, Jochen Wirtz, Jayanta Chatterjee, *Services Marketing*

