

Marketing Strategies of Private and Public Life Insurance Companies: A Case Study of Bajaj Allianz and Life Insurance Corporation of India

Quaseem Anwar

Department of Management, Magadh University, Bodhgaya, Gaya, Bihar, India

Abstract: *Life is full of uncertainties due to different type of risks like death, accidents, loss of health and property, flood, fire, earthquake. Everyday some unfavorable events do happen which cause anxiety to our life and disturb our peace of mind. Human beings always sought protection from such risks. Insurance is the answer to the types of risks and uncertainties. Insurance is based on the principal that a group of persons exposed to similar type of risk join together and pool their resources to help the few unfortunate ones and meet the loss. Insurance is the process in which losses of few are agreed by many persons who are equally exposed to same risks. Its basic purpose is to derive the plans to meet financial consequences of unfavorable happenings.*

Keywords: Life Insurance Corporation of India of India, Bajaj Allianz Life insurance, Economic reforms, I.R.D.A, Marketing strategies, Insurance sector, corporate communication, International Joint ventures and Alternate Channels

1. Introduction

Life Insurance is the protected and the most secure way to protect your family or dependents against financial contingency that may arise post unfortunate event of your untimely demise. Under a life insurance Contract in India, the Insurer assures to pay a definite sum to the policyholder's family on his demise during the policy term.

Life Insurance is an agreement between an insurance company and a policyholder, under which the insurer guarantees to pay an assured some of the money to the nominated beneficiary in the unfortunate event of the policyholder's demise during the term of the policy. In exchange, the policyholder agrees to pay a predefined sum of money in form of premiums either on a regular basis or as a lump sum. If included in the contract, some other contingencies, such as a critical illness or a terminal illness can also trigger the payment of benefit. If defined in the contract, some other things, such as funeral expenses might also be a part of the benefits. If mentioned in the contract, a policy may also cover some other costs like funeral expenses as a part of benefits. Except for the death benefits, a Life Insurance plan also provides maturity benefits. These benefits are provided in the form of a payout if the insured survives the entire term of the policy. Moreover, life insurance schemes also offer several tax benefits under Section 80C of the Income Tax Act, 1961.

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.

In India, the law and practice of conducting life insurance business has changed significantly since the nationalization

of life insurance business in 1956. Post nationalization only the Life Insurance Corporation and Postal Life Insurance were carrying on the business of Life Insurance. The new regulatory body was set up in India in the year 2000. The Insurance Regulatory and Development Authority (IRDA) have been given power to issue certificate to Private Insurers to transact life insurance business in India. The 23 Indian private companies have got license to operate in life insurance business in India. These companies have formed joint ventures along with foreign collaborations.

2. Literature Review

For the marketing strategies of private and public life insurance companies, this review of literature makes it clear that many studies have been undertaken on the marketing strategies of the public and private life insurance companies in multiple dimensions emphasizing service marketing mix, impact of liberalization, privatization and globalization of life insurance companies, evaluation of customer satisfaction on products and services, appraisal of functioning and performance of the LIC, formation and implementation of strategies, marketing problems in life insurance, customer preferences in life insurance products and services, factors influencing selection of life insurance product, etc. A comprehensive evaluation of these multinational variables will provide effective and aggressive marketing strategies to both the public and private players to penetrate into wider market and reach to the customers. This will surely and certainly the source and resource of the organization to survive and grow in the competitive environment, with strategic advantage. This also helps the companies to know the past, do work in present and see the future with sustain and potential market to all stakeholders.

Rao, S (2000) said that the Indian insurance are at developing stage, it has an enormous potential to expand because of the huge area. According to Rao, in spite of the huge potential for expansion of insurance market in rural area, the rate of growth is still very slow. The rural mass can be reached out by implementing proper marketing strategies.

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Rao Tripti, D (2000) has researched that the increase in purchase of policy due to privatization of insurance industry would ultimately lead to the better utilization of resources. The consumer will be directly benefited by the reduction of the amount of premium because of the prevailing competition in the market. The customers are always at receiving end in the competitive market.

Mony. S.V. (2003) for insurance companies, the writer has expressed the selling of insurance products through direct marketing would continue to be beneficial to customers. There is a greater impact of direct marketing on the customers. There are various other channels to penetrate into the Indian insurance market and reach to the customers like bancassurance.

Anil Chandhok (2004) point out about the importance of dynamic business strategies for the survival of the insurance companies in the market. These days media and digital media are being as mode of advertisement by the private players for the reaching out the customers. The private companies are adopting new marketing strategies to penetrate into the Indian insurance market such as bancassurance; direct marketing and marketing through e-commerce.

Sharma, N.C (2004) strongly agree with own view regarding the Indian life insurance companies and their vibrant marketing strategies to reach out to potential customers.

Tarun Kapoor (2004), has discussed about the role of marketing and purchase of the insurance products by the agents. Various marketing strategies are being adopted to make the distribution channel more effective. Mr Tarun Kapoor reiterated about the role played by bancassurance. Brokers through e-commerce do the marketing for the various insurance products. The agents played an important role to motivate the people directly and making them aware about various insurance products available in the market.

Anderson and Brown (2005) explain about the pooling of risk concept in insurance industry. The risk of one person is shared by many with the help of premium, which is changed by the insurer to the insured. The insurance industry grew enormously, as individuals and corporate sought to protect them from economic catastrophe by transferring their risk to an insurance pool. This helps the policyholders to take more risk and pool their risk with all other policyholders.

ICFAI (2005) has analyzed that advertisement and different promotional measures are being adopted by the new private players for wider penetration. The low penetration level is due to ineffective distribution system and limited advertisement by the Life Insurance Corporation (LIC).

Krishnamurthy, S. (2005) tried to analyze demand of insurance among the people at affordable price. With the entry of private companies in insurance after liberalization, there is a considerable change to marketing strategies, distribution process and products offered to the customer. The author further stated that pricing of the product is very essential to attract and retain the customer.

ICFAI (2005) has studied about advertisement as a marketing strategy by insurers and its effectiveness for customers. The study further revealed that proper ideas and symbols or ineffective in reaching out the customers.

Prakash vel, K, Ravichandran. K. and Chan Kok Eng (2005) studied about the Life Insurance Industry of the Asian market and found India to be fastest growing market. The competition in this sector becomes wider with the entry of private players along with state owned Life Insurance Corporation (LIC). The life insurance companies must use all modern technologies to stay alive in competition.

Purpose of the Study

The purpose of the paper is to analyse the marketing strategy of public and private insurance company in India.

Research Objective

The present study has been undertaken to examine the research problem

- 1) To identify the key dimensions of the Marketing Strategy of Life Instance companies in India.
- 2) To develop a questionnaire for measuring the key dimensions of the Marketing strategy of life insurance.
- 3) To analyze the Marketing Strategy of Life Insurance companies with respect to LIC and Bajaj Allianz.
- 4) To suggest/propose a Marketing Strategy for Indian life insurance companies based on the findings of the work.

Hypothesis of the Study

In the present study, the researcher will find out

- H₀₁: There is no significant difference in the mean value of Product Awareness between LIC and Bajaj Allianz
- H₀₂: There is no significant difference in the mean value of Awareness on Price between LIC and Bajaj Allianz.
- H₀₃: There is no significant difference in the mean value of Awareness on Distribution channel between LIC and Bajaj Allianz.
- H₀₄: There is no significant difference in the mean value of Factor Influencing purchase decision between LIC and Bajaj Allianz.
- H₀₅: There is no significant difference in the mean value of Motive behind purchase decision between LIC and Bajaj Allianz.
- H₀₆: There is no significant difference in the mean value of Customer Perception on Promotional strategies between LIC and Bajaj Allianz.
- H₀₇: There is no significant difference in the mean value of Customer Satisfaction on product and service.

Research Methodology

The Research Methodology adopted for conducting the study has been presented in this chapter. After laying out a research problem, the research objective is set.

Research Design and Source of data has been incorporated. I also formulated the Hypothesis. I have explained how Questionnaire has been designed. We also give details of Measures and Scales.

Data Collection

Primary Data

Primary Data was collected by survey sampling in the Public and Private insurance companies especially LIC and the Bajaj Allianz Life Insurance of India in Delhi, NCR and the Patna (Bihar) himself by the researcher.

Secondary Data

The Secondary Data was used by the researcher with reference to the Annual Report of Insurance Regularity Development Authority of India Authority (IRDAI), Annual Report of LIC and Annual Report of Bajaj Allianz. The other reference was taken by the researcher as a periodical, Yearbook (India-2018), research paper, research journals, an economic survey of India (2018) different scholar's books, economic times, and many websites are also referred.

The Sample Size

The sample size was 800, both the policy holder s of LIC and Bajaj Allianz. Each of the company's policyholders equally distributed to the questionnaire. The 792 respondents were responded to the survey by the researcher. The 792 respondent are analyzed by the use of statistical tools.

3. Findings Based on Hypothesis Testing

- a) This has been found from the study that Product awareness about life insurance is almost same for the subscriber of LIC and Bajaj Allianz.
- b) When the awareness about the Price of life insurance is measured, the results of study conclude that there is a difference in level of Awareness about the price between the subscribers of LIC and Bajaj Allianz.
- c) As far as awareness about the Distribution Channel of life insurance is concerned, there found to be a difference between the LIC and Bajaj Allianz subscribers.
- d) The factor influencing Purchasing Decision of both LIC and Bajaj Allianz life insurance subscriber is same while they were making a decision to subscribe the Product of life insurance.
- e) There is a same Motive of both the LIC and Bajaj Allianz policyholders and there are no differences between them.
- f) There is a difference for Promotional Strategy between the LIC and Bajaj Allianz Life Insurance while the promoting the product.
- g) With respect to the Customer Satisfaction of the LIC and Bajaj Allianz level of satisfaction analysed that they are a different from each others, the LIC subscribers are more satisfied than the Bajaj Allianz.

4. Conclusion

The Finding of the study helps in identifying the most effective promotional strategies of life insurance companies, which at the end leads to customer satisfaction. For this purpose a comparison is drawn between a public sector insurance company (LIC) and private life insurance company (Bajaj Allianz). This can be concluded from the study that product awareness is almost same in the subscribers of LIC and Bajaj Allianz. However, price awareness varies between subscribers of LIC and Bajaj Allianz. When the awareness about the distribution channel

of the company is explored, their exist no difference between LIC and Bajaj Allianz subscribers.

The same is true for promotional strategies and customer satisfaction. However, there are various factors influencing purchase decision which are different for LIC and Bajaj Allianz subscribers. The same is true for motive behind purchase, where subscribes show a substantial difference in their purchase decision.

The finding of the study will help of the insurance companies to focus on areas which will help them improving delivery and gaining customer satisfaction.

5. Recommendation

(a) Pricing in Insurance Policy

The results of the study concluded lack of clarity about the pricing scheme of insurance policies. Based on that it is recommended that insurance companies should designed and communicate the pricing policies in its simplest form. Any complexity in the pricing should be communicated to the concerned subscriber.

(b) Distribution Channel

As it is observed from the results of the study that subscribers are less informed about the Distribution Channel. It is recommended that channel information should be communicated to the subscriber in a proper way. This will help the companies in retaining the existing customer and attracting the newer one.

(C) Promotional Strategies

Insurance companies should come up with more effective and result oriented promotional strategies. As it is observed from the study that subscribers are not properly informed and they lack the understanding of the benefits emerging from promotional strategies.

(d) Customer Satisfaction

As we know that customer satisfaction is a key driver of organizational success, Bajaj Allianz should properly frame their marketing strategy to insure customer satisfaction.

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