

Marketing of general insurance marketing essay



This paper presents how new market of General Insurance companies of India can be framed and captured. Where Life and other (Private) Non-life insurance companies in India are coming forward to capture the markets, the inertness of General Insurance Companies of India (GICI's) make them legged behind. This paper also purports to explore the potentialities of General Insurance in respect of urban and rural demand. In so doing, it has sought to estimate the respective level of awareness of the rural and urban population through 'man to man' survey. Also it has been pointed out the marketing strategy of GICI's and others ways to make their companies prosperous.

Keywords:- General Insurance, Life Insurance, Marketing, Selling, Sales promotion.

Marketing of General Insurance- A Hard Rock to Drill.

1. Introduction: - It is essential for all businessmen to capture the market but the silence of GICI's in India make us surprised. Other insurance companies such as LIC and other (Private)Life & Non Life insurance companies are very keen on to capture the market but the reasons of inertness of GICI's in this respect is not clearly known to us.

In the second part of this paper, there is a discussion on different terms related to insurance that will help to understand this paper clear.

It has been mentioned in the third part of this paper, the distinction between Marketing & Selling.

Forth part of this paper relates to the measurement of awareness level of the people at the ' Hat' (periodic market) of karidhya Village adjacent to the Suri town, and in different places in a district town(Suri) the Sadar of Birbhum District of West Bengal, on the basis of man to man survey.

Fifth part of this paper contains the marketing strategy which should be adopted by GICI's to make it prosperous.

Sixth part is the concluding part of this presentation.

1. 1 Objectives of this paper: -The main objectives of this paper are as follows-

- a) To examine the concept of Sales Promotion, Marketing, Selling, General Insurance (GI) & Life Insurance (LI).
- b) To review the sales promotion technique with marketing strategy and differences between marketing and selling.
- c) A few avenues have been suggested here for better marketing of different GICI's in our country.

2. Some important concept:-

2. 1 Sales Promotion:-Sales promotion means those doings which are helpful to increase selling of commodities.

2. 2. Insurance:

Insurance is nothing but a co-operative sector which spreads the losses caused due to an embedded risk- taking venture amongst many persons. The risk-bearing venture is more often than not profit yielding.

2. 3. General Insurance: – General Insurance (also known as Property and Casualty

Or P&C insurance) provides insurance cover against

Property and liability risk and other forms of risk, sub-divided into

Categories such as property, vehicle, aviation, marine, fire, personal accident and legal liability.

2. 4. Life Insurance:- Life insurance provides insurance cover against death, sickness and disability. Note that Life Insurance is different from other types of insurance in the sense that it deals with human life.

2. 5. Selling: – Selling is the heart of business. Selling means flow of goods at the same time service to the customer is a byproduct of the process. One of the major criteria to expand any business is to increase the volume of sale.

2. 6. Marketing: – Marketing is the basic aspect of modern business, which mainly aims to explore the demand of any product among the customer that enables the manufacturer to attain a product-specific production targets.

Marketing, involves threefold processes, (i) Ascertaining the size of the market.

(ii) Ordering production according to the scales of demand, and

(iii) Transfer of ownership through a process of sale and purchase.

3. Difference between marketing & Selling:-

MARKETING SELLING

- i. The main objective of marketing is to ascertain the demand of the customer and to make production and distribution accordingly.
 - ii. It is a long term process.
 - iii. Marketing is not only related to production but also related to distribution ie, Marketing works from production to distribution.
 - iv. The area and scope of marketing are very large.
- i. The main objective of selling is to sell the present articles but does not care about demand.
 - ii. . It is a short term process.
 - iii. Selling is only related to the distribution.
 - iv. The scope of selling is not so vast

4. Survey report:- It has been noted from keen survey that most of the people are almost ignorant about GI but they are not only sincere but also active about LI irrespective of private or central Govt. undertaking companies.

Some percentages of city dwellers know about GI but villagers are completely in dark about GI, though vast market of general insurance is awaiting in the rural areas.

4. 1 Hypothesis: – An assumption or statement about the population is called a statistical Hypothesis. There are two types Hypothesis

i) Null Hypothesis, denoted by the symbol H_0 (In test of significance we start with a certain hypothesis about the population characteristics this is called Null hypothesis)

ii) Alternative Hypothesis is denoted by the symbol H_1 (Any hypothesis which differs from the null hypothesis is called alternative hypothesis)

The following Null hypotheses (H_0) have been formulated for the study.

I) H_0 : The public is not so aware about GI; rather they are interested with LI.

II) H_0 : A huge market is waiting for GI and the marketing network should not be confined to the urban areas and must be extended to the rural areas also.

May be there is an alternative hypothesis i. e. H_1

I) H_1 :- The public is aware of both GI & LI.

II) H_1 :-The market is saturated both in Village and Town.

4. 2. Data and Methodology: – The study is based on both types of data i. e. primary and secondary. Primary data have been collected by means of asking some questionnaire to some people of general means in the surrounding locality. On the other hand to collect secondary data, the sources are books, journals, internet and some research papers. Primary data have been collected using the method of simple random sampling. It has been already mentioned earlier that survey over the people by person

were taken into account at different places in the district town namely Suri of Birbhum district of West Bengal. A crowded street- crossing called Masjid More (owing to its proximity with a mosque) where the spot is in front of GICI's office has been chosen as the place of survey. The second part of the survey has been conducted in a rural weekly market (hat) lying within the area of nearby Karidhya gram Panchayet (local elected village body) office. Here the respondents were cultivators, maidservants, petty traders, daily laborers etc. A set of questions were placed to take an interview of these people in every Sunday and Monday for a period of twelve months (Dec 2009 to Dec 2010) from 8 A. M to 5 P. M. The set of questions that were placed before the persons (men & women) was as follows:

- a) Have you heard the name of GICI's?
- b) Have you joined in any policy of GICI's?
- c) Is your life insured in LIC?
- d) Have you noticed any advertisement of GICI's in TV, Cinema Hall, in any wall at road side or in the hoarding on building at road side?
- e) Have you noted any advertisement of LIC?
- f) Are you owner of a vehicle? If so, then what type of vehicle i. e. Car or Motor cycle you possess? What type of insurance i. e. first party or third party insurance you have done?

Here the names, addresses, and phone nos. of some interviewees are given for ready references.-

NAME

ADDRESS

Education

PHONE

REMARKS

Abhijit Roychowdhury

SuriSeharapara

PGDCA

03462220218

Unemployed

Dhwaja Dhari Dutta

Lalkuthipara, Suri

BA

9434496226(M)

Businessman

Ranjan Sen

Karidhya Sen Para

B. Com.

03462225719

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Service man

S Bardhan

Suridangalpara

B. Sc.

9474954796(M)

Service man

Ujal Roy

Dangalpara Suri

MA

03462259642

Serviceman

Nitai Garian

Karidhya Maj Para

M. A.

96095181133 (M)

Teacher

Milan chatterjee

Karidhya Maj Para

B. Com

9434945190(M)

Service man

Radha Rani Ankur

Dompara, karidhya

3+

NIL

Maidservant

4. 3. Findings of the study: – The following are the important findings of the study from street survey.

The observed result is very painful. Out of 500 persons about 80% are not aware about GICI's but 90% of the people are covered by LIC. They carefully note the advertisement of new policies of LIC. Agents of LIC go to common people and request them to join the new policy of LIC. On the other hand there is least attention has been paid by GICI's in the advertisement side particularly in local and non local channels of TV broadcast. Also the numbers of agents involved are poor in number and simultaneously their service to the people is miserable. The main reason for joining the GICI's on the part of the remaining persons (20%) is to save themselves from the

possible allegation of violation of the law of the country. They mainly insure for vehicle loan or home loan.

The following data have been collected from Mr S. Batabyal, Branch Manager of Life Insurance Corporation of India (LICI) (Suri).

i) Number of Agents-700 (2008-2009)

ii) Value of premium Rs 20 crores (2008-2009)

From the three Branch Managers of General Insurance Corporation of India (GICI's) (Namely, Mr. S. K. Sinha. United Insurance, Mr. U. C. Roy. National Insurance, Mr. D. Mondal, Oriental Insurance,)), the following data have been collected.

i) Number of Agent- $17 + 94 + 52$ (2008-2009) = 163

ii) Value of premium Rs. $0.95 + 3.32(\text{App.}) + 1.12(\text{App.})$ (crores) (2008-2009) = 5.39 crores

Though Mr. D. Mondal refused to give any information but it has been collected by another way.

So it was clear to us that LICI is performing a better business in every respect as a result obviously they are contributing more to the capital market and are regularly augmenting the funds at their disposal.

So the null hypothesis is established here.

4. 4. Limitations of the study: - The following are the specific limitations of the study;-

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i) The study was conducted only in the specific area of Suri town and Karidhya village and the sample size was limited to 500. So the result can not be expected to be cent percent accurate.

ii) Accuracy of primary data depends upon the authenticity of the information provided by the respondents.

4. 5. Scope of further Study: - This paper is mainly based on survey in a very small part of the town and village namely Suri & Karidhya but there is a provision for more intensive work on this subject involving greater details. May be another research student construct a bigger sample from the same places and conduct a survey on the basis of it. Alternatively, he may work on another place, on the basis of a separate set of data and analysis. Such studies, if carried on assiduously for localities and regions, may yield a macro- picture for the country as a whole.

5. Marketing Strategy: - The following arrangements may be taken into account for betterment of GICI's

- i. People of all spheres particularly those having average means can be attracted towards GICI's when they are well acquainted with the advantages of the concern via different kinds of advertisements in different media.
- ii. Sufficient number of Agents should be appointed. It will help the GICI's to reach even at the door of the kitchen. This means vast awareness will attract customers.
- iii. Different kinds advertising media such as TV, Radio, Hand bill, Local cable, wall writing etc should be repeatedly used for positive results.

iv. Govt should be kept pressurized from different corners to make adoption of the policy of GICI's compulsory by making legal bindings of the people of our country. It is suggested that Mediclaim and third party insurance (other than Insurance of vehicles) should be made compulsory for every person like in case of biting of dogs and in case of laborers who are often victims particularly to those who are engaged in much bigger construction works that always cover huge risk.

v. Every person should be motivated about the fact that joining of GICI's is one of the social responsibilities.

vi. Exemption of income tax under section 80D is permissible for mediclaim. There are various types of deductions in various fields of GICI's that should be properly known to general people.

vii. System of payment of commission on policy value to the employees of GICI's may be introduced in addition to their salaries to encourage them to reduce their carelessness in their job. Ultimately the company becomes profitable.

viii. More care should be taken to capture the rural market. All multinational companies are very much interested to deep root their network in the village markets so that even the small capitals of the villagers are to be rolled solely through their companies only with a view to extract juice from the fruit. GICI's should adopt this technique to make it profitable.

ix. Care should be taken for sales promotion because it will encourage the public to be more involved in the matter of GICI's. Sales promotion includes payment of Discount, Gift coupon and cash back etc. to the customers.

6. Conclusion: - Marketing strategy should be taken for the development of GICI's and side by side new policies should be introduced to cope with the market. Old policy should be encouraged by the help of sales promotion.

There are three GICI's company offices that are situated in Suri town namely, United India Insurance, National Insurance Company and Oriental Insurance Company. It may be concluded from person to person survey report, carried out in Suri town that the amount of business of LIC is higher than the amount of business of these three GICI's. Thus this asymmetry and inequality may be removed by giving importance to the sales promotion strategy.

The economy of almost 80% of Indians pervades on agriculture and naturally they reside in the villages. Most of the villages in our country are still situated in rural areas. The employees and the agents of GICI's should take the increase of business as a challenging mission to them. These rural areas are to be covered by them by any means for sales promotion. This vast rural market with the help of Marketing & Selling will ultimately come in the purview of GICI's when they can be competitors of the multinationals; carrying similar business in our country.