

Difficulties in Selling Insurance Services

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Abstract

We all know about insurances and everyone is aware about the benefits of using it. Mostly people are using it for the future. Though it has so many good insights but still insurance selling is going to be difficult day by day. Life Insurance sector has major market share in India. More than 10,00,000 lakhs are employees are working in this sector. Proper analysis for this study will be done by percentage weighted method and ratio analysis method (according to previous study). The previous study regarding this sector stated that, the agents are satisfied by the commissions and other benefits given by the branches but they are not satisfied by the Medi-claim policies and their settlement ratio and their long-term payment period.

Key words: Insurance, agents, commissions, percentage weighted rank analysis, service of branch

Introduction

Insurance is a way to manage your risk. When you buy insurance, you purchase protection against unexpected financial losses. The insurance company pays you or someone you choose if something bad happens to you. If you have no insurance and an accident happens, you may be responsible for all related costs. Having the right insurance for the risks you may face can make a big difference in your life. An insurance policy is a written contract between the policyholder (the person or company that gets the policy) and the insurer (the insurance company). The policyholder is not necessarily the insured. An individual or company may get an insurance

policy (making them the policyholder) that protects another person or entity (who is the insured). For example, when a company buys life insurance for an employee, the employee is the insured, and the company is the policyholder.

Some Common types of Insurance:

There are many types of insurance, but some common types are described here. **Health insurance:** Helps you pay for doctor fees and sometimes prescription drugs. Once you buy health insurance coverage, you and your health insurer each agree to pay a part of your medical expenses — usually a certain dollar amount or percentage of the expenses. **Life insurance:** Pays a person you select a set amount of money if or when you die. The money from your life insurance policy can help your family pay bills and cover living expenses. § **Disability insurance:** Protects individuals and their families from financial hardship when illness or injury prevents them from earning a living. Many employers offer some form of disability coverage to employees, or you can buy an individual disability insurance policy. § **Auto insurance:** Protects you from paying the full cost for vehicle repairs and medical expenses due to a collision. In most states, the law requires you to have auto insurance when operating a motor vehicle.

IRDA-INSURANCE REGULATORY AND AUTHORITY OF INDIA:

Insurance regulatory and development authority of India is an autonomous apex statutory body which regulates and develops the insurance industry in India. It was constituted by a parliament of India act called insurance regulatory and development authority act, 1999 and duly passed by the government of India. The agency operates from its headquarters at Hyderabad, Telangana where it shifted from Delhi in 2000.

SCOPE OF THE STUDY

The study focusses on the problems and difficulties faced by the insurance agents. This study gains importance in the aspects that it focuses on and analyses the difficulties and problem faced by insurance agents with regards to the type of insurance plans in overall India. The research work is confined only to the respondents from few states. There is scope for investigation into lapses of Insurance policies.

STATEMENT OF THE PROBLEM

- Recent day's insurance plays an important role. This research is aiming to find out awareness level of the respondents.
- Manufacturing a product is comparatively easier job than marketing such products. In this point of view, agents of insurance are the primary assets of the insurance company. They bring the policy to the people.
- While meeting people agents have faced so many difficulties, this study focus on the problems and difficulties faced by agents of country to sell the policies to people.

OBJECTIVE OF THE STUDY

1. To study about socio-economic factors of respondents.
2. To study about problem faced by the agents.
3. To study about satisfaction level of agents with service of branch.
4. To study about the problem faced while selling various insurance policies, and problem faced with other agents.

LIMITATION OF THE STUSDY

1. The study covers only 1000 samples(approx.)
2. Study only covers six months period only. (google)
3. For cost, time convenience sampling method is used for the study.
4. Accuracy of results based on the response of the selected respondents only.

RESEARCH METHODOLOGY

The research methodology is used to systematically solve the research problems. It may be understood as a science of studying how research done scientifically. In this we study various steps that are generally adopted by research in studying his/her research problem along with the logic behind them. It is necessary for the research to know only research but also methodology.

DATA COLLECTION METHODS

There are two sources of data collection the researcher has made use of primary data and the researcher has also made use of secondary data to fortify the results.

PRIMARY DATA

Primary data is collected through questionnaire.

SECONDARY DATA

Secondary data will be collected from various sources like journals, previous reports and websites.

SAMPLING

Sampling is utilization of a limited number of items regarding population (or) universe for studying the characteristics of the whole population (or) universe.

In this study, quota sampling will be used, the population is divided into various parts and a sample is drawn from each part at random. Area of research split into two areas; 50 respondents will be selected from each area. A total of 100 samples have been selected for the study. Out of 250 agents of each state will be selected for the study.

STATISTICAL TOOL USED

- Simple percentage analysis
- Weighted score ranking analysis

SIMPLE PERCENTAGE ANALYSIS

Percentage refers to special kind of ratio, percentage is used in making comparison between two or more series of data percentage are used to describe relationship. Since the percentage reduce everything to a common base and here by all meaningful comparison to be made.

Simple percentage = Actual respondents/Total respondents * 100

WEIGHTED SCORE RANKING ANALYSIS

In this method weights of the various aspects of factors are obtained by multiplying the rank given with the frequency, it gives the weighted score, on the basis of the weighted score the rank will be given.

REVIEW OF THE LITERATURE

- Wadikar asok Laxman (2001) in his thesis on “Innovativeness in the insurance industries”, PhD. Thesis submitted to the department of management, University of Pune, 2001. Confirms a general opinion that innovativeness in every activity alone rule and dominates the industry. But, at the same time, the practically and economic justification of that innovativeness are also to be analyzed.
- Balachandwran, s. (2001) in his book on “Customer Driven Services Management” concludes that the insurance industry is fast growing and mostly becoming a customer driven and customer centric one. He also advocates that when the insurance products are attractive to the customers, then only the insurance industry flourishes in the market and service its purpose of profit earning and also income generation.
- Saibaba et al (2002) study the perception and attitude of women towards life insurance policies. Nowadays many insurance companies are trying hard to woo the female population. The study finds that women feel that their lives are not as valuable as their husbands, they perceive insurance as a tool for risk coverage and not as a tax saving device, there is also lack of knowledge about suitable insurance plans.
- Meidan (2007) presents different marketing strategies for insurers, suggesting that the selection of an appropriate strategies for insurers, suggesting that the selection of an appropriate strategy should be based on the internal conditions and external forces facing the firm. The two board categories of insurance marketing strategies exist: growth strategies; and comparative marketing strategies. Due attention should be given to the marketing organizational structure and its departmental responsibilities.

- Rajeswari.K and Karthesswari.S (2012) in their study stated that majority of the respondents (54.2%) were in the age group 21 to 40 years.70% of the respondents were male, and most of the male policy holder are taking the policy in their own interest. Female persons are given importance as nominee, 30.79% respondents preferred endowment policy, and 40.50% of the respondents have continuously taken the policies from LIC of India. And 81.5% respondents paid holders whose policies lapsed; they were not able to pay the premium due to the financial difficulty.

GENERAL PROBLEMS IN MARKETING OF INSURANCE

Insurance marketing is basically just the marketing of insurance products. Insurance marketing emphasizes the importance of the customer preferences and priorities. Major objectives of insurance products, developing corporate image, improving customer service, improving customer base and its spread etc.

Factors implementing insurance business, non-existence of long-term development strategies of insurance companies and the fact that insurer orient mostly to short term needs: and while trying to apply more actively insurance marketing means it is necessary to change the whole organizational management structure of an insurance company, the channel of insurance product sales, technology of communication with clients.

- Ineffective promotion
- Mistrust in insurance relationship
- Distribution channels
- Competition
- Availability of trained staff
- Pricing of insurance service

INEFFECTIVE PROMOTION:

The promotional mix is used to describe the set of tools that a business can use to communicate effectively. In case of life insurance service, promotion is done through a mix of advertising, personal selling, and sales promotion. The insurance services depend on effective promotional measures. It is essential to have both personal and impersonal promotion strategies. The agents and the rural career agents play important role.

Arranging exhibitions, participation in fairs and festivals, rural wall paintings and publicity are done through mobile publicity vans.

MISTRUST IN INSURANCE RELATIONSHIP

In insurance service there is a mutual mistrust between insurance companies and their customers. The claim settlement is one of the areas where relationships often fail due to imperfectly managed interaction. The second area is in relation to the offers made to gain customers, often through drastically lowered premiums. Third is the concept of complexity and difficulty in understanding the service provided. The final area concerns the history of the strictly institutionalized and regulated insurance business, entailing badly delivered services.

DISTRIBUTIONS CHANNELS:

Distribution is the key determinant of success for all insurance companies. Building a distribution network is very expensive and time consuming. Buyers prefer a face-to-face interaction and they place a high premium on board names and reliability. The financial services industries have successfully used remote distribution channels such as telephones or internet to reach more customers, and intermediaries, and bring down overheads and increase profitability.

COMPETITORS:

Marketing is becoming increasingly vital in the contemporary Indian business environment. Environmental variables and intense competition from other financial institutions has compelled Indian companies to devise ways and means to survive and operate efficiently and effectively. Indian companies are showing interests in relevance of marketing techniques in their businesses. These interests have been manifested in form of myriads of products and prices, among other marketing activities.

AVAILABILITY OF TRAINED STAFFS:

Professionalism constitutes the main thrust of insurance practice. Here, it is hypothesized to be positively related with increased consumption. The unique nature of insurance industry should serve as the foundation for a distinctive marketing system in the insurance market.

The agent is very central in insurance marketing process. While this is true, the relationship between the agent and the company they represent can be often varied. Because of the technical complication of the insurance products, it is particularly important that those selling insurance understand the contracts they are supposed to sell. Because of a common problem associated with agency is the professional attitude of most insurance agencies. With little or no qualification, one can become an agent or broker.

Training, development and strong relationship with intermediaries are the key areas to be kept under consideration. Training the employees, use of IT for efficiency, both at the staff and agent level, is one of the important areas in marketing of insurance services.

PRICING OF INSURANCE SERVICE:

Neither price nor the technology available during the delivery of the service constitutes the principal concern of the average customer. In many cases the individual purchase wd from an agent whom was a friend, relative, a neighbor or a referral from some trusted source. Hence, insurance transactions are, more often than not, seen as an act of friendship rather than a strictly market based decision.

COST OF INSURANCE:

The factor that determines the client’s ability to purchase any insurance product is the issue of cost. The demand for availability and affordability of the supply of any product is the function of cost, which means there is an inevitable conflict between these two goals. When the cost of the losses for a given group is low, it is clear that insurance was available and affordable. Conversely when the cost of losses for given group is high the premium must also be high.

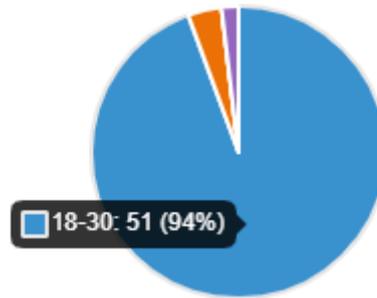
DATA ANALYSIS

1.Age Group

[More Details](#)

18-30	51
31-40	2
41-50	0

51-60	0
Above 60	1



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.40452
R Square	0.163636
Adjusted R Square	-0.25455
Standard Error	1.072381
Observations	4

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	0.45	0.45	0.391304	0.59548
Residual	2	2.3	1.15		
Total	3	2.75			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	2.25	2.457132	0.915702	0.456488	-8.32219	12.82219	-8.32219	12.82219
25	-0.03	0.047958	-0.62554	0.59548	-0.23635	0.176348	-0.23635	0.176348

- Here the dependent variable is no. of people and independent variable is age group. According to the analysis 40.052% strong relationship between these two variables.
- The second point is here 16.36% no. of people is explained by the age group as per the analysis.
- -25.45% is the average measure. That is the regression equation is over predict.

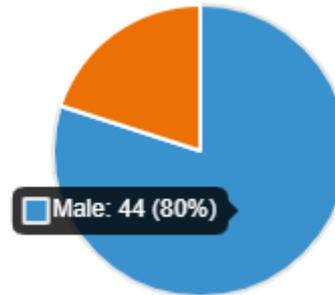
So, here we have done a regression analysis between the age group and responses. And we take the value like 25 for 18-30 & 35, 45, 55, 65 etc. like this. Here we get the P value 0.456488 & 0.59548. so that we will accept the null hypothesis. That means there is no significant relationship.

2. Gender

[More Details](#)

Insights

Male	44
Female	11



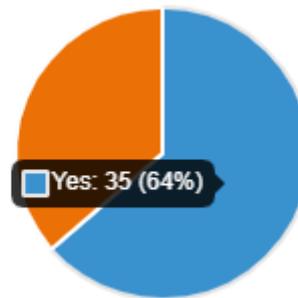
t-Test: Paired Two Sample for Means		
	AGE	RESPONSE
Mean	1.5	27.5
Variance	0.5	544.5
Observations	2	2
Pearson	-1	
Correlation		
Hypothesized	0	
Mean Difference		
df	1	
t Stat	-1.52941	
P(T<=t) one-tail	0.184325	
t Critical one-tail	6.313752	
P(T<=t) two-tail	0.36865	
t Critical two-tail	12.7062	

Yes	35
No	20

So, here I've done the t-test for better understanding. The value of P is greater than 0.05 so, it is null hypothesis. That means there is no significance difference.

Q3. Do you have an insurance policy?

[More Details](#)



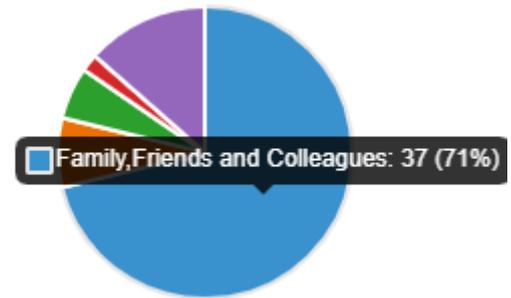
t-Test: Paired Two Sample for Means		
	YES/NO	PERSONS
Mean	1.5	27.5
Variance	0.5	112.5
Observations	2	2
Pearson Correlation	-1	
Hypothesized	Mean	0
Difference		
df	1	
t Stat	-3.25	
P(T<=t) one-tail	0.095015	
t Critical one-tail	6.313752	
P(T<=t) two-tail	0.19003	
t Critical two-tail	12.7062	

t-Test: Paired Two Sample for Means		
	PEOPLE	RESPONSE
Mean	3	10.4
Variance	2.5	225.8
Observations	5	5
Pearson Correlation	-0.6629	
Hypothesized Mean Difference	0	
df	4	
t Stat	-1.02659	
P(T<=t) one-tail	0.181318	
t Critical one-tail	2.131847	
P(T<=t) two-tail	0.362636	
t Critical two-tail	2.776445	

So, the result is 0.95015 that is greater than 0.05. It is null hypothesis. No significant relationship.

Q4. Who influenced you to get an insurance policy?

[More Details](#)



Family, Friends and Colleagues	37
Insurance agents	4
The media	3
Federal Government	1
Other	7

Q5. What kind of insurance policies do you have?

[More Details](#)

Savings Policy	12
Whole Life Policy	5
Endowment Policy	2
Money Back Policy	6
Automobile Insurance	5
Pension Plan Policy	4
Property Insurance	4
Life Insurance	22
Health Insurance	20
Other	9

SUMMARY OUTPUT

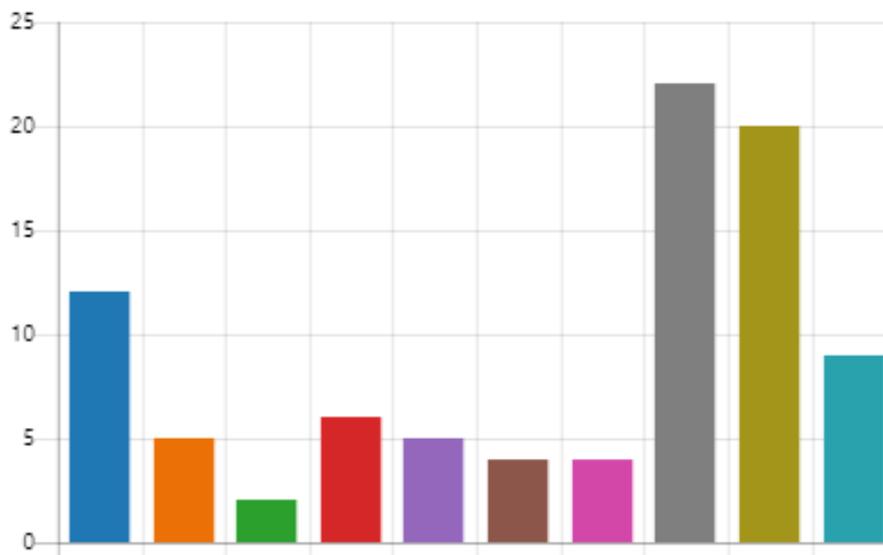
Regression Statistics

Multiple R	0.630102
R Square	0.397029
Adjusted R Square	0.31089
Standard Error	6.073426
Observations	9

ANOVA

	df	SS	MS	F	Significance F
Regression	1	170.0167	170.0167	4.609183	0.068928
Residual	7	258.2056	36.88651		
Total	8	428.2222			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-1.54444	5.121563	-0.30156	0.771751	-13.655	10.56613	-13.655	10.56613
1	1.683333	0.784076	2.146901	0.068928	-0.17071	3.537378	-0.17071	3.537378

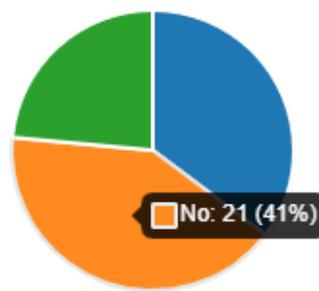


NULL HYPOTHESIS

Q6. Have you ever received any benefits from any of the policies you currently have?

[More Details](#)

Yes	18
No	21
Maybe	12



No such results.

1	20
2	8
3	2
More than 3	3

SUMMARY OUTPUT

Regression Statistics

Multiple R	1
R Square	1
Adjusted R Square	65535
Standard Error	0
Observations	2

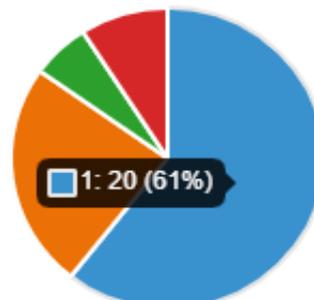
ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	40.5	40.5	#NUM!	#NUM!
Residual	0	0	65535		
Total	1	40.5			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	39	0	65535	#NUM!	39	39	39	39
1	-9	0	65535	#NUM!	-9	-9	-9	-9

Q7. If yes, how many times have you received it?

[More Details](#)



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.777714
R Square	0.604839
Adjusted R Square	0.209677
Standard Error	2.857738
Observations	3

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	12.5	12.5	1.530612	0.432759
Residual	1	8.166667	8.166667		
Total	2	20.66667			

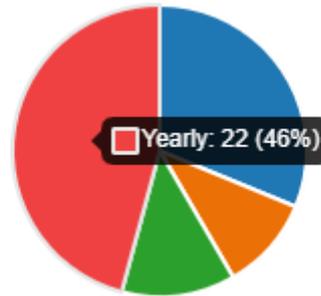
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	11.83333	6.282692	1.883481	0.310725	-67.9958	91.66251	-67.9958	91.66251
1	-2.5	2.020726	-1.23718	0.432759	-28.1758	23.17576	-28.1758	23.17576

This is also null hypothesis. That means no significant relationship.

Q8. How regular you pay your premiums?

[More Details](#)

Monthly	15
Quarterly	5
Half year	6
Yearly	22



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.891042
R Square	0.793956
Adjusted R Square	0.587912
Standard Error	6.123724
Observations	3

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	144.5	144.5	3.853333	0.29995
Residual	1	37.5	37.5		
Total	2	182			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	-14.5	13.46291	-1.07703	0.4764	-185.563	156.5625	-185.563	156.5625
1	8.5	4.330127	1.962991	0.29995	-46.5195	63.51948	-46.5195	63.51948

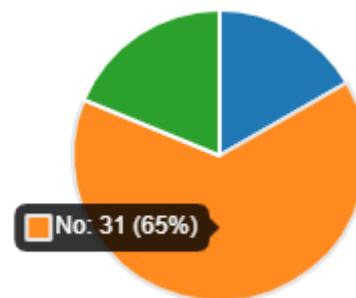
Yes	8
No	31
Maybe	9

No relationship between this. Null hypothesis.

Q9. Has any of your policies ever lapsed due to non-payment of premiums?

[More Details](#)

Insights



SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	1
R Square	1
Adjusted R Square	0.65535

Standard Error	0
Observations	2

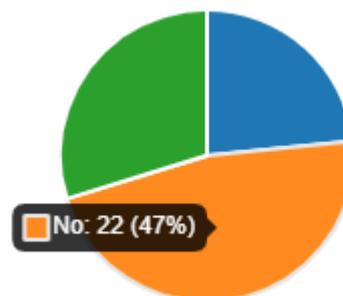
ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	242	242	#NUM!	#NUM!
Residual	0	0	65535		
Total	1	242			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	75	0	65535	#NUM!	75	75	75	75
1	-22	0	65535	#NUM!	-22	-22	-22	-22

No such results.

Q10. Have you received any incentives from your insurance company on the insurance premiums?

[More Details](#)



SUMMARY OUTPUT

Regression Statistics	
Multiple R	1
R Square	1
Adjusted R Square	65535
Standard Error	0
Observations	2

Yes	11
No	22
Maybe	14

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	32	32	#NUM!	#NUM!
Residual	0	0	65535		
Total	1	32			

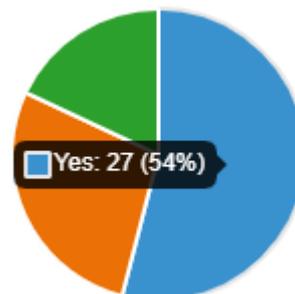
No such results

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	38	0	65535	#NUM!	38	38	38	38
1	-8	0	65535	#NUM!	-8	-8	-8	-8

Q11. Are you aware of any insurance bounces of your policies?

[More Details](#)

Insights



Yes	27
No	14
Maybe	9

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	1
R Square	1
Adjusted R Square	65535
Standard Error	0
Observations	2

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	12.5	12.5	#NUM!	#NUM!
Residual	0	0	65535		
Total	1	12.5			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	24	0	65535	#NUM!	24	24	24	24
1	-5	0	65535	#NUM!	-5	-5	-5	-5

[Multiple R= How much strong relationship between two variables

R Square= regression point, how much percentage of the dependent variable is explained by the independent variable

Adjusted R square= Average measure that is the regression equation is over or under predict.

df= Degree of freedom

Ss=sum of square

ms= mean of square= ss/df

F=Frequency= $ms1/ms2$]

CONCLUSION:

Finally, we conclude that the major difficulties faced by an agent while selling policies where:

1.Lack of Trust: The reason many individuals don't bother with insurance is prevalent mistrust in the industry. This has been created due to years of mismanagement where insurance firms have failed to pay claims in time of emergencies, or the process of claims have taken too long to be resolved. So, most people view insurance as something of an unnecessary expense.

2.Ample Competition: There are many insurance firms in the industry today. India currently has 57 insurance companies, 46 of which are from the private sector. So differentiating from the competition is an inherent challenge for insurers. Building trust in such a crowded market is difficult. Most people tend to distrust newer insurance brands since money is an important commodity and no one wants to take risks with it.

3. Mismanagement: As the owner of the insurance business, one is solely responsible for all issues that his or her clients may have regarding the management of the insurance business. All insurance firms that are mismanaged can't hide their faults for a longer time without the clients noticing. As time move, there will be a constant increase in the number of clients' complaints, and if his or her insurance firm is not transparent, then he or she will lose more customers. Also, incompetent management may cost the company a lot, particularly if they have poor communication with their clients.

In case an individual's premiums are high, he or she should not advertise. They should look for a market for that policy instead of lying to the general public or even form strategies whereby the clients cut on expenses like providing no-exam life insurance quotes.

4. Weak manpower: Non-professionals run many of the insurance companies today. In fact, many people think that what it takes to be an insurance professional is just some knowledge of monetary studies with no specialized training. Indeed, this has majorly affected the dependability and operations of insurance firms in this century.

5. Economic instability: When the country's economy is down; all insurance companies will be affected. At such situations, the rates can be affected such that the insurance companies might be forced to increase their rates, just like interest rates on credit facilities provided by financial institutions.

Of course, no client will appreciate this, even if it is stated clearly in the contract that the insurance rates might change from time to time. Therefore, such situations might create a bad image for a company since costumers can spread the information about a service or product, they were not happy with very fast.

Long term premium payment period: Insurance is one of the primary elements for every individual's protective life. The study reveals that

awareness level of peoples should be increased about insurance. Government also provided various beneficial insurance schemes under its social welfare schemes but most of the people have no aware of it. So, government, corporation and agents are taking necessary steps to create insurance awareness among people. There are so many difficulties have found in the study like, non-availability of hospitals in higher premium, delay in settlement of medical policy claims, these are to be eradicated in the future days. Agents are the primary source of selling policies, so their satisfaction level and their morale should be concentrated by corporation for future enhancement of business.

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