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THE STUDY OF MARKETING DIMENSIONS OF INSURANCE INDUSTRY IN INDIA

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Abstract:

Where there is uncertainty, there is a risk. Wherever business takes place, there is a risk. Risk cannot be stopped. We have no command over uncertainties because there are many uncontrollable factors. Insurance is a cooperative tool to accumulate wealth to meet uncertain losses. Industries, businesses, and individuals are interested in using insurance services. Public sector participation in the insurance sector has made possible many changes in their functional areas and responsibilities.

The behavior of insurance institutions, work culture, and quality of services are presenting a bleak picture. Certainly, several steps have been taken to improve the insurance business widely and especially in rural areas and socially and economically backward classes, with a view to reaching almost all sections of society, but Quality deterioration has been a matter of serious concern. It is against this backdrop that we talk about insurance services, especially under the public sector. We offer a wide variety of services offered by the Insurance Corporation to individual and industrial customers. General insurance is also managed and controlled by the public sector. Thus, from the Indian perspective, we find the Life Insurance Corporation of India and General Insurance Corporation engaged in the insurance business. The insurance business was nationalized with the motto of improving the quality of services.

At one time, the insurance business in India was run only by the government. But in modern times, with the entry of the private sector into this sector, the government / public sector monopoly has ended. In modern times, private insurance companies have also been authorized to carry out life insurance and general insurance business. With the introduction of the concept of liberalization in India, the number of registered insurance companies increased significantly. The topic of this research has been chosen to study the marketing dimensions of the insurance industry in India.

Keywords: Development, Uncertainty, Life Insurance Corporation of India, General Insurance Corporation

Data Collection Method Used For Research:

Data for the research paper has collected from newspaper, magazines, reports, books, and websites

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The Objective of Research:

The main objectives of the research presented are as follows.

1) To study the role of the insurance sector in building the economy of the country
2) To study the recent developments in the insurance industry with a history of insurance in India
3) To study insurance market structures, various types of insurance organizations, and various roles of the insurance industry.
4) To study the role of government in the development of the insurance sector**.**
5) To make suggestions for proper implementation of various insurance schemes for the development of the insurance sector based on the findings obtained from research.

Introduction:

With the development of information technology, we now find a changed scenario in both the bank and insurance sectors. Internet services have almost revolutionized the operating system. An important change in the database decision-making process is to make it possible. We are finding computerization methods for many qualitative and quantitative improvements in the insurance sector. Of course, major foreign insurance companies have been found tapping urban markers and are also trying to tap rural markets. They have a team of dedicated and committed marketing professionals and therefore we find their marketing efforts to be much more results-oriented. Undoubtedly, we find the public sector striving to start the process of innovative marketing but still need miles and miles to go. The public, as well as private insurance companies also need to run a non-life business which is very rarely found in the Indian situation. With the influx of foreign big players, we bring good changes and expect that in the coming years, the non-life business will also look upwards. World-class professional excellence is required to capitalize on opportunities. Rural orientation is also needed by professionals, especially from the Indian perspective.

Privatization, liberalization and globalization have led to the emergence of new entities in the economy that strengthen the economy through the insurance business. After 1991, India emerged as a strong market. The main feature of which is to ensure maximum welfare with high growth rate. The Indian insurance and market had expected the insurance market to reach 25 billion by 2010. Based on this estimate, 7% annual growth in GDP will take place. The Indian financial market is rapidly accelerating modernization and infrastructure development. The service sector contributes a lot to the growth and contributes 41% to the GDP. In which the contribution of insurance sector is very important. The region of the insurance sector has seen an increase in the GDP growth rate in the form of premiums.

Indian insurance premiums per capita represent economic growth. Different socio-economic people do realities in the Indian capital market. High income people are attracted to foreign goods as well as branded goods while middle class family which is consumer class. They have great potential for the development of the insurance sector. However, the lower income class is less likely. At this time, a policy was formulated in the Indian context that would attract capital inflows into the Indian capital market and promote sustainability. Its features are as follows.

Foreign direct investment does not require government approval except for activities which are prohibited by the government. The government has prepared different guidelines for different sectors. There are also upper limits. All decisions regarding foreign investment proposals shall be taken within 30 days from the date of application. Foreign trade, trademarks, for sale, patents, etc. are permitted in India. Allowing real investments and profits to flow freely into the original investment. Freeing up the Indian capital market for foreign institutional investors. Recognizes foreign capital markets for Indian companies to increase their capital. India made some agreements that would save it from the double taxation of 88 countries. India has signed 37 bilateral agreements. Special investment and savings are encouraged. One window extension facility has been provided, etc.

Marketing Dimensions of Insurance Industry in India:

The Oriental Life Insurance Company in Kolkata (then Calcutta) in 1818 was the first company to start a life insurance business in India. However, the company failed in 1834. In 1829, the Madras Equitable started a life insurance business in the Madras Presidency. After the British Insurance Act, 1870 came into force in Bombay Presidency in the last three decades of the 19th century Bombay Mutual (1871), Oriental (1874), and Empire of India (1897).) Were seen to begin. The Indian Life Insurance Companies Act 1912 was the first legislation to regulate the life insurance business. The Indian Insurance Companies Act 1928 empowers the government to collect statistical information about the operation of life and non-life business in India by Indian and foreign insurers, including provident and insurance committees. To protect the interests of the insured, the earlier legislation was strengthened and amended by the Insurance Act 1938 which gave the government effective control over the activities of the insurers. In the 1950s there was intense competition in the insurance business and there were allegations of unfair trade practices. Hence, it was decided to nationalize the life insurance business of the Government of India.

The General Insurance Council represents the collective interest of non-life insurance companies in India. The Council participates in discussion and policy-making discussions on matters of general interest and acts as an advocate for high-level customer services in the insurance industry. The General Insurance Business (Nationalization) Act 1972 (GIBNA) was passed. The General Insurance Corporation of India (GIC) was established in compliance with Section 9 (1) of GIBNA. It was established on 22 November 1972 as a limited private company by the shareholders under the Companies Act 1956. The international payment slowdown in the 1990s forced the government to reconsider its industrial policies and regulations. The government had only foreign exchange reserves left for import for a few days.

In 1993, the Government constituted a committee under the chairmanship of RN Malhotra, former Governor of Reserve Bank of India, to make recommendations for reforms in the insurance sector. In its report in 1994, the committee, inter alia, recommended that private sector and foreign companies (but only through a joint venture with the participation of an Indian partner) be allowed to enter the insurance industry.

The Insurance Regulatory and Development Authority were formed as an autonomous body for regulation and development of the insurance industry in 1999 in accordance with the recommendations of the Malhotra Committee Report setting up IRDA. IRDA was established in April 2000 as a statutory body. As we have seen, Malhotra was opened to the insurance sector in accordance with the recommendations of the committee. Foreign companies have also been allowed to participate in the Indian insurance market through joint ventures with Indian companies.

The main objectives of IRDA include the promotion of competition with a view to increasing customer satisfaction through more customer options and minimum premium while ensuring the financial security of the insurance market. IRDA has the power to make regulations under Section 114 of the Insurance Act 1938. Since 2000, it has enacted many regulations ranging from the registration of companies doing insurance business to protecting the interests of policyholders.

The Insurance Act 1938 and GIBNA were amended which removed the exclusive privileges of GIC and its four subsidiaries for general insurance in India. As a result, the general insurance business was opened up to the private sector.

With the General Insurance Business (Nationalization) Amendment Act 2002 effective from 21 March 2003, GIC was denied control of four of its subsidiaries. Their ownership was vested in the Government of India. GIC was declared as a reinsurance company.

As of 2010, India has become the fifth-largest insurance market in the world and it is still growing rapidly.

A lot of changes have taken place in the decade that opened up the market to the private sector. In this section, we will look at some important developments in the last few years.

All insurance companies now use information technology to benefit their businesses and improve convenience for their customers. Today the customer can pay the premium using the company website and check the status and other facts of his policy. The latest information related to the receipt of premium from the customers and changes in their policy is sent to the customer through mobile SMS.

Many banks have joined insurance companies to sell insurance products to their customers. Insurance companies benefit from a wide network of banks and a loyal customer base and contributions. Bancassurance has been steadily increasing insurance sales for the last few years. Banks, being able to provide value-added products to their customers, take advantage of the fee income received from insurance companies as a byproduct. Many banks have also started their own subsidiary life insurance company.

Most insurance companies have now started selling insurance products online. This removes the need for an intermediary and reduces costs. These savings can be transferred to customers as a reduced premium.

In 2005, micro-insurance guidelines were issued by IRDA. Micro-insurance products provide insurance cover to people from low-income groups such as members of self-help groups, farmers, rickshaw drivers, and others for the risks they and their properties have to face. The premium for these products can be up to Rs.15 and it is collected on a weekly basis.

The minimum life insurance coverage specified by the regulator for this category can be Rs 5000 and the maximum coverage that can be given is Rs 50000. People engaged in agriculture and allied activities face natural disasters, so they need protection from risks like a failure of monsoon, floods, etc. Micro insurance provides protection when this happens.

When an industry grows rapidly, it is a necessary action to raise concerns and problems, and even the insurance industry cannot remain untouched by it. Complaints about customer claims settlement and general customer services are increasing. As we have just seen, IRDA has taken steps to protect the interests of policyholders. He asked the insurance companies to set up Internal Customer Grievance Redressal Department and an Insurance Ombudsman was established. A call center has been set up by IRDA in the latest initiative where an insured can contact to seek redressal of a complaint against his insurer. Unsatisfied customers can call a toll-free number 155255 or email complaints@irda.gov.in to register their complaint.

The insurance industry in India has made great strides since liberalization. The country's insurance business is expected to grow to Rs 19,56,320 crore by 2020 due to gross economic growth and higher personal income. Insurance penetration in India, which was 2.71% in 2001, increased to 3.60% in 2.17. At the same time, the gross premium went up to Rs 5,18,000 crore. Of this, Rs 4,08,000 crore was life insurance and the rest was general insurance of Rs 1,69,000 crore.

There are 24 life insurance and 33 non-life insurance companies operating in the Indian insurance market. This is doing insurance business by attracting customers in its own way. The insurance industry, with its innovative vibrate distribution channels, was heavily promoted by the insurer through publicity and advertising. The share of private life insurers in the life insurance sector was 25.29% while the share of private insurance companies in the general insurance sector increased to 55.7% by April 2015 as compared to the financial year 2003 (13.12%). The central government has approved a proposal to increase the foreign direct investment (FDI) limit in the insurance sector to 49%.

The Life Insurance Corporation adopted a more aggressive policy towards its insurance services against the backdrop of liberalization and privatization. The marketing department has been reorganized into four separate sub-divisions, such as the sales sub-division, the insured facilities sub-division, the training division, and the branch support sub-division. A specific part of the marketing strategy is the aggressive strategy of the corporation. In the last 4-5 years, private companies have been allowed in the insurance sector. So Life Insurance Corporation changed its marketing strategy and started aggression to face the competition of private companies. New types of insurance schemes were introduced. Life Insurance Corporation is at the forefront of competition by implementing such insurance schemes for different groups of customers as per their requirements. Insurance agents are being aggressively recruited across the country. The new agents are initially provided with an honorarium and some useful infrastructure. It provides financial assistance to the agents and motivates them to settle in the insurance business. Apart from this, a training campaign is also being run for them. All new agents are trained and then sent to potential customers. For this training, the corporation has set up sales training centers in all its board areas and currently employs 25 centers. The sales growth campaign is being implemented in a triple format with financial support result training and skilled development officer guidance.

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Due to the government's policy of ensuring illiterates, the number of consumers entering the country and the promotion and dissemination of insurance schemes is increasing day by day. Awareness about insurance is increasing day by day among the general public. The insurance business in India reached Rs 6.01 trillion in FY2018. The insurance industry's share in India's GDP increased from 2.71% in 2001 to 3.69% in 2017.

The premium for the new life insurance business has increased by 3.66%. 1.09 trillion. For the financial year 2018-19 (till October 2018), the non-life insured has a total of Rs. 962.05 billion, representing a growth rate of 12.40% for the fiscal year. Due to the policy of liberalization, private sector participation in the insurance business is increasing rapidly, so there will be healthy competition and insurance services will be available to the public at negligible cost.

Indian e-commerce major Flipkart has entered the insurance sector in partnership with Bajaj Allianz to offer mobile insurance. In 2017, public sector insurers raised about 434.3 billion rupees through public issues. In 2017, there were 10 mergers and acquisitions in the insurance sector in India. Their value in the US is estimated at 903 million. HDFC Ergo talks to the city to buy Apollo Munich health insurance with a valuation of around Rs 2,600 crore. Last year, HDFC Ergo launched a cyber-insurance policy for e-secured individuals. However, there is only one life insurer in the government or public insurance sector and that is the Life Insurance Corporation of India.

Conclusion:

Today it is expected that the insurance business will benefit the rural sector of the economy and the weaker sections of the society will get an opportunity to grow. It is correct to mention that insurance businesses have failed to do so. The work of the Insurance Corporation is difficult as well as challenging. This requires a change in the service profile of the public sector insurance business. The change in product mix will naturally require the participation of rural agents with adequate training facilities. The behavioral profile of insurance employees working in the public sector should be given due weightage.

The dominance of trade unions should be minimized. Promotional efforts should be made innovative. The promise between services and the offering of services must be bridged. And all these reforms require the concept of modern marketing principles. Many private insurance companies operate in the business, so service marketers have to create a sound marketing mix. It focuses our attention on professional excellence, particularly in the public sector where foreign insurance companies have been found to be snatching business due to managerial shortages.

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