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Emerging Role of Insurance Marketing

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Abstract:

The wave of liberalisation is in full swing in India and so also in the Insurance sector. Sky is the limit for marketing services. The marketing of a number of services has engineered a sound foundation for the development of service organizations. Any emerging key service needs to implement innovative marketing strategies with due emphasis on quality and efforts to be competitive not only in country but also across international borders. To foresee this, happen, companies require fair synchronisation of performance and also employee orientation. A new corporate culture awaits innovation. There are a number of emerging key services that have made the corporate to think and attract attention like the financial services, banking, medical, tourism and many in the line, not forgetting the Insurance sector. The race and pace of economic transformation make ways for development of financial institutions. With the advent of globalisation and an assurance of new era of reforms, the Indian economy witnessed myriad challenges, the result of which can be envisaged in the opening up of new vistas for development of financial institutions in which due weightage was assigned to professional excellence. In this context, the increasing role of insurance sector can be seen. A new era has taken shape in form of e-insurance, influenced by techie-culture. The present paper is an attempt to analyse the reasons for changing trends and the huge potential this sector offers and calls for an optimal utilisation of the same and make the developmental process both proactive vis-a-vis productive.

Keywords: Insurance, Insurance marketing, e-insurance

1. Introduction

The race and pace of economic transformation make ways for development of financial institutions. With the advent of globalisation and an assurance of new era of reforms, the Indian economy witnessed myriad challenges, the result of which can be envisaged in the opening up of new vistas for development of financial institutions in which due weightage was assigned to professional excellence. In this context, the increasing role of insurance sector can be seen. The traditional product of public sector insurance witnessed a threat when the leading private sector companies based on world-class professional excellence and managerial proficiency started establishing an edge over them. Not forgetting that, the government regulations provided a strong back up for traditional insurance. In spite of this, due to rapid gain of momentum by virtue of liberalisation, the government had no option but make business environment for insurance sector business much more congenial and productive through IRDA which made liberal provisions for private sector business.

1.1. Role of IRDA in Insurance

The IRDA Act of 1999 provided for three categories of Insurance business in India, such as a public company, with two categories of operations – public limited and public unlimited companies set up mostly in USA were not allowed to do business in India and also private companies were not allowed. The second category of society incorporated under Cooperative Societies Act, 1912 or any law relating to cooperatives. The third insurance in the form of a body corporate incorporated abroad under the law of that country not being in the nature of a private company. Further, the provision for disinvestment is to allow the fourth category of Public Unlimited Companies in future which may have major impact on the insurance business.

1.2. History of Insurance Business

The earliest traces of Insurance are in the form of marine trade losses or carriers 'contracts. In Rigveda also, the references are made to the concept of "Yogakshema" which is akin to the well-being and security of the people. This makes clear that the traces for sharing the future losses were available in ancient India. The oldest form of Insurance is the Marine Insurance. After Marine Insurance, development in the field of 'Fire Insurance "With the development of colonial rule of England, fire insurance spread all over the

world. In India, the General Insurance started working in 1950. In 17th century, Life Insurance was existent in England. In USA, the life Insurance could not flourish mainly due to an abnormal fluctuation in the death rate.

1.3. Insurance in the Indian Context

The first LIC was established in Bengal Presidency in 1818 which was known as the Oriental Life Insurance Company. In the annals of Indian Insurance, the year 1870 is a landmark. Experiencing so many ups and downs, the insurance business was found in a changed shape, particularly after the attainment of independence and particularly AFTER Nationalisation in 1956. Further the GIC was nationalised in 1971. Thus the Insurance business is found under the public sector which is managed by a corporation. There is no doubt in it that a number of small companies are working under the private sector but their insignificant contributions to the society keep them out of preview.

In India, the Life Insurance Corporation of India and the General Insurance Corporation of India are managed and controlled by the Union government and therefore the responsibility of qualitative improvements or even a degeneration of quality is found on their shoulders.

1.4. Insurance Marketing

The marketing concept in the banking and insurance services emerged with the publication of an article titled "Banks and Saving Institutions in the Television age", which focussed that in the recent past, the banking and savings Institutions have assigned due weightage to their austere dignity rather than their friendliness. The marketing experts advocated that marketing transcends advertising and friendliness⁽¹⁾. Later it was realised that marketing is not more than smiling friendliness. This necessitated customer convenience and injected new life and strength to the marketing concept in the banking and insurance and even in other financial institutions. Marketing was accepted as an organizational imperative. It was felt that conceptualisation of marketing in the insurance business would identify the most profitable markets now and in future, would help in assessing present and future needs of the users, would be instrumental in setting business development goals, would be successful in formulating time-honoured plans and manage various customer-services, in addition to promotion in the socio-economic parlance. These associated properties of marketing make it clear that insurance business finds it easier to expand and flourish if the marketing decisions are taken in the right fashion.

The term Insurance Marketing refers to the marketing of Insurance services with the motto of customer orientation and profits generation, a fair blending of which makes the ways for development and expansion. The Insurance marketing focuses on the formulation of an ideal mix for the insurance business so that insurance organizations survive and thrive in the right perspective. The quality of services can be improved by formulating a fair mix of the core and peripheral services. The persuasion process can be furthered up with support of creative promotional services.

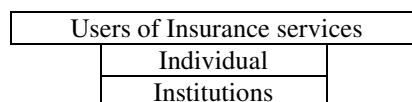
Like the banking services, automation plays a decisive role in fuelling the process of development. The use of sophisticated technologies that paved avenues for quality up gradation in these sectors. Though marketing is of renet origin in these sectors, marketing is to excite the interest of insurance and stock brokerage companies although they have a long way to applying marketing effectively⁽²⁾. The marketing concept in insurance is concerned with the expansion of insurance business in the best interest of the society vis-a-vis the insurance organizations. The lack of coordination results in overemphasising the marketing activities, such as advertising at the expense of others, providing adequate customer service at the teller's window⁽³⁾. Insurance companies tend towards a strong sales orientation, since the services they sell, although certainly necessary ones, rarely sell themselves. Potential policy holders are reluctant to think about disaster and death. So they postpone planning for these possibilities, unless they are contacted and influenced by insurance agents. Thus insurance company's mutual orientation is towards sales, and not marketing⁽⁴⁾. But in the modern business world, the marketing concept insists on fixing of accountability for overall marketing concept. The selection of risks (product planning), policy writing (customer service) rating or actuarial (pricing) and agency management (distribution) – all marketing activities⁽⁵⁾ make up an integrated marketing strategy.

In the yester decades, there have considerable developments in the perception of customer servicing firms like banking and insurance. Particularly in developing country like India, the organizational objectives advocate spreading of insurance services much more widely and particularly in rural areas and to economically backward classes with a view to reach all insurable persons, which naturally necessitates an integral marketing strategy. Hence the marketing concept in the insurance business focuses on formulation of marketing mix or a control over the entire marketing activities that make up an integral marketing strategy.

The concept of Insurance marketing is

- Managerial process, conceptualising marketing principles.
- Process of formulating marketing mix and make product attractive and energe process of quality up gradation.
- An attempt to make customer orientation possible, pave avenues for social transformation and also help profit maximization.

1.5. Users of Insurance Services



The emerging changes in the socio-economic conditions and governmental regulations influence the interest of both categories of users. Insurance marketing is an effort to transform the prospects, either individual or institutional into actual users. The behavioural profile of users is viewed as an orderly process whereby an individual act with his/her environment for the purpose of making

marketplace decisions⁽⁶⁾. Needs, motives, perception and attitudes as internal factors and external influences⁽⁷⁾, like family, social group, culture, economic and business conditions are found instrumental in guiding the behavioural profile of users.

1.6. Significance of Segmentation in Insurance Marketing

In Insurance organizations, the task of formulating the overall marketing strategies can't be performed efficiently unless we segment the market. The market for insurance business is found vast, the potential policy holders are in a very good number and their needs and requirements are not identical. Therefore, segmentation helps insurance organizations in dividing and subdividing the market so that the marketers find it convenient to identify the level of expectations of users. Segmentation also helps insurance professionals in designing creative promotional measures which would be very instrumental in sensitising the prospects. In the Indian perspective, we find the rural market to be more profitable in the 21st century.

1.7. Impact of Technology on the Insurance Sector

With the advent of inventions and innovations in the field of information and communication technology, they have posed serious threats and challenges to the Insurance sector in India. The software solutions have made way for cross border trade to even become paperless. The DBMS, Data warehouse, Group linking software, Imaging and workflow technologies, Mapping, Call centre Technologies, Video Linking, CAT models⁽⁸⁾, have considerably increased the functional quality of insurance. The insurance marketers have seen and promoted the technology for developing awareness, settlement of claims, payment of premiums, handling of consumer grievances and intermediary analysis.

1.8. E-Insurance

With the entry of foreign Insurance, there is a sea change where the extent of intensity of competition is mounting as days' pass on. Though not much techno-driven like banking and brokerage services, insurance also underwent shift in form of e-insurance. Being traditional, though rate of acceptance is less, the concept of e-insurance cannot be rejected⁽⁹⁾. Selling insurance product online is e-insurance. Through this, the customers can get information that is both cost-effective and authentic, services are customised and flexible, over and above, global accessibility, and that too round the clock is present because of e-insurance. In the years to come, the number of net users in India may cross 250 million which may facilitate both providers and users of e-insurance advantageous in the long run.

1.9. MIS for Insurance

Marketing Information System is necessary to the smooth functioning and future prosperity of insurance organizations. With challenges and threats moving upwards, insurance organizations enrich their information banks and keep themselves engaged in innovating their marketing decisions. MIS is useful for insurance at all three levels of corporate, regional and branch level Marketing planning and budgeting can't be productive unless information is present and processed accordingly.

2. Conclusion

Liberalisation has opened new vistas for the development of insurance business along with the liberal provisions of IRDA in 1999, opened doors for foreign insurance companies making the business environment for insurance much more competitive and volatile. The 21st century has opened the insurance sector for much more challenges and necessitated world-class professional excellence. The changing corporate culture, the mounting domination of corporate sector and upward movement of consumerism have changed the hierarchy of needs vis-a-vis the lifestyles. It goes without saying that the insurance marketing practices need a new look, an innovative approach and the conceptualisation of the holistic concept of management to be successful. The defined principles of societal marketing have to be practised and pave avenues for blending of customer satisfaction, social orientation and last but not the least generating maximum profit. With the advent of techno culture, insurance marketing needs to strike the right balance between organizational and social considerations, as in the days to come, insurance business will grow at a faster rate.

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