

Analysis of Promotional Mix of Insurance Products and Its Importance on the Growth of the Company

Ande . Rama krishna

¹Student, University College of commerce & Business Management, Osmania University, Telangana, India

Abstract:

Marketing strategies become more crucial when they are executed to design, distribute and promote insurance services. The present study is descriptive in nature and takes out significant differences in the promotional strategies adopted by private and public sector insurance companies in India. The study shows noteworthy results and opinions of customers, which can be very useful for designing effective promotional strategies for insurance companies. The study reveals remarkable facts connected with customers' perception about promotional tools of both private and public sector companies and also about the most effective tools to promote insurance services. In this paper the Baha-Allianz insurance is considered for detailed study and presented the detailed analysis..

Keywords

Insurance, Promotional Strategies, Customer Satisfaction

1. Introduction

The end of the year 2000 marks a significant change and growth of 'India Insurance' industry scenario. Monopoly of Public Sector Insurance company marks an end and Private companies makes inroad. Foreign companies, both Life and General flocked, collaborated and helped astronomical growth of 'Insurance Industry in India'. 'India Insurance' growth was long overdue. Within 1st 12 months of liberation of 'Indian Insurance Industry' 10 licenses for selling life insurance products and 6 licenses for selling non-life products were issued to private companies. The Public sector giant LIC started losing its market share at the cost of stupendous growth of private players. Now 'India Insurance' industry has more than a dozen private life insurance players and 9 private general insurance companies. Aggressive and penetrative marketing strategy coupled with wide product bandwidth was an instant success among the ignorant masses. Most of the private companies registered more than 100% growth till then and are still continuing with such monstrous growth figures. Although, 'Insurance in India' is not regarded as a basic need but it is getting popular among semi urban to rural masses. Top rank private companies like ICICI Prudential Life Insurance, Tata AIG, Bajaj Allianz etc are aggressively researching and innovating products for huge untapped rural 'India Insurance' market. Collaboration with micro finance companies, post offices, rural banks and village management authorities for selling insurance is doing wonders.

A life insurance product covers risk for the insurer against eventualities like death or disability. A non-life insurance product covers risks against natural calamities, burglary, etc. They are not as popular as life products in the 'Insurance India's' portfolio. Until very recently it had only corporate buyers, but with natural disasters like, earth quakes, tsunamis, storms and floods becoming more frequent and damaging there has been a sudden spurt in sales of general insurance amongst individuals. Consumerism of life style goods and modern amenities has also contributed to its growth. With more awareness and wide bandwidth of insurance product portfolio the growth for 'India Insurance' story will only get more competitive and more affordable to all sections of Indian society.

Yr: 2000-2001: (From 2nd April '2000 to 31st Dec-2001) Insurance Industry in the year 2000-2001 had 16 new entrants, namely:

Life Insurers:

S.No.	Reg.No	Date of Reg.	Name of the Company
1	101	23.10.2000	HDFC Standard Life Insurance Company Ltd.
2	104	15.11.2000	Max New York Life Insurance Co. Ltd.
3	105	24.11.2000	ICICI Prudential Life Insurance Company Ltd.
4	107	10.01.2001	Kotak Mahindra Old Mutual Life Insurance Limited
5	109	31.01.2001	Birla Sun Life Insurance Company Ltd.
6	110	12.02.2001	Tata AIG Life Insurance Company Ltd.
7	111	30.03.2001	SBI Life Insurance Company Limited .
8	114	02.08.2001	ING Vysya Life Insurance Company Private Limited
9	116	03.08.2001	Bajaj Allianz Life Insurance Company Limited
10	117	06.08.2001	Metlife India Insurance Company Pvt. Ltd.
11	133	04.09.2007	Future Generali India Life Insurance Company

General Insurers:

S.No.	Reg.No	Date of Reg	Name of the Company
1	102	23.10.2000	Royal Sundaram Alliance Insurance Company Limited
2	103	23.10.2000	Reliance General Insurance Company Limited.
3	106	04.12.2000	IFFCO Tokio General Insurance Co. Ltd
4	108	22.01.2001	TATA AIG General Insurance Company Ltd.
5	113	02.05.2001	Bajaj Allianz General Insurance Company Ltd
6	115	03.08.2001	ICICI Lombard General Insurance Company Limited.
7	131	03.08.2007	Apollo DKV Insurance Company Limited
8	132	04.09.2007	Future Generali India Insurance Company Limited

Yr: 2001-2002 : (From 1st Jan 2001 to Dec. 2002)

Insurance Industry in this year, so far has 5new entrants; namely

Life Insurers:

S.No.	Reg.No	Date of Reg.	Name of the Company
1	121	03.01.2002	AMP Sanmar Life Insurance Company Limited.
2	122	14.05.2002	Aviva Life Insurance Co. India Pvt. Ltd.

General Insurers:

S.No.	Reg.No	Date of Reg	Name of the Company
1	123	15.07.2002	Cholamandalam General Insurance Company Ltd.
2.	124	27.08.2002	Export Credit Guarantee Corporation Ltd.
3.	125	27.08.2002	HDFC-Chubb General Insurance Co. Ltd.

Yr: 2003-2004: (From 1st Jan 2003 till Date)

Insurance Industry in this year, so far has 1new entrants; namely

Life Insurers:

S.No.	Reg.No	Date of Reg.	Name of the Company
1	127	06.02.2004	Sahara India Insurance Company Ltd.

Yr: 2004-2005:

Insurance Industry in this year, so far has 1new entrants; namely

Life Insurers:

S.No.	Reg. No	Date of Reg.	Name of the Company
1	128	17.11.2005	Shriram Life Insurance Company Ltd.

Company has assigned me a target generate business worth of Rs 1,80,000 and recruiting of 3ic's . During these 2 months. Our company guides are helping a lot in explaining each and every point regarding in achieving our targets. Till now I undergone training Sections and also participated in their office works and had learned all the manual Works that take place in Centrum direct. .Our job is to collect data base from Prospective customers, and sell policy and give them It to company. I am doing my Project under our company Guide Mrs.SHAMALA devigaru My company people are Showings the potential areas, we need to go there and Survey that area at last we are Supposed to submit the report. My theoretical knowledge's helping a lot in Convincing the customers to give their details like that, being professional they are allowing us to make a talk with them. By the completion of My project I am surely can say that the person with good communication skills, Patience and a little bit of knowledge is enough to be a marketing manager. While Coming to the point of achievements, our Job is to collect database and the finally selling the policy's still now. So it will take some time to get the results. I am so happy with the OJT and with my work.

TARGET/TASKS

Targets

- Selling of insurance policy worth RS.45, 000 for month.
- And recruiting 4 I.C (insurance consultancy)for 1months.

Tasks

- To generate a business worth of Rs 1,80,000
- Recruiting of 10 ics for four months period

Achievements:

- I generated a business worth of rs 3,00,000 for the company still continuing
- Received pre – placement offer letter, corporate honor certificate, appreciation letter.
- A memento from the company.

2. About the Company

Bajaj Alliance Life Insurance Co. Ltd is a joint venture between two leading Conglomerates – Allianz AG, one of the world's largest insurance companies, and Bajaj Auto, one of the biggest two and three wheeler manufacturers in the world. Bajaj Allianz is one of India's leading private life insurance companies. It stands 2nd among the private Insurance companies in India and 3rd among the Insurance

companies in India. It is one of the fastest growing private life insurance companies in India. Bajaj Allianz currently has over 300,000 satisfied customers. They are even backed by a network of 155 offices spanning the country.

Bajaj Allianz General Insurance Company Limited, one of India's leading private general insurance companies, reported a 50 percent increase in gross premium income to 12,850 million rupees (234 million euros) excluding service tax for its business year 2005-6, ending March 31. Net profit grew 9.8 percent to 516 million rupees (9 million euros). Bajaj Allianz General Insurance is aiming for accelerated market penetration in future. "Going forward, the company's focus will continue to be on growth with underwriting profits, and preparing ourselves for the free pricing scenario from 2007 onwards," said Kamesh Goyal, CEO. The company, a joint venture company between Bajaj Auto Limited, a leading Indian manufacturer of two- and three-wheeler vehicles and the Allianz Group, issued 3.9 million policies over the twelve-month period, the highest rate among private insurers. Its claim settlement ratio reached 93 percent.

Bajaj Allianz General Insurance Company Limited is a joint venture between Bajaj Auto Limited and Allianz SE. Both enjoy a reputation of expertise, stability and strength. Bajaj Allianz General Insurance received the Insurance Regulatory and Development Authority (IRDA) certificate of Registration (R3) on May 2nd, 2001 to conduct General Insurance business (including Health Insurance business) in India. The Company has an authorized and paid up capital of Rs 110 crores. Bajaj Auto holds 74% and the remaining 26% is held by Allianz, SE. As on 31st March 2007 Bajaj Allianz General Insurance maintained its premier position in the industry by garnering a premium income of Rs.1803 crore. Bajaj Allianz has made a profit before taxes of Rs.117 crore and emerged as the first private insurance company to make profit before taxes of more than Rs.100 crores. The company also was the one of the highest profitable insurer among private insurance companies and made a profit after tax of Rs.75 crores. Bajaj Allianz is the only company to make underwriting profits for the last three years consecutively. Bajaj Allianz today has a network presence in over 200 towns spread across the length and breadth of the country. From Surat to Siliguri and Jammu to Thiruvananthapuram, all the offices are interconnected with the Head Office at Pune.

In the first quarter of the current financial year, 2007-08, Bajaj Allianz garnered a premium income of Rs. 574 crores, achieving a growth of 27% over the last year for the same period and Net profits rose to Rs.21 Crores.

Vision

- To be the first choice insurer for customers
- To be the preferred employer for staff in the insurance industry.
- To be the number one insurer for creating shareholder value

Mission

As a responsible, customer focused market leader, we will strive to understand the insurance needs of the consumers and translate it into affordable products that deliver value for money.

A Partnership Based on Synergy

Bajaj Allianz General Insurance offers technical excellence in all areas of General and Health Insurance as well as Risk Management. This partnership successfully combines Bajaj Auto's in-depth understanding of the local market and extensive distribution network with the global experience and technical expertise of the Allianz Group. As a registered Indian Insurance Company and a capital base of Rs. 110 crores, the company is fully licensed to underwrite all lines of general insurance business including health insurance.

Achievements

Bajaj Allianz has received "iAAA rating, from ICRA Limited, an associate of Moody's Investors Services, for Claims Paying Ability. This rating indicates highest claims paying ability and a fundamentally strong position.

Bajaj Allianz Life Insurance

Bajaj Allianz Life wins new business i.e. Bajaj Allianz Life Insurance, meanwhile, reported a 216 percent increase in new business premium to 505 million euros in its business year 2005-6. The company, which is now India's leading life insurance company, said its industry market share grew to 7.6 percent from 3.4 percent in the previous year. It aims to become India's first profitable life insurance company soon, by employing an innovative economic model and keeping costs low. It issued 777,492 new policies in fiscal 2005-6.

Bajaj Allianz Life Insurance is now based in 534 towns, compared with 293 towns in 2004-5. It employed 108,155 agents in its last fiscal year, more than doubling than 47,078 agents in the previous year. Growth follows the company's refocus on customer needs, a program which started two years ago. "Our basic promise is 'Jaisi Jaroorat Vaisa Insurance' – insurance meeting the customers' needs," said CEO Sam Ghosh. "We focus on what customers want and not what we want to sell. We let customers decide which channel they are comfortable to buy from." "Our end objective is to have satisfied customers and satisfied customers are drivers in the life insurance business more than anything else," continued Ghosh. "This focus has brought us so far so rapidly and we are sure this focus will help up maintain our leadership as well."

The company has identified flexible products which are suitable for Indians' needs. It caters for more than 290 segments of consumers, stemming from diverse religious, cultural and educational backgrounds. Bajaj Allianz Life Insurance recognizes that its average customers are looking for low-price products, such as its "6-in-1 Healthcare" product, with a premium of just 100 rupees (1.75 euros) per month. It also offers more sophisticated products for astute investors, as well as an ethical fund, which takes into account religious guidelines and environmental concerns. It entitled its innovation of the year "Bajaj Allianz Banyan

Tree". This expansion model reflects how a branch sets up small sibling satellites, which in turn grow into branches, in the same way that banyan tree branches start another tree when their branches touch the ground.

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Life insurance

Tie Ups With Banks

Having pioneered the phenomenon, Bancassurance is one of our core business strategies. Three of our strong Bank assurance tie-ups are:

- Standard Chartered Bank
- Syndicate Bank
- COSMOS Co-op BANK Ltd.

We have developed a range of life insurance products exclusively for our Bancassurance partners. Also, Our products are customized to suit specific needs of banks.

Allianz Group

Allianz Group is one of the world's leading insurers and financial services providers.

Founded in 1890 in Berlin, Allianz is now present in over 70 countries with almost 174,000 employees. At the top of the international group is the holding company, Allianz AG, with its head office in Munich. Allianz Group provides its more than 60 million customers worldwide with a comprehensive range of services in the areas of

- Property and Casualty Insurance,
- Life and Health Insurance,
- Asset Management and Banking.

Allianz ag - a global financial powerhouse

- Worldwide 2nd by Gross Written Premiums - Rs.4,46,654 cr.
- 3rd largest Assets Under Management (AUM) & largest amongst Insurance cos.-AUM of Rs.51,96,959 cr.
- 12th largest corporation in the world
- 49.8 % of global business from Life Insurance
- Established in 1890, 110 yrs of Insurance expertise
- 70 countries, 173,750 employees worldwide

Bajaj Group

Bajaj Auto Ltd, the flagship company of the Rs. 8000 crore Bajaj group is the largest manufacturer of two-wheelers and three-wheelers in India and one of the largest in the world.

A household name in India, Bajaj Auto has a strong brand image & brand loyalty synonymous with quality & customer focus.

A STRONG INDIAN BRAND- HAMARA BAJAJ

- One of the largest 2 & 3 wheeler manufacturer in the world
- 21 million+ vehicles on the roads across the globe
- Managing funds of over Rs 4000 cr.
- Bajaj Auto finance one of the largest auto finance cos. in India

- Rs. 4,744 Cr. Turnover & Profits of 538 Cr. in 2002-03.
- It has joined hands with Allianz to provide the Indian consumers with a distinct option in terms of life insurance products.
- As a promoter of Bajaj Allianz Life Insurance Co. Ltd., Bajaj Auto has the following to offer -Financial strength and stability to support the Insurance Business.
- A strong brand-equity.
- A good market reputation as a world class organization.
- An extensive distribution network.
- Adequate experience of running a large organization.

Bajaj Allianz General Insurance

Bajaj Allianz is the fastest growing general insurance company in India. Bajaj Allianz General Insurance Company Limited is a joint venture between Bajaj Auto Limited and Allianz AG of Germany. Both enjoy a reputation of expertise, stability and strength. Bajaj Allianz General Insurance received the Insurance Regulatory and Development Authority (IRDA) certificate of Registration (R3) on May 2nd, 2001 to conduct General Insurance business (including Health Insurance business) in India. The Company has an authorized and paid up capital of Rs 110 crores. Bajaj Auto holds 74% and the remaining 26% is held by Allianz, AG, and Germany.

An Impeccable track record across the globe in providing security and cover for you and your family

We, at Bajaj Allianz, realize that you seek an insurer who you can trust your hard earned money with Allianz AG with over 110 years of experience in over 70 countries and Bajaj Auto, trusted for over 55 years in the Indian market, together are committed to offering you financial solutions that provide all the security you need for your family and yourself. Bajaj Allianz brings to you several innovative products, the details of which you can browse in this section Key Achievements in FY 2005-06

- No.1 Pvt Life Insurer FY 2005-06. Leading by Rs. 78 Cr.
- No.1 Pvt Life Insurer in Retail Business. Leading by Rs. 339 Cr.
- Whopping growth of 216% for the FY 2005-06
- Have sold over 20,00,000 policies to satisfied customers
- Is backed by a network of 900+ offices spanning the country

Accelerated Growth

Fiscal Year	No of policies sold in FY	GWP in FY
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2001-2002 (6mths)	21,376	Rs 7 cr.
2002-2003	1,15,965	Rs 69 cr.
2003-2004	1,86,443	Rs 221 cr.
2004-2005	2,88,189	Rs 1002 cr.
2005-2006	7,81,685	Rs 3134 cr.

- Assets under management Rs 3,324 cr.
- Shareholder capital base of Rs 500 cr.

Competitors

As a matter of competitors in the market there are so many companies coming up.

Among all the companies there are at most 4 companies are giving a tight competition for this company. They are

- HDFC standard life
- ICICI prudential life insurance Aviva life insurance
- Tata aig life insurance
- SBI life insurance

Differentiation of the products

- The products which are developing by the company were very much suitable for every Indian customer.
- They are providing valuable / flexible services for the customers.
- They are maintaining a good or everlasting customer relationship.
- The main reason behind the growth of the company was a high commission rates providing for the advisors.

3. A study on promotional mix of insurance products and its importance on the growth of the company.

- My research was to know about promotional mix of insurance products offered and its importance on the business growth of the BAJAJ ALLIANCE Company.
- I studied about the company for at most all for 2months period and I came to know the following things.

Promotional activities

- The most important strategy following by the company was recruitment of insurance consultants for the company.
- It is the first private insurance company entered in to the rural market.
- They are concentrating only on the commissions to insurance consultants.
- They are providing different kinds of products which will be suitable for Indian customers.

Bajaj Allianz super agent = super service + super advice + super follow up's + super customized solutions = super customer satisfaction.

Promotional mix of insurance products

Right now company has so many types' products which will suitable for Indian people.

- (1) Traditional policies
- (2) Pension policies
- (3) Unit linked policies

(4) Health policies

Traditional policies

- Investment gain
- Cash gain
- Child gain
- Risk care
- Term care

Pension policies

- Swarnavishranth
- Unit gain easy pension
- Unit gain single premium easy pension
- Unit gain pension regular

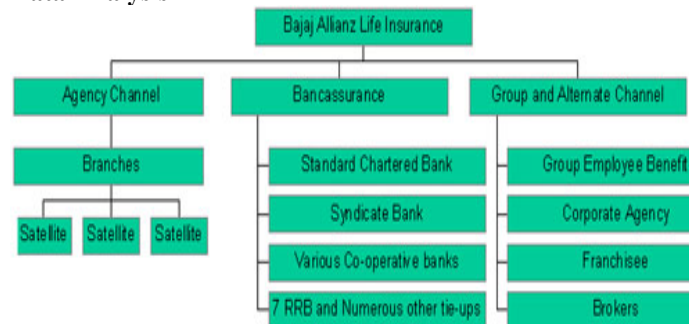
Unit linked policies

- New unit gain
- New unit gain plus
- New unit gain super
- Unit gain premier (single premium)
- Unit gain plus sinlle premium
- Capital unit gain

Health policies

- Health care
- Care first

Data Analysis



People Interested in insurance Product on their age

<u>AGE</u>	<u>% OF INVESTORS</u>
10-20	9
20-30	17
30-40	33
40-50	21
50-60	20



This graph represents the perceptions of people towards insurance according to age factor. People between the age group of 30-40 are more interested to invest in insurance than people in the remaining age groups. People between age group of 40-60 are also interested but in less number. People between age group between 10-20 are not that much interested because they don't know the insurance.

Opinion of people interested on different type of product

OPINIONS OF PRODUCT	% OF INTERSTED
ULIP	43
CHILD GAIN	10
HEALTH CARE	23
GROUP PLANS	08
PENSION PLANS	16

Interpretation:

in this survey, I came to conclude that 43% of total investors made their investment in ULIP product based on the high returns from the mutual funds and, 23 % of investors made their investment in health care based on the safety their health and 10% of investors made their investment child gain based on the their child future and The remaining 24% of investors made their investment objective based up on the tax benefit they get through insurance.

Satisfactory levels of people towards Bajaj Allianz

Satisfactory levels of People	% of People
Fully Satisfied	25
Satisfied	37
Partially Satisfied	10
Not Satisfied	28

Satisfactory levels of people

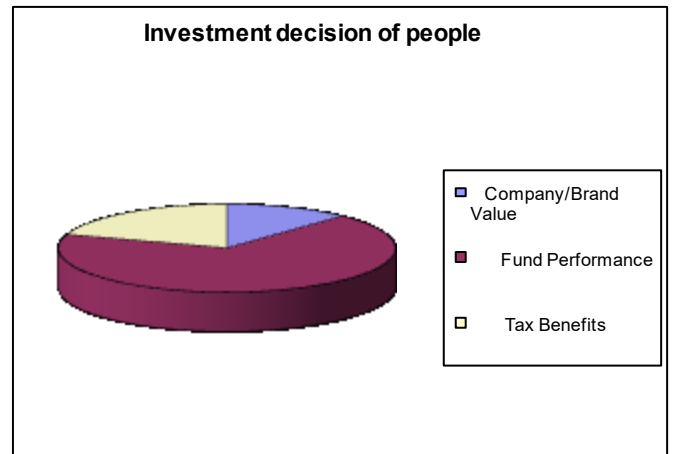


Interpretation:

In this survey, I came to conclude that 25% of total investors are fully satisfied by investing in insurance, 37% of investors are satisfied and 10% are partially satisfied, by investing in insurance. The remaining 28% of investors are not satisfied because of various reasons.

Investment decision of people towards Bajaj Allianz life insurance

Investment decision	% of People
Company/Brand Value	16
Fund Performance	64
Tax Benefits	20

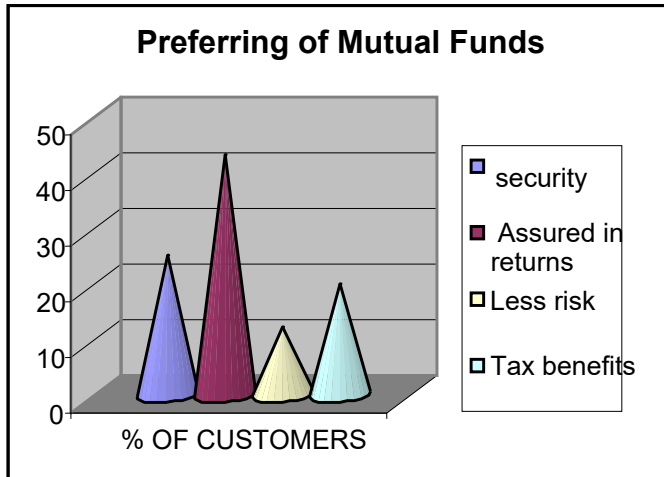


Interpretation:

In the survey I came to conclude that 12% of people are investing by Tax benefits because only business people invest for their tax benefits. 68% of people are investing due to fund performance because middle class people expect high returns and rest of the people basing on company brand value.

Preferring of insurance

OPTION	% OF CUSTOMERS
security	25
Assured in returns	43
Less risk	12
Tax benefits	20

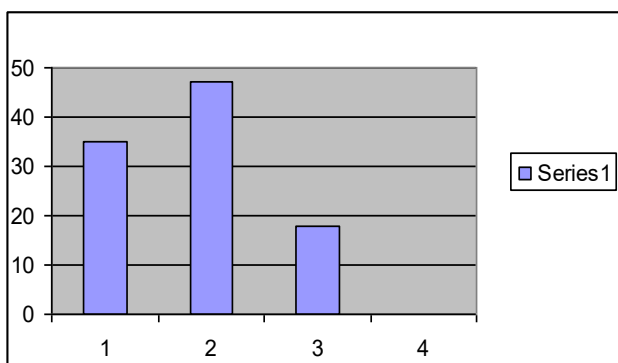


Interpretation

25% of investors felt that mutual funds are ‘security’, 43% of investors felt that insurance can give more ‘returns’, 12% of investors felt that insurance have ‘less risk’, 20% of investors felt that insurance have tax benefits.

6. Type of Insurance People preferring

Investment option	% of People
Yearly	35
Queerly	47
Half yearly	28



Interpretation

From the above graph we can conclude that at about 47% of the customers would like to invest their money on short term basis, and about 35% of the customers would like invest their amount in long term basis and 28% of customers would like to invest their money through systematic investment plan.

Findings:

Many people between the age group of 25-60 years are interested to invest in insurance.

- People in the age group below 19 years and more than 60 years are less interested to invest in insurance because they don't want to take any risk.
- Many people are interested to invest in insurance because of high returns, tax benefits.
- Most of the business people, employees who are working in financial institutions have awareness about mutual insurance than other category of people. People who are in the middle of their careers are more interested in investing.
- To invest in insurance most of the persons prefer a time horizon of one to three years.
- Approximately 95% of the investors opined that investing in insurance is good.
- Persons who earn 10,000 and more interested to invest in insurance.
- More Middle class people who have awareness about insurance are showing interest to invest as systematic investment plan.
- More people are interested to invest in insurance who have good past performance.

4. Conclusion

In this paper the analysis of promotional mix insurance and their impact on the growth of the company has presented. The Bajaj with Allianz insurance has considered for this study. It is observed from the results that the policy has been effectively promoted by the join company. The overall performance is good but still it has look for ads to improve its business. It has to use TV, Radio and Internet to advertise their products moreover feedback is very important for any company so it has to focus feedback of customer too.

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