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Economics

IMPACT OF FINANCIAL BENEFITS ON THE EFFICACY OF LIFE INSURANCE ADVISORS

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ABSTRACT The efficacy of insurance advisors in the business has become the focal point either to develop or maintain stability as the insurance sectors are trying to deliver all the services at the customers' doorstep. The concept of the entire insurance system is redefined by the intense competition in the insurance sector. The insurance sectors are today looking for new methods not only to attract but also to retain the insurance advisors and gain in-depth competitive advantage over their competitors. Like other business organizations every insurance industry is now positioning innovative sales techniques and advanced marketing tools to remain nonpareil in the field. In this paper, the researcher has attempted to examine the impact of financial benefits on efficacy of insurance advisors.

KEYWORDS : Financial Benefits, Competitive Advantage, Efficacy, Innovative Sales Techniques.

Introduction

The entire Indian marketing operations have been changed due to Liberalization, privatization and globalization together. Development in new technologies and changes in the customer expectations due to the innovation, there is a major shift from seller's market to buyer's market. In the present scenario of the economy, Insurance advisors have undergone a metamorphic change to cope with the tight and enhanced competition, changing needs and expectations of the customers, ongoing product improvement, changing market trends from mass marketing to interactive and customized marketing and finally to the relationship marketing. The limit has placed a whole new set of capabilities in the hands of the insurance advisors due to the continuous development in the economies with the sky.

Today, LIC of India has come out with innovative measures to satisfy the needs of both the present and the potential customers and at the same time has initiated procedures and modalities to win back the lost customers. Insurance industry is seriously planning to come out from the bureaucratic mould and reorient the organization structurally and operationally to enhance customer relations. This study has discussed the parameters of efficacy which makes customers to understand the nature of LIC and persuade them to buy for their future security. As the market of LIC has expanded day-by-day so there are lot of possibilities to change the attitude of change and the attitude of insurance advisors that may help to retain better number of advisors in this field. Companies focus on educating their financial advisors to tap the both market rural and urban. There are so many incentives which may be provided by company to the financial advisors for their performance. This study has explained the challenges in the customization of services and should be designed according to the low segment customers.

Literature Review

Jawaharrani (2011) examined some of the literature on Employee engagement, explore work-place culture & work-life balance policies & practices followed in industries in order to promote employee engagement in their organizations to increase their employees' productivity and retain them. Work-life balance is key driver of employees' satisfaction.

Olusola (2011) investigated the influence of self-efficacy, intrinsic motivational factors and job satisfaction on industrial worker performance in order to find out new methods to increase employees' productivity in Nigerian industrial sector.

Rao, B.S.R. and Rao, Appa Machiraj (2012) in their study "Life Insurance and Emerging Trends in Financial Service Market" contended that the agent of Life insurance to the level of financial counsellors should upgrade their services, they stressed that the agents need to continuously changing economic environment in which they are opening.

Acharya, M. and Hebbar, C. K. (2016) in their study 'A Comparative Study of Insurance Advisor & Bancassurance Channel in Selling Life Insurance Products in India' stated about the rapidly growing insurance services in the present era.

Objective of the Study

- To determine the impact of financial benefits on efficacy of insurance advisors.

Research Methodology

Research Approach: The research approach is descriptive and study has tried to determine the impact of financial benefits on the efficacy of insurance advisors.
Research Method: The purposive method is used in this study as those agents/broker of LIC were targeted.
Sample Size: Total 500 insurance advisors were selected.
Research Area: The study was carried out in major cities of India.
Research Instrument: For the collection of data, a self-structured questionnaire was developed on the basis of past studies. This scale is consisted of 38 questions related to efficacy of insurance advisors.
Data Analysis Tools: Correlation and regression were analysed on SPSS 20.0.

Results & Discussion

H_{01}: There is no significant impact of benefits on the efficacy of insurance advisors.

Table 1: Descriptive Statistics on impact of benefits on the efficacy of insurance advisors

	Mean	Std. Deviation	N
efficacy of insurance advisors	33.3440	7.76003	500
Benefits	18.6400	4.30342	500

In the above mentioned table, the mean score difference between benefits and efficacy of insurance advisors is given. The mean value of efficacy of insurance advisors is 33.3 and the mean of benefits is 18.6 on the parameters. The table on mean descriptive is followed by the table of correlation of dependent (efficacy of insurance advisors) and independent variable (benefits).

Table 2: Correlations on impact of Benefits on the efficacy of insurance advisors

		efficacy of insurance advisors	benefits
Pearson Correlation	efficacy of insurance advisors	1.000	.984
	benefits	.984	1.000
Sig. (1-tailed)	efficacy of insurance advisors	.	.000
	Benefits	.000	.

N	efficacy of insurance advisors	500	500
	benefits	500	500

It is evident from the above table that Pearson's correlation between benefits and efficacy of insurance advisors is 0.984 which is significant at 0.000<0.05. Therefore, it is explained that there is significant association between efficacy of insurance advisors and benefits. Furthermore, a strong positive correlation is seen between benefits and efficacy of insurance advisors, so regression Model can be used to depict the relationship between the variables.

Table 4.26: Model Summaryb on impact of Benefits on the efficacy of insurance advisors

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.984[a]	.969	.969	1.37211	.969	15462.721	1	498	.000
a. Predictors: (Constant), benefits									
b. Dependent Variable: efficacy of insurance advisors									

Over all model summary shows the value of multiple correlation coefficient R=0.984, it is the linear correlation coefficient between observed and model predicted values of the dependent variable, Its large value indicates a strong relationship. R2, the coefficient of determination is the squared value of the multiple correlation coefficients. Adjusted R2=.969, R2 change is also 0.969 and these values are significant which shows that overall strength of association is noteworthy. The coefficient of determination R2 is .969; therefore, 96.9% of the variation in efficacy of insurance advisors is explained by benefits.

Table 3: ANOVAa on impact of Benefits on the efficacy of insurance advisors

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29111.260	1	29111.260	15462.721	.000[b]
	Residual	937.572	498	1.883		
	Total	30048.832	499			
a. Dependent Variable: efficacy of insurance advisors						
b. Predictors: (Constant), benefits						

Table 4: Coefficientsa on impact of Benefits on the efficacy of insurance advisors

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.260	.273		.954	.341	-.276	.797
	Benefits	1.775	.014	.984	124.349	.000	1.747	1.803
a. Dependent Variable: efficacy of insurance advisors								

ANOVA is used to exhibit model's ability to explain any variation in the dependent variable. ANOVA table exhibits that the hypothesis that all model coefficients are 0 is rejected at 1% as well as 5% level of significance which means that the model coefficients differ significantly from zero. In other words we can say that there exists enough evidence to conclude that slope of population regression line is not zero and hence, benefits are useful as predictor of efficacy of insurance advisors. From the table of coefficients, the regression equation can be obtained as:

Efficacy of insurance advisors = 2.260 + 1.775 * Benefits

Conclusion

The hypothesis stated that "There is no significant impact of benefits on the efficacy of insurance advisors" found not accepted at 5% level of significance. There seems a strong association between benefits and efficacy of insurance services. R-Square explains that 96.9 per cent change is explained in efficacy of insurance services by the benefits. Hence, it is concluded that there is a significant impact of benefits on the efficacy of insurance advisors. The study found that benefits compel the insurance advisors to sell the policies intelligently. The insurance companies provide training to their advisors so that they can update regular information and the same would be communicated to their customers. In this study discounts and benefits have positive impact on the efficacy of insurance services. In this present scenario, it is necessary to meet the customers' expectations and maximize the returns. The motivational factors included incentive plans for insurance advisors able to increase the performance. The findings disclosed that insurance advisors are efficient in handling the complaints tactfully in resolving and the issues. They need to handle technological services. Hence, the financial benefits play a motivational aspect for insurance advisors to increase the sale of number of policies.

Suggestions

This study has given some suggestions for creating awareness about the investment and schemes in LIC so that investors may get information that helps out in their investment decision. Intermediaries providing consultancy, they would understand the need of investors and suggest plan accordingly. These are as follows:

- Brokers/Agents and employees should be enough qualified to respond to the queries of investors' instantly.
- Brokers/Agents and employees should update themselves with day-to-day information regarding the performance of schemes.
- Through various training programs they should acquainted with the various plans.
- At an interval of time they should conduct awareness programs for their investors so that they could understand the risk factors, returns etc.
- While providing the information to their customers Brokers/Agents and employees should first inform them about the risk factors and the returns. They should disclose all the relevant information in all aspects.
- Brokers/Agents and employees should provide services consistently and promptly of past performance in order to attract a number of investors.
- Female investors also come forward to invest in mutual fund and it is important for them to put their money in safer hands.
- Investors should invest before considering the past performance of schemes.
- They should compare the returns and risk implied in different schemes of mutual fund.
- Investors should regularly check the websites and update themselves with the current information.
- Investors should spread their money into different options to avoid the risk.

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