Research Paper Management

Life Insurance Marketing in India - The Changing Advertising & Promotion Norms

P. Arul Minash Rajkumar | Research Scholar, Sathyabama University, Chennai 600 119 Tamilnadu, India.

Dr.N.Kannan | Supervisor, Sathyabama University, Chennai 600 119 Tamilnadu, India

ABSTRACT

In July 2002, India's state owned insurer, Life Insurance Corporation of India (LIC) announced aggressive marketing plans with a budget of around Rs 1 billion. The aim of this unusual decision was to woo customers across the country through a multimedia campaign including advertisements on the radio and the press media, the outdoor media and the television. However, this did not come as a major surprise to industry observers who said that LIC did not have too many options.

With the insurance bill being passed in 2000, the Indian insurance sector saw a host of private players enter the market with multinationals as their partners. These new players resorted to aggressive marketing and advertisement strategies something the market had never seen earlier.

This sudden spurt of advertisements and awareness programs was visible on all the media channels. Print, electronic and outdoor advertisements of the new private insurers flooded could be seen everywhere. This prompted many comparisons of such behavior of insurance companies with the advertising frenzy of the dotcoms in India not too long ago with similar full-page advertisements, huge hoardings and costly electronic media advertisements

This paper is focuses on

- Advertising Initiatives of the New Players
- Implications of the New-Age marketing initiatives
- Advertisement Code by IRDA

KEYWORDS | Advertisement, Marketing, IRDA

Introduction

FORCED TO SELL WELL?

Instead of pushing policies down the throat we educate the customer and offer guidance on how much insurance the individual needs, an approach that is slowly paying off

- A private insurance advisor, in 2001..

In July 2002, India's state owned insurer, Life Insurance Corporation of India (LIC) announced aggressive marketing plans with a budget of around Rs 1 billion. The aim of this unusual decision was to woo customers across the country through a multimedia campaign including advertisements on the radio and the press media, the outdoor media and the television. However, this did not come as a major surprise to industry observers who said that LIC did not have too many options.

With the insurance bill being passed in 2000, the Indian insurance sector saw a host of private players enter the market with multinationals as their partners. These new players resorted to aggressive marketing and advertisement strategies something the market had never seen earlier.

This sudden spurt of advertisements and awareness programs was visible on all the media channels. Print, electronic and outdoor advertisements of the new private insurers flooded could be seen everywhere. This prompted many comparisons of such behavior of insurance companies with the advertising frenzy of the dotcoms in India not too long ago with similar full-page advertisements, huge hoardings and costly electronic media advertisements.

According to a survey conducted by a leading marketing research firm, ORG Marg, brand awareness of private insurers in India was increasing in the early 21st century. The difference in the level of awareness of these new players as compared to the hitherto monopoly of LIC was decreasing fast because of the aggressive advertising measures adopted by private insurers.

BACKGROUND NOTE

The life insurance industry in India dates back to 1818, when a British firm Oriental Life Insurance Company opened its office in Kolkata, followed by Bombay Life Assurance Company in 1823. During the British rule in India, The Indian Life Assurance Companies Act was enacted in 1912, which was followed by the Indian Insurance Companies Act, 1928 enabling government to collect the data regarding life and non-life business conducted by both Indian and foreign insurance companies. The 1928 act was amended and a new act, Insurance Act was formed in 1938. By the mid-1950s, 154 Indian insurers, 16 foreign insurers and 75 provident societies were operating in the country. The life insurance business was concentrated in urban areas and was confined to the higher strata of the society. In 1956, management of these companies was taken over by the Government of India. LIC was formed in September 1956 through the LIC Act 1956 with a capital of Rs 50 million. One of the main objectives of forming LIC was to spread the insurance cover and make it available to the lower segments of the society. In 1972, government formed General Insurance Corporation (GIC) when it took over management control of 106 private general insurance companies. Over the years, LIC expanded its network all over the country emerging as one of the largest corporations in India.

TABLE - I
PRIVATE PLAYERS IN THE INDIAN INSURANCE MARKET

COMPANY	INDIAN PARTNER	FOREIGN INSURER	AREA
Birla Sun Life	Aditya Birla Group	Sun Life, Canada	Life
Om Kotak	Kotak Mahindra Finance	Old Mutual, South Africa	Life
HDFC-Standard Life	HDFC	Standard Life, UK	Life

Royal Sundaram	Sundaram Finance	Royal Sun, UK	Life and Non-Life
ICICI-Prudential	ICICI	Prudential, UK	Life
Max New York Life	Max India	New York Life, USA	Life
Tata-AIG	Tata Group	AIG, USA	Life and Non-Life
ING Vysya	Vysya Bank	ING Insurance, Netherlands	Life
Aviva	Dabur	CGU Life, UK	Life
MetLife India	Jammu & Kashmir Bank	MetLife, USA	Life
Bajaj Allianz	Bajaj Auto	Allianz	Life & Non-Life
SBI Life Insurance	SBI	Cardiff, France	Life

Source: www.knowledgedigest.com

According to industry observers, one of the main reasons for the low insurance penetration in India was the ineffective distribution and marketing strategies adopted by LIC. The company reportedly never had any strategic marketing game plan, and due to its monopolistic nature the need for serious marketing efforts was never felt. The advertising initiatives were limited to some print and electronic media advertisements that typically talked about LIC's products being great tax saving tool for salaried individuals who came under the income-tax bracket. Despite all this, LIC was synonymous with insurance in India and it had established an enviable brand image for itself, especially in the rural areas and small towns. However, with the entry of new players, the insurance market changed almost overnight. Analysts commented that the private insurers seemed all set to make the industry marketing-driven, wherein technical and service excellence would be the key factors of success. The private companies, in a bid to make their presence felt and their brand noticed, initiated a series of aggressive marketing and promotion initiatives, something that buyers of insurance were not accustomed to. Such frenzy prompted IRDA to frame an advertisement code for companies (Refer to Exhibit I).

ADVERTISING INITIATIVES OF THE NEW PLAYERS

The new insurance companies used all channels of advertising from newspapers and the television to insurance agents and direct mailers. A fierce battle seemed to have begun among Indian insurance companies to make one's own brand win over the other.

A majority of Indian customers being very conservative and averse to risk, trust was an extremely important factor in the insurance business. Since LIC was a government owned body, there was an element of security embedded in its services and products. This proved to be the biggest hurdle for the new insurance companies as Indian customers were reportedly rather skeptical about them.

Hence, the new companies focused their campaigns primarily on building an image of trustworthiness and reliability for themselves. Secondly, their advertisements focused on insurance as an investment option and not a mere tax saving tool another first for the Indian market. Most of these advertisements carried messages like the family's happiness, human bonding, etc., with underlying emphasis on the security that insurance could provide. Also, instead of projecting the idea, that an insurance policy actually starts working only after the death of the insured, the new campaigns projected that insurance protects people throughout their lives.

In one of its TV commercials, ICICI Prudential showed a series of scenes depicting the childhood, marriage and old age of an individual. The purpose of using these visuals was to translate the company's message It will protect into real-life incidents. In order to project its commitment towards consumers to protect at every stage of life, the company brought in the concept of sindoor, which symbolizes protection. Sindoor was shown throughout the commercial as a mark of auspiciousness and protection, and at the end, it became the red line below the ICICI Prudential logo

Max New York also resorted to depicting positive emotions such as trust and protection in its print advertisements. The company released two print advertisements. While one of them carried an image of the revered deity Goddess Durga, the other projected three teenagers standing together, with their faces painted green, white and saffron like the Indian national flag. Reportedly, Max New York wanted to convey the message that insurance is your partner for your life. Suhel Seth of Equus Advertising the ad agency, which created the advertisements for Max New York said, we had to break the clutter, as insurance as a category has largely communicated doom and fear. Therefore, the campaign lent itself better to an emotional route. Max New York Life also carried out an extensive outdoor media campaign across the country, focusing on India-specific images such as traditional wrestlers and village people.

In addition to such TV commercials, the private insurance companies were trying to make their presence felt by organizing blood donation camps, contests and sponsoring various events. ING Vysya tied up with leading US-based Columbia Picture's Indian arm to carry out promotional activities using the blockbuster English movie Spiderman. In the metros, ING Vysya distributed free movie tickets to its customers. A similar exercise was carried out for another English movie "Mitr" (Friend). Reportedly, Columbia Pictures and ING Vysya had planned to join hands on a long-term basis. The latter also organized the Green Mumbai Drive and several blood donation camps in association with the Red Cross, besides sponsoring the action replay of the India-West Indies cricket match series in May 2002 and also in November 2002.

Om Kotak and Birla Sun Life took to sponsoring events in a major way, to attract prospective customers. In 2001, Birla Sun Life sponsored a play to which a few Citibank credit card customers were invited. A company official said, "Sponsoring plays and events like these give us good mileage. They may not directly give us leads to sales, but certainly give us better visibility." According to company sources, Birla Sun life was considering the sponsorship of premier shows and offering tickets to corporate agents like Citibank and employees of Deutsche Bank, who helped in the sale of policies. A senior company official said, "It is all about building relationships with our corporate agents."

Om Kotak initially highlighted in its advertisements the credibility and trustworthiness of individual partners (Old Mutual & Kotak Mahindra) through its generic campaigns. The TV commercials featured men and women "meeting" themselves in the future " happy, healthy and secure, thanks to insurance. In early 2002, company also launched product" specific campaigns. Om Kotak was also considering sub-branding of products.

Allianz Bajaj went a step ahead. Apart from bringing out TV commercials and putting up hoarding and billboards, it entered into a two-month long contract with Shoppers Stop[4]. According to the contract, every Shoppers Stop outlet had an Allianz Bajaj kiosk that provided information about policies in order to attract customers. According to company sources, its plans were to try any kind of activity that would generate

awareness about company and its policies and "leads" (interest by a prospective customer) and converting the same into its customers. Allianz Bajaj's entire communication package included print advertisements, outdoor media campaigns and direct marketing methods. All its print advertisements carried a visual of human hands, which symbolized partnership and care to stress on the concept of care.

Similarly, Tata AIG entered into an agreement with Westside to set up information kiosks in all its outlets in order to attract people's attention. Also, Tata AIG was one of the first insurance companies to adopt the celebrity endorsement strategy. Tata AIG chose the Hindi movie star, Naseeruddin Shah (Shah), as its brand ambassador for endorsing its personal accidental death insurance policy. According to company sources, Shah was selected because he had the image of being an intelligent and reliable individual. Another private insurer AMP Sanmar, roped in former Australian cricket captain, Steve Waugh for endorsing its life insurance policies.

MetLife came up with simple, lucid advertisements that could be easily understood by all. One of its advertisements read, "Why does anyone need insurance? Well, why does a car need a spare tyre?" According to analysts, this advertisement successfully projected the importance of insurance for an individual. MetLife's advertisements carried cartoons from the popular "Peanuts" series and carried emotional messages.

In addition to all the above, private players in the insurance sector charted out various innovative marketing plans to establish their products. For instance, ICICI Prudential launched the "TruLife Club" for its high-value policyholders as part of its marketing strategy. Through TruLife Club, the company offered a wide range of health-related products, health and fitness equipment and membership in gyms, health resorts and clinics in India. Policyholders with a sum assured of Rs 0.5 million or more were included into this club. According to company sources, the purpose of this whole exercise was to encourage a healthy life of its customers.

During the late-2001, when SBI Life was concentrating on building its brand it was offering packaged products to its customers. S Muralidharan, Chief of Marketing & Sales, SBI Life, said, "We are slowly and steadily building our brand. Very soon we will be launching print advertisements in regional languages too. As for launching a club for the premium segment, it's certainly a possibility which we are now evaluating." According to Muralidharan, SBI Life was also exploring the possibility of advertising on the Internet in its bid to reach out to its target audience.

Another interesting development was regarding the punch lines used by private insurance players that invariably tried to associate positive emotions with insurance products. While ING Vysya said "Adding life to insurance," ICICI Prudential said, "We Cover you. At every step in life." Similarly, HDFC Standard advertisements projected a happy man asserting, "Now I can continue enjoying a comfortable lifestyle even after I retire." AMP Sanmar commercials carried the line "The joy of living life to the fullest, with a 153-year old expert taking care of your insurance needs". Om Kotak highlighted its campaigns with "Jeene ki azaadi" (Freedom to live) and Allianz Bajaj stated "Allianz Bajaj, Life insured by care."

With private players paying much attention to advertising and promotional activities, LIC, too, was forced to make efforts to increase its visibility and enhance its brand image. The company commenced intense, systematic and well-focused public relations and publicity activities both at the corporate and operational levels. LIC came out with a corporate advertisement on TV with the punch line, "Zindagi Tumhari Roshan Rahe" (May your life be glorious). In addition, LIC established a broad-based frame for external communication aimed at building a stronger brand image. Several sports events were co-sponsored by the company and special publicity activities with a social purpose were undertaken (Refer to Exhibit III for a few print advertisements).

Traditionally, LIC used to target either middle-aged people or elderly ones. But private insurers targeted individuals in all age groups, in their advertisement campaigns. Analysts pointed out that LIC was also biased against women; most of its policies were designed with men in mind, whereas private insurers products covered womens needs, too. Thus, LIC was forced to modify its advertisement campaigns and communication in order to appeal to all groups. It made its advertisements carry universally applicable messages, focusing particularly on the young executive or the working woman, in order to tap the market comprised of people in the age group of 18-35 years.

IMPLICATIONS OF THE NEW-AGE MARKETING INTIATIVES

According to reports, in the first quarter of the year 2002, insurance companies spent 70% of what was spent in the whole of 2001, on advertising and publicity. Across the world, insurance, as a category was one of the largest spenders on advertising. In India too substantial expenditure was being incurred due to advertising (Refer Table II).

TABLE - II
ADVERTISEMENT EXPENDITURE BY INSURANCE COMPANIES

COMPANY	EXPENDITURE
LIC	1000
Allianz Bajaj	200
Om Kotak Mahindra	150
ICICI Prudential	146

Source: ICMR.

However, during the first year of the entry of new players, while LIC reported a growth of over 250%, private insurers managed to garner only about 0.5% market share, in spite of spending hefty amounts on advertising and promotion. According to reports, LIC's business increased mainly because of the increased public awareness about insurance, which was brought about by the heavy advertisement campaigns of private players.

It was reported that customers resorted to LIC after the awareness about insurance increased as a result of the marketing efforts of the new players, because they were attracted by the "security factor" attached with the state-owned insurer.

According to a sample survey conducted by ORG-Marg on the popular life insurance brands in 2001, awareness of LIC policies was a phenomenal 100%, while the private insurers lagged far behind (Refer to Table III). The survey was conducted to collect information about the awareness of the life insurance brands and whether respondents were ready to buy the policies of such companies or not (this tested the success of the communication strategies of the companies concerned).

TABLE - III
POPULAR LIFE INSURANCE BRANDS IN 2001

COMPANY	AWARENESS LEVELS (in %)
LIC	100
ICICI Prudential	70
HDFC Standard	52
SBI Life	25
Birla Sun Life	23
OM Kotak Mahindra	20
Tata AIG	17

Allianz Bajaj	12
Max New York Life	6
ING Vysya Life	4
Dabur CGU	4

Source: www.insuremagic.com

Some analysts pointed out that such development was merely an indicator of the difficulties foreign firms could face in India. Most of LIC's sales came from the small and rural sectors, which actually constitute the largest untapped insurance market in India. However, the private insurers failed to tap the rural markets due to their limited reach. They focused their marketing efforts only in limited metropolitan areas. With LIC's brand being very firmly etched in the minds of the Indians, private insurers definitely seemed to have a tough battle ahead.

However, it is true that the market share of private players has increased from 0.5% in 2001 to 7% in October 2002, which has reduced LIC's market share to 93%. As marketing and technical superiority were expected to be the decisive factors for success in the Indian insurance sector in the future, the new players stood a good chance. With product-specific advertisement beginning to catch up in mid-2002, private insurers who planned to launch innovative products were hoping for the best.

EXHIBIT - I
ADVERTISMENT CODE BY IRDA
Every Insurer or Intermediary or Insurance Agent Shall-

- Have a compliance officer, whose name and official position in the organization shall be communicated to the Authority, and he shall be responsible to oversee the advertising program.
- Establish and maintain a system of control over the content, form, and method of dissemination of all advertisements concerning its policies.
- Maintain an advertising register at its corporate office which must include:
    - A specimen of every advertisement disseminated, or issued or a record of any broadcast or telecast, etc,
    - A notation attached to each advertisement indicat ing the manner, extent of distribution and form number of any policy advertised.
- Maintain a specimen of all advertisements for a minimum period of three years.
- File a copy of each advertisement with the Authority as soon as it is first issued, together with information:
    - an identifying number for the advertisement;
    - The form number(s) of the policy(ies) advertised and when the product/s were approved by the Authori ty;
    - a description of the advertisement and how it is used.
    - The method or media used for dissemination of the advertisement.
- File a certificate of compliance with their annual statement stating that, to the best of its knowledge, advertisements disseminated by the insurer or by its intermediaries during the preceding year have complied with the provisions of these regulations and the advertisement code as stated in regulation 12.
- The advertisement register shall be subject to inspection and review by the Authority for content, context, prominence and position of required disclosures, omissions of required information, etc.
- **Changes In Advertisement:**
- Any change in an advertisement would be considered a new advertisement.
- All the provisions of regulation 3 shall apply to an advertisement referred to in sub regulation (i).
- The Authority shall be informed at the time of filing the advertisement the extent of change the original advertisement
- **Insurance company advertisements:**
- Every insurance company shall be required to prominently disclose in the advertisement and that part of the advertisement that is required to be returned to the company or insurance intermediary or insurance agent by a prospect or an insured the full particulars of the insurance company, and not merely any trade name or monogram or logo.
- Where benefits are more than briefly described, the form number of the policy and the type of coverage shall be disclosed fully.

Source: www.bimaonline.com

REFERENCES

1. Ahluwalia Harjeet, IRDA to remind insurance companies over ad norms, Financial Express, February 5, 2001. | 2. Jagannathan Venkatachari, Private Players □Insure□ LIC□s Business, domain-b, July 10, 2001. | 3. Jagannathan Venkatachari, Its war out there, or is it?, domain-b, October 18, 2001. | 4. Srinivasan Lalitha, Putting a premium on marketing differentiation, Financial Express, November 21, 2001. | 5. Shashidar Ajita, When ads get emotional, Catalyst □ Business Line, January 17, 2002. | 6. Vishwanath Rukmani, Menon. G. Shyam, Insure, be secure in the tinsel town motto, Business Line, February 1, 2002. | 7. Magazine Mukta, Max New York Life: Focusing on Internal Brand-Building, Financial Express, April 4, 2002. | 8. Joseph Jaiboy, Life insurance with seasoning, Catalyst □ Business Line, April 25, 2002. | 9. Mohandas Poornima, Private Insurance Companies turn on the heat, Business Line, June 9, 2002. | 10. www.insuremagic.com | 11. www.indiainfoline.com | 12. www.bimaonline.com | 13. www.expressindia.com | 14. www.responsiveservice.com | 15. www.irda.gov.in | 16. www.icmrindia.org | 17. www.agencyfaqs.com | 18. www.knowledgedigest.com |