

Life Insurance Marketing in Bangladesh

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Abstract: Insurance, which is called unsought product in marketing, is defined as a co-operative device to spread the loss caused by a particular risk and life insurance is explained as the contract, whereby the insurer in consideration of a premium undertakes to pay a certain sum of money either on the death of the insured or on the expiry of a fixed period. On the other hand, marketing is managing profitable relationship with customers. The present paper has attempted to critically describe the marketing of insurance in Bangladesh. For this study 110 respondents have been interviewed which includes 10 insurers, 65 policy-holders, and 35 non-policyholders. As a marketing offer, insurance consists of a number of product levels which may include risk coverage against a particular financial loss, marketing activities of formulating the insurance contract and designing the insurance policy, the settlement of the claim if the loss occurred, fulfilling the investment need of the customer as it provides a certain benefit against the insured amount of the policyholder, providing various financial facilities to the customers such as getting tax exemption, acting as a guarantor and so on. It is seen that marketing channel of insurance marketing consists of direct and indirect channels. The study depicts that insurance companies are not marketing oriented and they are also void of marketing research. The study shows the mentionable problems of insurance marketing in Bangladesh such as low per capita income, poor knowledge of agents, illiteracy of prospects (target customers), religious superstition, low awareness of prospects, low savings of target market, lack of continuity, lack of reminder, negligence of policy holders, poor services to policy holders, low return to the consumers, and lack of reliability and so on. To overcome the setback and improve the performance of insurance marketing, some measures can be taken e. g. more training to sales force, building awareness of prospects, diversified policies, more marketing research for improved strategies, improving commitment of sales force, new legislation, improve professional ethics, quick settlement of claims, expansion of coverage and so on.

1. Introduction

In fact insurance is a touchstone of a nation's level of civilization. The insurance principle now comes to be more and more useful with the passage of time. In other words, insurance is a great source of development of national savings. This is particularly true for life insurance. It serves national purpose by chanalying the savings of common-people, accumulating them and making them available for proper investment in national

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development activities. The cycle of benevolent function of life insurance is completed when these people begin to save through life insurance and plough back their savings for further creative purposes. Further, life insurance counter-acts inflation and plays a vital role in stabilizing and building national economy. Life insurance can also play a greater role in an economy like Bangladesh where capital is shy, rate of savings is very low i.e. (8% of GDP) investment opportunities are lacking, inflationary situation is prevailing, and provisions of social security of the people are absent.

2. Objectives of the study

The main theme of the study is to evaluate critically the life insurance marketing system in Bangladesh. The study has been carried out with the following objectives:

- i. to evaluate the marketing of insurance as a service in Bangladesh
- ii. to identify the problems regarding the marketing of insurance in Bangladesh
- iii. to make some recommendations to the problems of insurance marketing in Bangladesh.

3. Methodology

Required information has been collected from both primary and secondary sources. The sources of secondary information include relevant books, journals, newspapers, and so on. Primary data was collected through person-to-person interview with a structured questionnaire. The questionnaire comprises 11 questions of which most of them are open-ended. A total number of 110 respondents have been randomly selected for interview. Respondents include 10 insurers, 65 policyholders and 35 non-policyholders. Personal interviews were conducted at various locations in Dhaka, Chandpur, Natore and Rajshahi. The locations provided a sample of adult consumers with geographic dispersion. Participants residing in different locations gave us a sample with greater geographic dispersion in an effort to provide a realistic sample of consumers.

4. Is insurance a service?

In legal terms, insurance is a contract of *uberrima fidei*, i.e. a contract of utmost good faith. Here both the parties namely insurer (insurance company) and insured (policy holder) must be honest and disclose all material facts about the insurable interest. Here the insurance company undertakes to indemnify the insured against any loss in lieu of a small charge known as premium. Such insurance policies, except life insurance, allows a policy-holder to transfer all risk to the insurance company in exchange of paying a certain amount of premium. The insurance company then transfers the same risk to a large number of other policy-holders who also pay the premium agreed among them. In reality,

a small fraction of the policy-holders suffer loss and hence the insurance company pays them for the losses suffered while retaining the premium income from others.

The same principle of risk transfer is also applicable to life insurance policy but in a different form. Here the person insured may or may not be alive to become the beneficiary of a life insurance policy on maturity. This is, however, not applicable in case of a term or endowment policy. A life insurance policy mostly adopted by a person who gives high priority to protection of family, economic security in the event of his death and deep emotional factor.

4.1 Service marketing: essential features

Put in the simplest terms, services are deeds, processes, and performances. Broad definition is one that defines services to include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort, or health) that are essentially intangible concerns of its first purchaser (Zeithaml & Bitner, 2000). The most common features of service marketing are stated below:

- a. Services are momentary; those are consumed at the time and place of production or creation.
- b. Services are basically characterized by the people; one cannot split it from the service-provider whose personal characteristics and perceptions of himself/herself are 'on show' to the consumer and form a significant part of consumer perception.
- c. Services are only finally made at moment of face-to-face interaction with the consumer and at the time of consumption.
- d. Services are, therefore, essentially a series of one-off production runs. It is difficult to achieve standardization or to exercise the same controls over production as you can with the product.
- e. Services are open to be influenced by the consumer, not just in some indirect ways.

In the above context, insurance industry is likely to embrace all of these fundamentals also.

4.2 Marketing of insurance as a service

Insurance is defined as a co-operative device to spread the loss caused by a particular risk over a number of persons who are exposed to it and who agree to ensure themselves against that risk. In specific, life insurance contract may be defined as the contract, whereby the insurer in consideration of a premium undertakes to pay a certain sum of money either on the death of the insured or on the expiry of a fixed period [Mishra, 2002-2003]. On the other hand, marketing is an organizational function and a set of processes

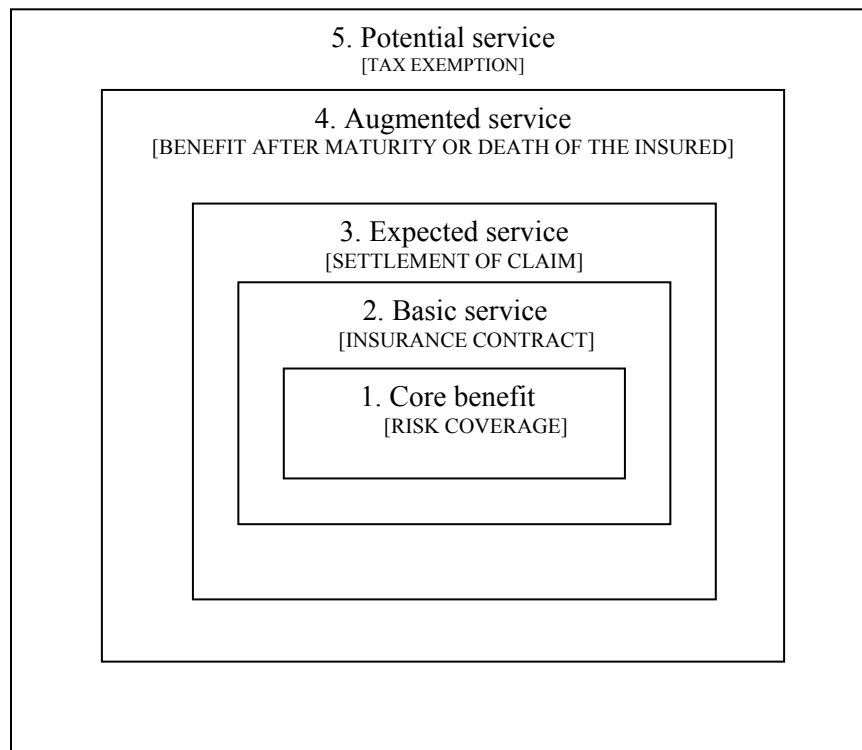
for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders [American Marketing Association, 2004]. Marketing people are involved in marketing different types of entities: goods, services, experiences, events, persons, places, properties, organizations, information and ideas. The marketing of insurance will fall in the category of service marketing among these entities. Put in the simplest terms, services are deeds, processes, and performances [Zeithamal & Bitner, 2000]. According to Philip Kotler and Gary Armstrong service can be defined as any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything [Kotler, 2006]. Considering these definitions it can be said that insurance services can be described as a product in the form of a written legal contract (the insurance document plus a bundle of services associated with it. The four basic characteristics of services namely intangibility, inseparability, variability, and perishability are also applicable for insurance services. Moreover, all of the insurance companies, to some extent, develop and apply the required marketing strategies regarding each of these basic characteristics. But despite these similarities there are significant differences between insurance service and other services. Firstly, insurance services are more complex. Secondly, in case of insurance, future contingent services involve substantial legal characteristics. Thirdly, unlike other services, there is no scope for immediate utility for the customers rather they have to wait for long period to enjoy the benefit of the insurance purchase. This is really de-motivating matter for the customers which influence negatively on their buying decision of such life insurance services. Finally, the function of informing, educating, motivating, persuading, advising and providing other services prior to, at the time of and after the issuance of the insurance documents, make the purchase of insurance services dissimilar from purchasing other products and from even other services [Rahman and Khondkar, 2000]. Taking all these matters into consideration insurance business can be treated as service marketing and can be defined as the marketing processes and practices of organizations doing insurance business aiming to satisfy the specific needs of their target customers.

4.3 Product levels of life insurance services

Furthermore the five product levels as described by Kotler (2006) can be used to elaborate the concept of insurance marketing or more specifically life insurance marketing (Figure-1). It is shown in the figure that there are five levels of life insurance services: core benefit, basic services, expected services, augmented services and potential services. At the first level, the core benefit of life insurance services are getting risk coverage against a particular financial loss occurred that involves the marketing activity of service designing. At the second level, the basic service is a written life insurance

contracts in the form of a life insurance policy to protect the particular risk, which provides the legal framework of the contract. It involves the marketing activities of formulating the insurance contract and designing the insurance policy. At the third level, the expected service is the settlement of the claim if the loss occurred. At the fourth level, the augmented service fulfills the investment need of the customer as it provides a certain benefit against the insured amount of the policyholder. In addition to this, augmented services may include advice, personalized service, flexibility of terms and conditions, auxiliary and additional services and automatic renewal of the policy and so on. Finally at the fifth level, the potential services may include providing various financial facilities to the customers such as getting tax exemption, acting as a guarantor etc [Rahman & Khondkar, 2000].

Figure 1: Five service levels of life insurance marketing



4.4 Distribution channel of life insurance business

Insurance companies use various systems to market their product/services. Basically there are three different systems, although there are many modifications of the three. In two of the systems, insurance is marketed by the agents, in the third; the company sells

directly to the public. The agency systems are, first, the exclusive agency system and, second, the independent agency system. Exclusive agents represent only one company, independent agents represent more than one. In the third marketing system, direct selling, policies are sold either by company, employees or through the mail. The exclusive agency system dominates in life insurance. The distribution channel of life insurance marketing is shown in the figure-2.

Figure 2: Distribution channels of life insurance business

Channel – 01

Insurance Company (Insurer) -----Customers/Buyers (Insured)

Channel – 02

Insurance Company (Insurer) -----Agent -----Customers/Buyers (Insured)

Channel – 03

Insurance Company (Insurer) ---Development Officers---Customers/Buyers (Insured)

The figure-2 reveals that a life insurance company sells its policies to the customers through the different ways, for example, channel -01, channel - 02 and channel – 03. Study shows that the use of channel-02 and channel-03 are more frequent. Study also depicts that the channels can be categorized into two, that is, direct channel and indirect channel. Channel-01 falls in the category of direct channel while the two other channels fall in the indirect channel category. However, in choosing the channels of distribution, insurance companies have to struggle with what is ideal and what is available. Moreover, a product cannot make profitable sales, unless it is made available when and where a customer wants it.

4.5 Middlemen of insurance marketing

a. Agents

The agent is the representatives of the insurer, and the authority under which he or she operates is delegated through an agency contract. The agent is appointed by an insurance company to act for it, with authority to solicit, negotiate and put contracts of insurance in effect.

b. Solicitors

A solicitor is an individual authorized by an insurance agent or broker to solicit contracts of insurance, acting only on behalf of the agent or broker. The solicitor does not have the authority to bind insurer with respect to risk, but is authorized to collect premiums.

c. Brokers

Brokers, who represent the policyholder rather than the insurer, may also be valuable in rendering service to the insurance purchaser. With widespread contracts and knowledge

of many fields of insurance, many brokers offer significant advice and counsel to their clients.

d. Service representatives

Many companies and some large agencies employ specialists on a salaried basis to work with and assist agents in writing the more complex lines. Such employees are termed service representatives, and they may help an agent to sell or service insurance. Company officers, managers or general agents of insurance companies employed on a salaried basis are not included in the category of service representatives. The types and functions of life insurance marketing middlemen operating at the different segments of its market structure are shown in the Table-1:

Table 1: Various middlemen and their functions of life insurance marketing

Producers	Functions
General Agents	Motivating, convincing, selling and accomplishing formalities concerned
Local Agents	Representing general agent, acting as sales person, acquiring business and counseling clients
Brokers	Acting as sales person, offering consulting service for clients and advising on loss prevention activity
Solicitors	Providing legal service in choosing best policy customers and offering expertise service to brokers and agents

Source: Literature Survey

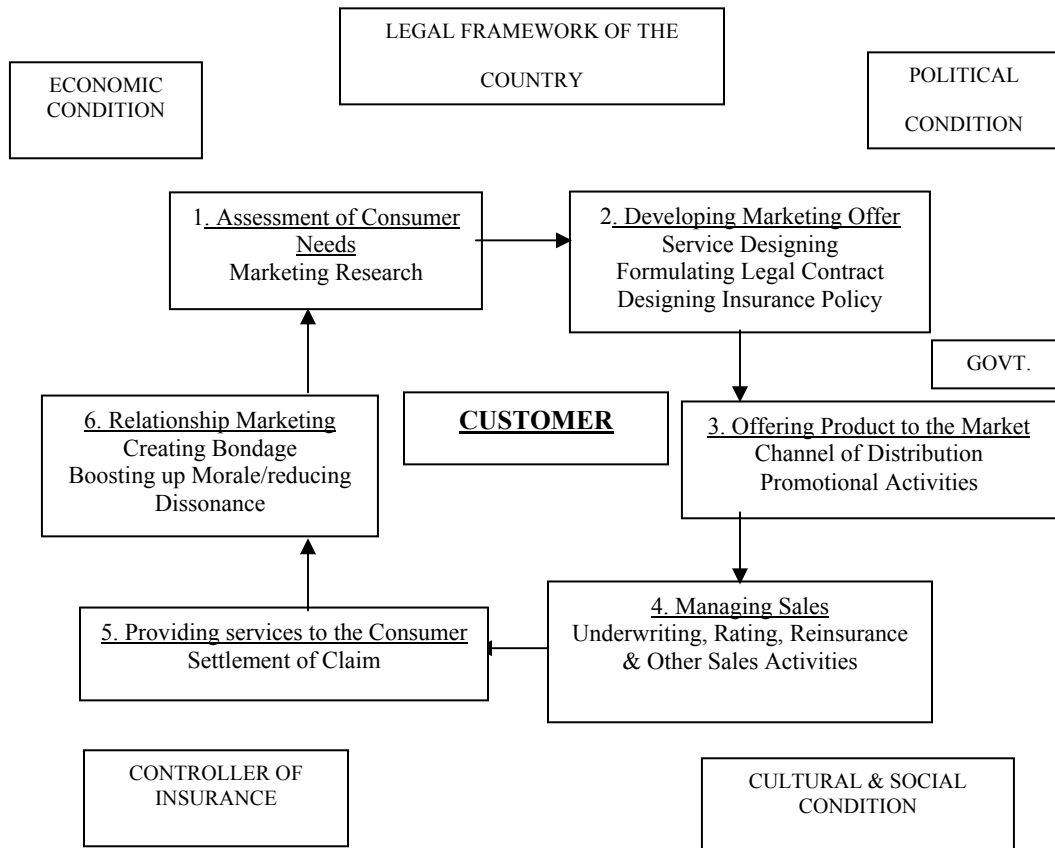
A close look into the Table-1 reveals that in life insurance company products marketing various institutions like agents, brokers and solicitors play a dominant role. They exercise their skill and expertise knowledge in popularizing the new business of life insurance companies to the potential customers. It is further reported that they also play an imperative role in retaining the existing markets in the same sector. The sample respondents opined that these institutions also contribute substantially to the expansion phase of the target markets in this sector too.

4.6 Functional model of life insurance marketing

The functional model, illustrated in Figure-3, consists of a six-step process. The first step of the model depicts that the marketing activity of an insurance company starts from assessing target consumers' need. At this level the company arranges marketing research on consumer need, want and demand and develops their product strategy accordingly. At the second step, an insurance company designs the service, formulates the terms and

conditions of legal contract required in insurance business and develops insurance policies which will be offered to the customers. At the third step of the functional model, an insurance company develops strategies regarding the channel of distribution and different promotional programs. After that an insurance company decides the policies regarding the management of sales of the company at the fourth step of the functional model. At the fifth step, an insurance company provides services to the customers (clients). At this level the actual sale occurs and the company settles the contract with its clients. Lastly, at the sixth step, an insurance company takes attempt to build a long term profitable relationship with its customers by boosting up customer's morale and creating an emotional bondage between the company and its customers.

Figure 3: A functional model of life insurance marketing process



5. Essential features of life insurance marketing in Bangladesh

There are significant differences among the life insurance companies doing business in Bangladesh regarding their level and depth of marketing orientation. An important distinction prevails between the public and private sector life insurance companies. The government owned life insurance company, Jiban Bima Corporation, is enjoying a monopoly position in the market, as they are solely entitled to offer life insurance services to government organizations. They don't have to face any direct competition from the private sector. For this reason they are very much tradition bound and reluctant to cope with the modern marketing practices. It seems that they, for the time being at least, are quite contented with their present market share. On the contrast, the private life insurance companies are facing severe competition. To attract and retain customers they have to follow different marketing tools and strategies at least at minimum level. But still they do not properly understand or apply modern marketing concepts in running their business at optimum level. There are some negative features of the marketing practices of insurance companies of Bangladesh which are as follows:

- a. Most of the insurance companies are not practically marketing oriented. They neither are conscious about various philosophical concepts of marketing nor apply those concepts in their company activities properly. Instead accepting market-oriented definitions, they are following product-oriented definitions of their business which is expressed in their way of defining different business terms. It is shown in the following table-2:

Table 2: Term differentiation in life insurance marketing in Bangladesh

<u>TERM DIFFERENTIATION</u>	
<u>THEORETICAL</u>	<u>PRACTICAL</u>
Marketing	Business Procurement
Marketing Department/ Division	Sales/Development Department/Division
Marketing Officer	Development Officer
Consumer/Customer	Client
Extensive Use of Promotional Tools	Limited Use of Promotional Tools and Business Procurement in exchange of <ul style="list-style-type: none"> • Commission • Gifts • Providing Jobs • Unusually Prompt Claim Settlement of the Influential Customers

- b. Almost all of the companies are very much reluctant to marketing research. They are not interested to develop their product mix according to the needs of the target customers. Instead they are following the selling concepts of marketing which stands for extensive promotional programs and the performance of the sales force only. In most of the cases customer satisfaction is fully or at least partially ignored. In lieu of building and maintaining long-term profitable relationship with their customers, they are just trying to sell what they have in their basket.
- c. Almost all of the companies doing life insurance business in Bangladesh are not developing and maintaining 'marketing plan' rather they are dealing with 'sales plan'. Instead segmented marketing, the companies are going for mass marketing.

6. Problems of life insurance marketing in Bangladesh

- i. Poor economic condition is considered to be the main reason for poor life insurance penetration in Bangladesh. The country has a very low per capita income and over 50% of our total population lives below the poverty line. Inability to save or negligible savings by a vast majority of population kept them away from the horizon of life insurance.
- ii. The marketing of life insurance is greatly hampered in the remote village of Bangladesh where the agents are appointed from respected locality. This is because, educated young people seemed to be reluctant to become insurance agents. Therefore, persons finding no job or persons having lesser knowledge become insurance agents who cannot acquaint themselves fully with the whereabouts of insurance. Such agents cannot play efficient role in convincing a prospective policyholder.
- iii. Mass illiteracy is another factor that adversely affects the marketing of insurance. About 70% of the population is floating in the sea of ignorance. Illiteracy leads one to think that the insurance is deception; it has no value in life. They cannot think rationally because they do not know what is insurance and what its importance as security for future is.
- iv. Religious attitude of the people also stands against efficient marketing of insurance. The religious people believe that the future is uncertain, it is in the hand of Allah and they do not think it necessary to buy life insurance policy for them.
- v. Insurance awareness is poor. Agents are not skilled enough. These agents cannot perform their job properly to make the people aware of life insurance.
- vi. People of Bangladesh have a very small saving potentially and thus have less or no disposable income. Almost the whole of the income is exhausted in the process of

maintaining the day-to-day life. Thus they are left with little amount, which may not be sufficient for the payment of premiums. This factor discourages many to buy life insurance policy.

vii. The rate of discontinuation of insurance policy is quite high. This also adversely affects the market efficiency of life insurance business.

viii. Most of the policyholders cannot continue their policies owing to price spiral and shortage of fund.

ix. Increase in liability, lack of reminder notice from the insurance company may be a cause for discontinuation of policy.

x. Many of the policyholders have expressed that their policies lapsed for their own negligence to pay premium in time.

xi. Another important reason for discontinuation is restriction on investment allowance by the government relating to income tax.

xii. An important reason for the dismal performance of life insurance business in Bangladesh is poor client services provided by the insurance companies. The public image of service from life insurance institutions is very poor.

xiii. High lapses of life insurance policies do much to harm insurance image.

xiv. When an accident takes place, a claimant faces many difficulties to obtain money from the insurance company. This also discourages people for being a policyholder.

xv. In a dynamic life insurance market, one can expect to see new product coming out every now and then. But still today one can hardly see any new product in the life insurance market in Bangladesh.

xvi. Partly for reasons of drastic fall in money value and partly for reason of nil or low bonus addition resulting from a combination of high management expenses and low investment return, life insurance has ceased to look as an attractive savings medium.

xvii. Both as a medium of savings and as a provider of financial security in the event of premature death of a bread winner and in old age, life insurance has relatively greater appeal among the mid-income people having steady income. For various reasons such as poor monetary benefit, poor services, and zero-tax incentive to government employees etc. the traditional marketer of life insurance has drastically shrunk. So the insurers are forced to sell policies among different classes of people such as business people, well-to-do farmers, traders etc. These peoples' interest for life insurance is rather lukewarm. Soliciting business from them is harder. The costs of getting new policy holder, as a result, have to be raised and at the same time quality of business falls.

xviii. The present insurance act was enacted more than half a century back. Many amendments have been made since then but the basic character of the act has remained virtually unchanged. This act does not suit the needs of life insurance in present day Bangladesh. The all pervasive stringent regulatory functions carried and exercised by the office of the controller of Insurance (CI) is not consistent with the market liberalization policy of the government. In its present form, the act is obstructing, rather than helping, healthy growth of life insurance in the company.

xix. One would find it difficult not to admit that the Insurance Act is too restrictive in the matter of investment. The inflexible rigid rules put obstacles in the way of earning high profits for the life fund.

xx. The current practice is that every company tries to promote its own products, but the benefits of life insurance as such are not highlighted. In other words, the publicity is itemized, not general.

xxi. In life insurance, for the sales personnel particularly, importance of training can not be overemphasized. But unfortunately the present facilities for training, despite what the Insurance Academy is doing, are meager.

xxii. Whatever may be in theory, in reality a public sector corporation (PSC) engaged in life insurance business is not accountable to anyone. The controller of insurance (CI) cannot enforce its authority over the PSC, since the latter can easily disregard the CI without fear and any positive action. This gives the PSC, compared to private companies, many advantages. Of course, these so-called advantages are truly of an illusory nature since in the long run they will do much harm not only to the PSC itself but also to the life insurance industry as a whole.

xxiii. The private insurance companies are noticing that in any dispute arising between the PSC and the private companies, the authority, for some reasons is always found to take a position against the companies in favor of the PSC. This kind of discriminatory attitude does not indicate a sincere belief in free market concept.

xxiv. People have lacking of reliability on the insurance company, because many insurance companies do not make payment they agree to pay in time of selling policy to the people.

xxv. The offerings of much of the insurance companies are not so much attractive that they can allure people to buy a life policy.

xxvi. The lacking of proper advertisement and information about life insurance package are also important factor for poor life insurance business.

xxvii. Many of the life insurance companies are unable to solve the problems of the policyholders.

xxviii. Inability to maintain the quality of the services provided by the life insurance companies is also a problem.

xxix. In Bangladesh, there is a serious dearth of life insurance underwriters and for that reason underwriting decision is delayed to the detriment of the sales force and the proposed policyholders.

xxx. Lack of faith upon insurers is one of the fundamental reasons for which insurance business cannot attain strong position in Bangladesh. Most of the respondents have said that insurance in Bangladesh couldn't achieve the fullest faith of people. At one side, insurance business is not well known to the general people and on the other side, the known people are uncertain about its service. Public image about services of insurance companies is very poor. Majority of the insurance concerns and almost all non policyholders confessed this very frankly and counted it as a burning constraint behind the progression of insurance business in Bangladesh. This feeling of distrust is very intense in the case of life insurance as life insurance contract is usually made for a longer period of time. The non-policy holders argued that the motive of insurance companies is to be a millionaire over night.

xxxi. A good number of respondents held the government responsible for its little support for the enrichment of insurance industry. Since the majority of people is uneducated and is unaware about the benefits of insurance, the government has to take the responsibility for wide publicity. But the government hardly performs this responsibility.

xxxii. A very commonly noticed problem in every employment area of Bangladesh is the undue employment and promotion. Insurance sector is also not free from this. A significant number of respondents answered in favor of undue practice with regard to promotion. Since majority of the insurance companies are in the hands of private owners, the promotions sometimes depend on their willful decision. The performance of the jobholders is not properly appraised.

xxxiii. A large number of agents act for different insurance companies in the remote areas of the country. The agents usually perform on a commission basis. The commission depends on the number of clients they can secure. Therefore, a common belief is that the agents always have the intention to increase their commission and sometimes furnish favorable information to sell a policy. But this popular belief is not found in reality at the extreme rate.

xxxiv. Another clear problem of insurance business is that insurance companies operate only in big cities for their operational benefits. There was no single negative answer about this question. Majority of the companies has their agencies in Dhaka, Chittagong and in other few big cities.

xxxv. Almost all the insurers and policyholders criticized the licensing system for insurance companies. They identified it as a major constrain behind the commencement of new insurance business. Insurance companies opined that the government does not evaluate their documents of application with due consideration and unnecessarily delays approval. In many cases the government in all regimes gives restriction to those applicants who have political relationship or maintain liaison. This dirty role of government not only encourages corruption but also hinders proper growth of insurance business.

xxxvi. The policyholders pay premiums on installment basis predetermined by the insurance companies. The companies follow a rigid system of installment adopted at the beginning of the business. But, sometimes the poor policyholders can't consistently comply with the predetermined system for paying premiums on their policies. The premium rate appears higher to them and therefore, the policyholders face difficulty to continue their premiums that results in discontinuation of policies and potential insureds are discouraged to buy policy.

xxxvii. In spite of the worldwide acceptance of increased role of insurance, it has not been accepted as a satisfactory profession to the people of Bangladesh. In many cases the insurance officers and agents are disregarded in the society. However, this view is changing gradually.

xxxviii. Ignorance about claim settlement procedure creates a drastic problem for the insurance companies. Insurers viewed that many policyholders don't know the way of making the claim. They only abuse the insurer for instant claim settlement. They also don't know the requirements to be submitted to the insurers. But the insurers have to comply with the formalities before settling the claim. The process usually delays due to the ignorance of policyholders even though the policyholders hold the insurance companies responsible for this delay.

7. Recommendations

- i. Relevant authorities in collaboration with supportive agencies may provide training to the life insurance producers like agents, development officers and the like to improve their insurance marketing skills regarding creation of new business, retention of the existing business and popularizing the life insurance programs to the target groups.
- ii. Trained and skilled insurance producers like agents and development officers are prerequisites of effective insurance product marketing in the life sector but they are found lacking. The seminars and symposiums conducted at different prospective locality and arranging presence of prospective customers there is likely to create awareness among people as to necessity and worth of purchasing insurance policy.

iii. Broad-based marketing network in the field of life insurance needs more marketing forces to keep the marketing effectiveness in motion and reach the message of the products and services to the furthest corner of the marketing domain. It is not possible on the part of the existing market forces to develop and maintain a broad-based marketing network. To fill in the demand for additional marketing forces, the moot point of introducing new scheme may be considered with top priority. Besides, attempts need to be made to introduce new scheme worth buying and easy to buy and payoff premium.

iv. Research and development program yet to get adequate attention. But adequate research may lead towards the target of success and fulfillment. Life insurance companies in Bangladesh should actively consider undertaking of research and development programs in the fields of consumer research, service research and research in service marketing policies and strategies etc. in order to find out the operating problems in the marketing sector and thrash out ways and means for their effective resolution.

v. Commitment reportedly is lacking among some insurance personnel. Commitment is considered as the unquestionable allegiance of a group of individuals towards some human discipline from which they strive hard to get their livelihood. Moreover, commitment of the profession may improve the service offered to be insured on one hand, and may also play a positive role in the growth of professionalism in the life insurance sector on the other. So authorities are concerned need to give attention to this aspect.

vi. In order to exercise smooth marketing practices in the life insurance products marketing, existing insurance laws seem to be inadequate. Therefore it is thought imperative that necessary legal reforms are made in the existing insurance laws including those relating to life sector.

vii. Professional code of ethics in any discipline set standard of excellence. In cases, where those are least committed and least disciplined in professional matters, such code does not grow normally and uniformity in the professional behavior of the practitioners of that discipline. This may also hold true in the case of life insurance product marketing. As such concrete steps should be adopted to encourage the growth of professional ethics among the personnel of life insurance companies, particularly, their marketing personnel so that they may become quite acceptable to their customers.

viii. There should not be so many layers in life insurance companies between the branch office and the agents and one field officer in between the corporation and the agents should replace this unnecessary multi-tier organizational set up. This is essential for reducing the expenses that has gone beyond the tolerable limit. Special committee on insurance has also suggested this.

- ix. Fake agents such as 'Benami Agents', 'Dummy Agents' and 'Benami employers of Agents' who indulge in malpractices should be eliminated and selection of agents should be unbiased. Appointment of too many agents in a particular area should be stopped. Full-time agencies should be encouraged and part-time agencies should be stopped.
- x. There should be a vigorous campaign throughout the country to make the people aware of the utility and prospects of buying insurance.
- xi. Since there are a few actuaries in the country who can not cope with the requirements of the industry's need, services of qualified actuaries from other countries may be utilized to meet the requirement and necessary steps may be taken to train personnel within the country.
- xii. The government should monitor the functions of insurance companies, appraise their performance, and seize the license of companies that are engaged in corruption. The government must take controlling responsibility in its own hands and must ensure proper application of law.
- xiii. The benefits of insurance should not be concentrated only in the urban areas. For the sake of integrated and balanced development, companies should expand their operations in the rural areas.
- xiv. There is no alternative of quality service. Insurance being a service rendering entity must provide quick services. Policyholders are highly dissatisfied with service of JBC and SBC. Due to poor quality services, public corporations are losing market. In order to ensure their continuity, such corporation must pay adequate attention on their quality of service. Private companies also need put their all out efforts to improve quality of service so as to strengthen their position.
- xv. Companies should set up its training program for the policyholders. The insurance academy is used for training the officers and insurance personnel but it has so far neglected the training of policyholders for which claim submission become complex and problematic resulting in delays in claim settlement.
- xvi. The government should eliminate the difficulty in licensing procedure and should not delay in the approval of new companies if all the requirements are fulfilled. It will help not only to increase volume of business but also solve the problem of unemployment.
- xvii. The policy holders are very much worried about the settlement of claims. Ordinary people also consider it as a prime constraint. Therefore, insurance companies should settle the claims as quickly as possible to create a healthy public image. For this purpose the claim settlement procedure can be simplified and the insurers can provide proper written guidelines of claim settlement to the policyholders.

xviii. Since life insurance business is not popular among low-income groups, the life insurers should pay special attention to industrial labor force, which ultimately will have greater mobility among rural people.

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