

A central photograph shows a pair of hands cupped together, holding a mound of dark brown soil. A small, green seedling with several thin, upright stems and a few leaves is growing out of the soil. The lighting is dramatic, highlighting the texture of the soil and the skin of the hands against a dark background.

MARKETING IN

BANKING & INSURANCE

T.Y. (BANKING & INSURANCE)



MARKETING IN BANKING AND INSURANCE

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INSURANCE MARKETING

The term insurance marketing refers to the marketing of insurance services with the aim to create customer and generate profit through customer satisfaction. The insurance marketing focuses on the formulation of an ideal mix for Insurance Business so that the insurance organization survives and thrives in the right perspective. The organizations can successfully increase the market share, maximize the profitability and keep on the process of development with the help of marketing.

In Indian perspective where rural orientation needs a prime attention, the insurance marketing may prove to be a device for combating regional imbalance by maintaining the sectoral balance as an investment institution; the rural development oriented projects make ways for the transformation of rural society. It is right to mention that the marketing concept in both bank and insurance business is a matter of recent origin. The marketing concept in the insurance business is concerned with the expansion of insurance business in the best interest of the society vis-à-vis the insurance organization. The selection of risks (product planning), policy writing (customer service) rating or actuarial (pricing) and agency management (distribution)- all marketing activities make up an integrated marketing strategy. We can't negate that during the yester decades, there have been considerable developments in the perception of customer servicing firms like banking and insurance companies. The marketing concept in the insurance business focuses on the formulation of marketing mix or a control over the whole marketing activities that make up an integrated marketing strategy.

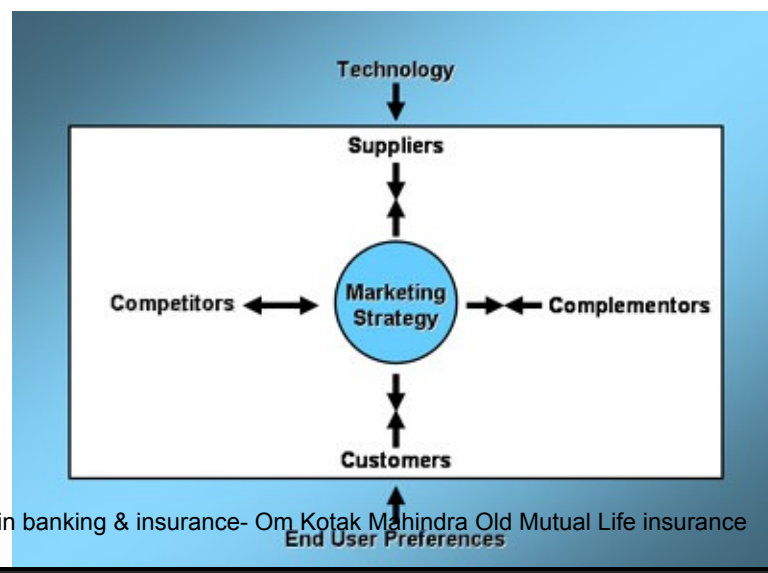
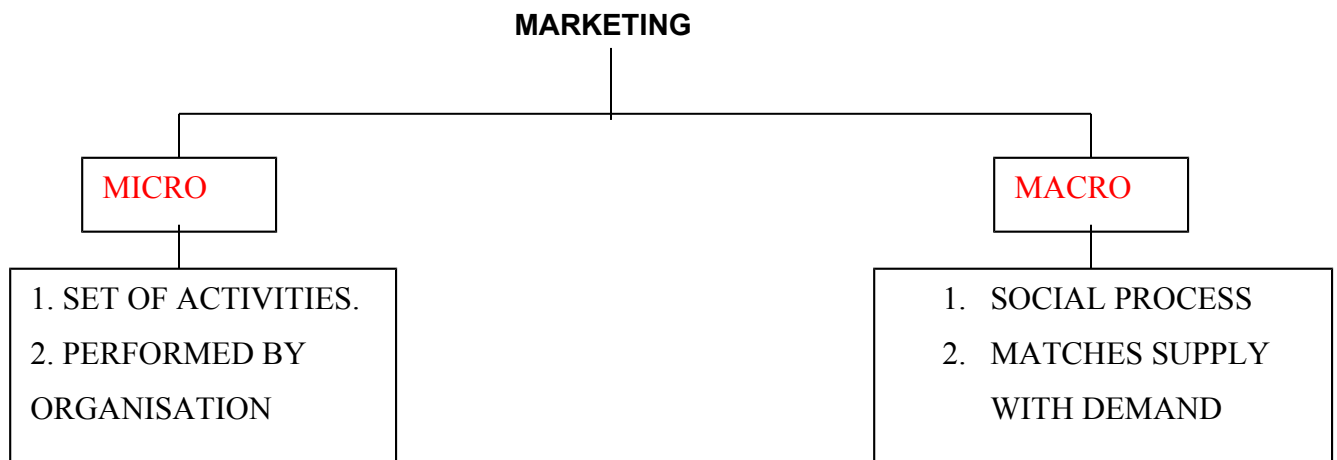
In a view of the above, we observe the following facts regarding the concepts of insurance marketing:

- It is a managerial process
- It is a conceptualization of marketing principles.
- It is a process of formulating the marketing mix.
- It is an advice to make possible customer orientation.
- It is another name of marketing professionally.
- It is even a social process that paves avenues for social transformation.
- It is to make possible product attractiveness.

- It is to energize the process of quality upgradation.

MARKETING'S ROLE HAS CHANGED OVER TIME

Simple trade era	Focus -sell surplus
Production era	Focus- increase supply
Sales era	Focus- beat competition
Marketing department era	Focus - coordinate and control
Marketing company era	Focus -long term customer satisfaction



INSURANCE MARKETING IN INDIAN ENVIRONMENT

The nature and behavior of business is governed by environmental changes. In a developing economy where financial institutions are accepted to shoulder multi-faceted social burdens in addition to the task of mobilizing and channelising resources, it is necessary that professionalism should be developed. Due to mounting problems of regional backwardness and regional imbalances like making of marketing decisions and complicated in insurance business.

Risk and uncertainties move upward due to increased sophistication. After the nationalization of LIC in 1956 and GIC in 1974 there have been changes in the organizational objectives. It was in this background that insurance business was attempted to be expanded in rural areas. The purpose was to reach all the potential users of the services. In this context it is significant to mention that the extent of dependence of insurance business on the services of agent and rural career agents is of high magnitude. The service conditions of rural agents and agents in general are to be enriched. In the Indian condition the task of motivating the rural prospects is more difficult as majority of them are illiterate.

Marketing of insurance services needs a rational approach, which means the following:

1. Knowing the market.
2. Suitable pricing decisions.
3. Product to be developed as per needs.
4. Designing of sensitive promotional strategy.
5. Scientific management of agents.
6. Proficiency in management.

OBJECTIVES OF LIFE INSURANCE MARKETING

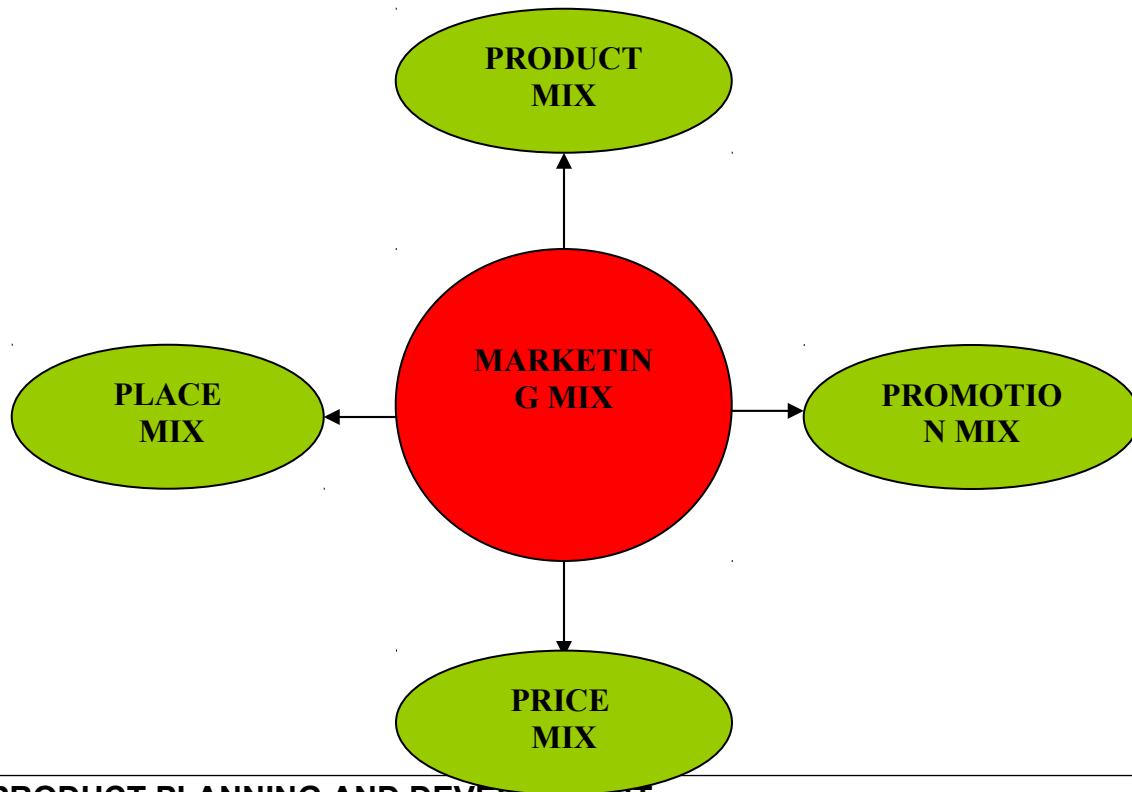
The following are the objectives of Life Insurance Marketing:

1. Mobilization of savings in the form of pensions.

2. Improving customer services.
3. Increasing customer base and its spread.
4. Developing corporate image.
5. Spreading Life Insurance Message.
6. Developing guiding policies and their implementation for better results.
7. Distribution of Life Insurance Policies.
8. Marketing Profit.

MARKETING- MIX FOR INSURANCE ORGANIZATION

The Insurance business deals in selling services and therefore due weight age in the formulation of marketing mix for the Insurance business is needed. The marketing mix includes sub-mixes of marketing such as the people, the process and the physical attraction. The public sector insurance organizations have not been formulating and innovating the marketing mix to cater to the changing needs and requirements and increasing level of satisfaction of the users. Majority of the policyholders are dissatisfied with the service-profile and they often complain regarding the deteriorating quality of services. Due to this the foreign insurance companies and private insurance players are snatching away the business of the public sector insurance organization.



PRODUCT PLANNING AND DEVELOPMENT

The purpose of insurance business is to generate profits besides sub serving the social interests. The present business environment is volatile and even the insurance business is likely to be more competitive. Product is like a stage on which the entire drama of successful marketing is acted. It is like an engine that pulls the rest of the marketing programmes. It is this context that the product management in an insurance organization needs an intensive care. Yesterday, the policy holders had limited hopes and aspirations but today they expect more and they would like even something more tomorrow. This focuses on the fact that strategic decisions are influenced by the environmental conditions. The product development needs a new vision, a new approach and a new strategy. Till now the public sector insurance organization have not made possible an optimum utilization of their marketing resources especially in rural areas where tremendous opportunities are available. Thus they should assign due weightage to the development services/ schemes which cater to changing needs and requirements of the rural segment. In the development of product, the co-operative investments need due priority. Channelising the co-oprate investment influences the

rate of profitability of insurance companies and also contributes considerably to the socio – economic transformation process.

Thus the product planning and development should

- Give due weightage to the socially and economically backward classes.
- Maximize the mobilization of saving by offering lucrative schemes.
- Assign due weightage to interest of investors.
- Maintain economy in business by promoting cost effectiveness.
- Act as a trustee of policy holders.
- Keep in mind the emerging trends in business environment.
- Improve the quality of customers/user services.

PROMOTION MIX

The formulation of product mix for the insurance business makes it significant to take a look at the services and schemes of insurance organizations. The product portfolio is known and the process of formulating a package should be known. It is natural that the users expect a reasonable return for their investments. It is quite natural that the insurance organizations want to maximize profitability. It is well known that the key objectives of the insurance business are mobilization of savings and channelisation of investments. This makes it essential that the insurance business is made lucrative so that the users/ potential users get incentives to buy a policy or to invest in the insurance organizations. The insurance organizations also need to promote the underwriting activities, which would activate the process of arresting the regional imbalance. In the context of formulating the product mix, it is essential that the insurance organizations promote innovation and in the product portfolio include even those services and schemes which are likely to get a positive response in the future. The policies to be launched should not only generate enough premium but it is also important that the

policies cover persons working in the informal sector, serving as porters, working as manual laborers, or engaged in farm sector. The formulation of product strategy should assign due weightage to the rural segment emerging as a big profitable segment especially in the 21st century. The policies and schemes should have rural orientation so that backward and neglected regions of the country get priority attention and the regional imbalance is minimized. The formulation of package is also found important. Designing a package on the basis of the needs and requirements of the concerned segment would make the product mix more competitive.

With Advent of private players in the insurance field, it has now become imperative for all the insurance companies to resort to rampant promotion. Promotion mix for this sector is as follows

Advertising

Advertising can be done through the telecast media, broad cast media and print media. Insurance companies have been making optimal use of all the three kinds. Use of World Wide Web, as a media is almost negligible and will not be very frequent in the near future considering the fact that the majority of customers base of these companies is not yet exposed to the internet. The telecast media has been the most effective of all in case of insurance sector. Most of the companies have their separate advertising section to take care of this aspect. An important consideration while making the decision as to the selection of the media is budgetary constraint. Since the insurance companies work on large scale, usually this constraint does not stand as an obstacle.

Publicity

It is a device to promote business without making any payment and therefore it could be also called unpaid form of persuasive communication bearing a high rate of sensitivity. Developing rapport with media is an important aspect of publicity. This makes it essential that the PR officers working in the insurance organization maintain contacts with the media personnel, organize press conference, and offer small gifts and memento to them. These days LGD marketing is gaining popularity the world over. It also can be applicable here. At the apex and regional levels, the PROs bear the responsibility of projecting positive image of the organization. Thus it is necessary to

select suitable personnel for this. They should be in particular taught to deal with people, simple things like talking, greeting etc.

Sales Promotion

Incentives to the end users for taking policy play an important role in promoting insurance business. Since the insurance business is also related to achieving of a particular target, it is pertinent that the policymakers assign due weightage to the same. The offering of small gifts during a particular period, the rebate discount, bonus can increase the business organizations by leaps and bounds. Besides these there can be gift for insurance agents also.

Personal Selling

Personal selling in the case of insurance organizations is a quite important considering the existence of insurance agents spread at all levels. Selection of these agents, their training is responsibility of the organization. There is a difference in the urban and the rural market. Rural customers may be uneducated/ uninformed etc compared to the urban customers. Hence the organizations will have to make selections of the rural and urban agents accordingly.

Word of mouth promotion

The word of mouth communication result into wider publicity, which substantially sensitizes the process of influencing the impulse of users/ prospects of the insurance services. The satisfied group of customers opinion leaders the social informants ,the popular personalities act as a word of communication .The advertisement slogans may be incentives the publicity measures may be ineffective but the positive feeling of friends and relations communicated cannot be ineffective>this make it clear that the most important thing of any business is the quality of services.

Telemarketing

With the development of satellite communication facilities and with the expansion of the television network, we find telemarketing gaining popularity the world over. The organization in general need to promote telemarketing. the foreign insurance company

have been assigning due to weightage to this end in India this is beginning to gain importance with the advent of competition in the sector>the telecommunicate is supposed to be well aware of the telephonic code so that the task of satisfying the customer with their queries will not consume much of time.

World Wide Web

In banking as well as Insurance, more and more importance is being given to online contract facilities whereby complaints/comments could be sent through an email. Email is fastest written mode of communication and since it has been recognized legally, its use to clear doubts has been in full swing.

PRICE MIX

In the insurance business, the pricing decision are concerned with the premium charged against the policies interest charged for defaulting the payment of premiums & credit facilities, commission charged for underwriting & consultancy services. The formulation of pricing strategies becomes significant with the viewpoint of influencing the target market or prospects. To be more specific in the Indian context where the disposable income in the hands of prospects is found low, the increasing inflationary pressure has been instrumental in contracting the discretionary income, the increasing consumerism has been making an assault on the saving potentials of masses, it is pertinent that the insurance organizations in general & public sector insurance organizations in particular adopt such a strategy for pricing that makes is a motivational tool & paves the ways for increasing the insurance business. Of course, a motivational pricing strategy is required to be given due weightage. This necessitates a new vision for setting premium structure & paying the bonus & charging the interest.

The strategy may have a new vision in the sense that the insurance organizations prefer to make a mix of high & low pricing strategy. The motive is to make the premium structure commercially viable so that the insurance organizations succeed in having a sound product portfolio besides fuelling development orientation. The pricing decisions

make it essential that the insurers keep in their minds the nature of policy vis-à-vis the segment to which the prospects belong.

In the tangible products, cost of production is taken as the basis for fixation of prices. Even in the insurance business, it is found to be an important consideration & a dominating base. This makes the cost of insurance a decisive factor for charging premium. The important bases for determining the cost are rate of death, rate of interest & the expenses incurred on the insurance business. The mortality table helps the determination of the death rate. It is to predict future mortality. The best method of construction of mortality table is to select a large number of persons at attained age, which is meant age close to the birth rate. The second important element is the rate of interest. On the basis of mortality rate, it is estimated that when & how much amount is to be received as premium & would be paid as claims but on the basis of interest rate, but on the basis of interest rate, it is estimated that how much interest can be earned by investing the insurance funds. The last element is cost which focuses on different types of expenses. These are certain expenses, which are incurred at the time of inception of the policy. This necessitates determination of the nature of expenses. The determination of expenses according to occurrence & equal distribution of the expenses every year for equitable distribution of loading are found significant to make possible a sound management of expenses.

The process of rate of fixation in the insurance organization is not so scientific & identifies the cases of moral hazard. It is easier to identify the physical hazard but the task of identifying the moral hazard is found difficult. The premium charged is to be made rational to cater to the payment of claims on a priority basis including the catastrophic losses, management expenses & margin for profit. It is essential that various related to both the hazards are estimated in a scientific way. The actual process of rating consists of three steps. E.g. classification, discrimination & scheduling.

The price mix decisions are:

- Making possible cost of effectiveness
- Restructuring of premium

- Due priority to profit generation Investments.
- Rationalizing of optimizing the social costs
- Paving avenues for channelising the productive investments
- Assigning the weightage to the policies meant for the socially and economically backward classes.
- Making the ways for maximizing profitability.

PLACE MIX

Another component of the marketing mix is related to the place decision in which our focus would be on the two important facets managing the insurance personnel and locating a branch. The management of agents and insurance personnel is found significant with the view point of maintaining the norms for offering the services. This is also to process the services to the end user in such a way that a gap between the services-promised and services offered is bridged over. In majority of the services generating organizations such a gap is found existent which has been instrumental in generating aggravating the image problem. The policy makers make provision: the senior executives specify of making available the promised services to the end users. The public sector, insurance organization has failed in both the areas. The agent's rural career agents, front-line-staff and even a majority of the branch managers become a party gap.

The transformation of potential policyholders into actual policyholders is a difficult task that depends upon the professional evidence of personal. The agents and the rural career agents acting as link lack professionalism. The Front-line-staff & the branch managers are found not assigning due weightage to the degeneration process. The insurance personnel if not managed properly would make all of efforts incentive. Even if the policy makers make provisions for quality upgradation, the promised services hardly reached to the end users. This makes it significant that the insurance

organizations in general and public sector organization in particular keep in their mind the changing expectations of customers and the prospects. The behavioral profile of insurance personnel is studied in a right fashion and the changes required due to the changing perception of expectations are incorporated. It is essential that they have rural orientation and are well aware of the lifestyles of the prospects or users. They are required to be given adequate incentives show there excellence. While recruiting agents, the branch manager needs to prefer local persons and by conducting refresher courses to brush up their facilities so that they know the art of influencing the users/prospects. In addition to the agents, the front-line-staff also need an intensive training programme. This makes it essential that ongoing training programme is organized by the branch managers which focus on the behavioral management.

Another important dimension of the place mix is related to the location of insurance branches. While locating branches branch managers need to consider a number of factors, such as smooth accessibility, availability of infrastructural facilities and the management of branch offices and premises. In addition to it is also significant that the branch manager assign due weightage to the safety provisions. The management of offices makes it significant that the branch managers are particular to the office furnishing, civic amenities & facilities, parking facilities and interior decoration.

Thus the place management of insurance branch offices needs a new vision, distinct approach and an innovative strategy. This is essential to make work place conducive, attractive, and pro-active to the generation of efficiency. The motives are to offer the promised services to the end users without any distortion and making the branch offices a point of attraction. The branch managers need professional excellence to make place decision productive.

THE PEOPLE

People are most important component of marketing mix for the insurance industry. Sophisticated in the process of technological advances makes the way for the development of personnel in such a way that an organization succeeds in making possible a productive utilization of technologies used or likely to be used. Professional qualification requirements change as technology develops and evolves. The use of

computers micro-computers, fax machines, sophisticated telephonic services, and e-mailing, inter-net and intra-net services have been found throwing a big impact on the perception of quality of services. This makes it essential that the insurance organizations also think in favor of developing personnel in line with the development and use of information technologies. The front line staffs as well as the branch managers are required to be given the training facility so that they are in position to make possible and effective use of the technologies. The insurance organization bear the responsibility of the developing the credentials of their employees. In this context, it is also significant that they think about the behavior profile of insurance personnel. It is pertinent that the employees are well aware of the behavioral management they know and understand the changing level of expectations of users and make sincere efforts to fulfill the same. In this context, it is also significant that the senior executive while the recruiting, training and developing the insurance personnel make it sure that employees serving the organizations have a high behavioral profile in which empathy has been given due place. The psychological attributes becomes significant with the view point of influencing the prospect a retaining the users, it is in this context that the insurance companies need a rational plan for the development of insurance personnel.

PHYSICAL EVIDENCE

Physical evidence includes facility design, equipment signage, employee dress, tangibles, reports and statements.

Signage

Signage personifies the insurance company. It gives a identity by which users recognize the company. A signage depicts the company's philosophy and policy. Following are some of the examples

Tangibles

Insurance companies give their customers and agents various tangible items like pen, letter pad, calendars. Such things try to reduce the intangibility characteristics of this industry.

Statements

The statements are punch line which briefly depicts the vision and attitude of a insurance company towards its users/potentials. It also indicates their business motive.

PROCESS

Flow of activities

Since major activities are conducted through the agents, the agents are given training and refreshers courses etc. There are branches of insurance organizations where this agents go for processing of proposals/ claims etc.

Standardization

The proposal/ claim forms and other formalities are standardized. In case of each branch of an organization. Standardization here implies procedural standardizations. But the proceedings may differ from case to case in case of claim.

Customization

As stated earlier, each case has its own peculiarities. Hence amount of premium, proceedings of a claim etc. are quite subjective

Number of Steps

Clients of a insurance company differ from an individual policy-holder to a large conglomerate. Number of steps in case of each group will definitely differ. However, in case of individual customer, the agents handle the proceedings. Thus the actual customer is not involved in proceedings for a majority of steps. In case of the corporate, usually separate officer to take care of each case. Standardization reduces many steps as well as the time taken.

Simplicity

Use of national language/ regional language, customer friendly forms and instructions manuals. Segregations of various departments into counters, etc. Has made entire process quite simple.

Complexity

Insurance works on 'spread of risk' principle the company have to use others money and hence they are very careful while processing the claims but also while accepting the proposals in the first place. Because of some stringent norms, the process of obtaining and furnishing documents proofs etc. Becomes complex; but it has been quite simplified by the existence of the agents.

Customer involvements

Customer involvement in case of insurance organization is quite limited. The insurance agents act as pros for the company, they perform majority of the necessary formalities. The customers are only involved in case of formalities like medical examination, interviews etc. But the organization makes it a point to let the customer express their concerns through the customer complaint cells and mail/email contact.

OM KOTAK MAHINDRA OLD MUTUAL LIFE INSURANCE



Kotak Mahindra Old Mutual Life Insurance is a joint venture of the Kotak Mahindra Bank Limited (KMBL) and Old Mutual Plc. The Kotak Mahindra Old Mutual Life Insurance was established in 2001 and it is considered as one of the fastest growing insurance companies in India. Old Mutual has a history of more than 150 years as a South African based mutual society prior to its public listing in 1999. The Old Mutual Group offers a diverse range of financial services in three principal geographies. This section is an overview of our business operations in South Africa, the United States and the United Kingdom & Rest of World.

THE KOTAK MAHINDRA GROUP

Kotak Mahindra is one of India's leading financial conglomerates, offering complete financial solutions that encompass every sphere of life. From Commercial banking, to stock broking, to mutual funds, to Life insurance, to investment banking, the group caters to the financial needs of individuals and corporate.

The Group has a net worth of over Rs.3380 crores, employs around 12300 people in its various businesses and has a distribution network of branches, franchises, representative offices and satellite offices across 320 cities and towns in India and offices in New York, London, Dubai, Mauritius and Singapore. The group services around 2.9 million customer accounts.

The Kotak Mahindra group has many subsidiaries like Kotak Mahindra Capital Co. Ltd., Kotak Securities Ltd., Kotak Mahindra old mutual Life Insurance Ltd., and Kotak Mahindra Trustee Co. Ltd., and Kotak Mahindra Investments Ltd. The international subsidiaries include Kotak Mahindra Securities Ltd., Kotak Mahindra Trusteeship Services Ltd., and Kotak Forex Brokerage Ltd.

PERFORMANCE

The joint venture between Kotak Mahindra Life Insurance and KMBL started off with an initial net worth of Rs.150 crore. In the joint venture, KMBL currently owns a 26% stake with an option to increase this to 49% when applicable local legislation permits. Kotak Mahindra old mutual has shown robust process with gross premiums for the nine months ended December 31, 2006 of Rs.5047 Mn, a 96% increase on 2005.

The Company has a wide network of 79 branches in 51 cities. Kotak Life Insurance has covered nearly 339700 individual policies on books representing a basic sum assured of Rs.206 bn (excluding riders). Additionally, Kotak Life Insurance has around 260 group policies covering 528100 lives with an aggregate sum assured of Rs.150 bn. Kotak Mahindra Life Insurance Company Ltd. will launch its unit linked insurance product in the next quarter tied to debt insurance.

In view of high volatility in the equity market, new insurance life players had put off their unit-linked plans. Kotak will commence operations with 3 products – Single Premium Bond, Money Back Plan and Endowment Plan.



Zindagi se ek kadam aagey

A JOINT VENTURE WITH OLD MUTUAL | plc



*** Rates Kotak Life Insurance Plans among best in the Industry**

Kotak Life Insurance has constantly strived to deliver the best to its customers by providing innovative & pragmatic solutions. We are happy that Outlook Money, India's no 1 personal finance magazine, recently recognized our prowess in this field.

In its 15th Dec'07 issue, Outlook Money has rated three of our Unit Linked Insurance Plans among the best in the Industry. We feel vindicated in our efforts and consider it as another leaf in our book of success.

Click on the links below to know what makes these products winners in their category

Kotak
PLATINUM ADVANTAGE
Ranked as the no. 1 ULIP#

HEADSTART
CHILD PLANS
Future Protect • Assure Wealth
Featured among best child ULIPs

Kotak
PREFERRED TERM PLAN
Comes with the Outlook Money stamp of assurance



* As per the first ever ranking of ULIP's in India, published in 15th Dec, 2007 issue of Outlook Money.

Type II ULIP Plans offer both Sum Assured and Fund Value as Death Benefit.

Headstart Child Plans includes Kotak Headstart Assure Wealth Plan - UIN 107L034V01 (Single Life) and UIN 107L035V01 (Joint Life), Form No: HAW01 and Kotak Headstart Future Protect - UIN 107L037V01 (Single Life) and UIN 107L038V01 (Joint Life), Form No: HFP01.

Kotak Platinum Advantage Plan UIN 107L039V01 Form No: KPAP01. Kotak Term Plan UIN 107N005V02 Form No:KTP01/ Kotak Preferred Term Plan UIN 107N009V02 Form No: KPTP01.

Kotak Mahindra Old Mutual Life Insurance Ltd. Regn. No.:107, Regd. Office: 9th floor, Godrej Coliseum, Behind Everard Nagar, Sion (East), Mumbai – 400 022. Website: www.kotaklifeinsurance.com Email: lifeexpert@kotak.com Insurance is the subject matter of the solicitation. In these policies, the investment risk in the investment portfolio is to be borne by the policyholder. Unit Linked Life Insurance Products are different from traditional insurance products and are subject to the risk factors. The premium paid in Unit Linked Life Insurance Products are subject to investment risk associated with capital markets and the NAVs of the units may go up or down based on the performance of the fund and factors influencing the capital market and insured is responsible for his/her decisions. Kotak Life Insurance is only the name of the Insurance Company and Kotak Headstart Future Protect Plan / Kotak Headstart Assure Wealth Plan/ Kotak Platinum Advantage Plan/ Kotak Term Plan/ Kotak Preferred Term Plan are only the names of the Unit Linked Life insurance contracts and do not in anyway indicate the quality of the contract, its future prospects or returns. For more details on risk factors, terms and conditions please read sales brochure carefully before concluding a sale.

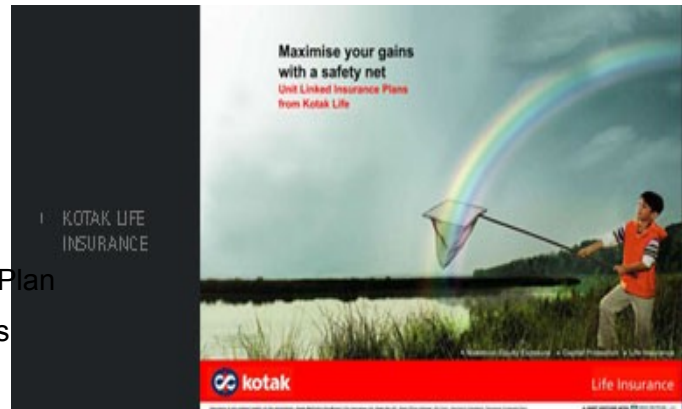
PRODUCTS OFFERED

INDIVIDUAL

Kotak Smart Advantage
Kotak Eternal Life Plans
Kotak Platinum Advantage Plan
Kotak Headstart Child Plans
Kotak Sukhi Jeevan Plan
Kotak Privileged Assurance Plan
Kotak Term Plan
Kotak Preferred Term Plan
Kotak Money Back Plan
Kotak Child Advantage Plan
Kotak Endowment Plan
Kotak Capital Multiplier Plan
Kotak Retirement Income Plan
Kotak Retirement Income Plan
(Unit-linked)
Kotak Safe Investment Plan II
Kotak Flexi Plan
Kotak Easy Growth Plan
Kotak Premium Return Plan

GROUP

Employee Benefits
Kotak Term Grouplan
Kotak Credit-Term Grouplan
Kotak Complete Cover Grouplan
Kotak Gratuity Grouplan
Kotak Superannuation Grouplan



RURAL

Kotak Gramin Bima Yojana

MARKETING STRATEGIES OF FEW INSURANCE POLICIES

KOTAK CHILD ADVANTAGE PLAN

Every child has a dream. We help realise it.



The Kotak Child Advantage Plan is an investment plan designed to meet one's child's future financial needs. It's a plan that gives child the "azaadi" to realize his dreams. The plan is a participating plan with a 15-day free look period.

Age of the child required to attain the plan:

Minimum 0 years.

Maximum 17 years.

Term: 10- 30 years.

Maximum sum assured allowed: 25,00,000

Advantages of this plan:

1. On Maturity, one would receive the sum assured plus the bonus addition. Bonus addition is the amount in the Accumulation Account*, in excess of the sum assured.
2. The balance available in the Accumulation Account is invested in various financial instruments (as per IRDA regulations) so one's money works hard to earn more for child.
3. The Automatic Cover Maintenance facility ensures the policy remains in force even if one misses premium payments. This facility is available after the first three years of the Term.
4. One can take a loan against this plan, after the policy has been in force for at least three years.
5. One has the option of paying premiums quarterly, half yearly or yearly.

Accumulation Account is personal account in which the premiums that one pay are deposited, the return declared every year is added and risk and expense charges are deducted.

6. One has the benefit of a 15 day free look period.

PROMOTION MIX

Advertisements

This product has been advertised through telecast media broadcast media and print media. Since this product is for children up to 17 years of age the focus of advertisement is on television which is more appealing. Kotak has recognized the need for this plan and therefore has adopted suitable marketing strategy which involves

advertisements in popular kids channel like pogo, hungama, star plus etc.

Publicity

The PROs of Kotak Mahindra life insurance has publicized this product taking into consideration the eligibility and features and has thereby come with an appealing strategy emphasizing not only on children who are main benefit holders of this product but also the family who will actually pay the premium for this product. the PROS of Kotak life have developed a good rapport with hungama to publish it can be seen from the banner of this plan that the happiness is shown on parents face as soon as they secure their child's future which is the prime motive of this plan. This plan gives your child the "azaadi" to realize his dreams even before he is an adult.

Sales promotion

The promotion activities are carried out by the agents, development officers and branch officers. Kotak life has promoted this plan by giving calenders dairies bags which they thought should be given as a token of gift along with the plan. Kotak life also conducts, seminars quiz, other contest, games in various malls and play schools. All such activities have increased the volume of saled and has also created a medium of awareness for the children.

Personal selling

As we know that customer is the king kotak gives at most importance to personal selling of this product. moreover kotak life conducts special training session for ita agents who will finally approach the end customers so that they can demonstrate effectively which will enable the endusers i.e childrens to buy the product.

PRICE MIX

The disposable income in the hands of the prospects is found low or almost nil so Kotak has adopted his strategy that is beneficial to the end user and also paves the ways for increasing the insurance business.

The price mix decisions basically depend upon the premium that they are going to charge from the endusers. As in this case the premium charged will be low in the initial stages and will increase with the increasing age of the child. But in case if the child is physically disabled the premium charged will be high. The customers can even avail for loan facility if they opt for higher premium plan. Kotak life gives more importance to pricing strategy because they feel that it is the only means for attracting the customers in true sense.

PLACE MIX

Kotak life has adopted the place strategy in such a way that a gap between the services promised and services offered is bridged over. Kotak agents, brokers, branch office, retail finance service distributors alliances with banks etc. play an important role in delivering their services to policy holders at the right time and at right place. This product is promoted in places like school, colleges and other child zone areas. This product is highly flexible as it is present for children in urban well as rural areas and thereby it facilitates mobility.

KOTAK RETIREMENT INCOME PLAN



The Kotak Retirement Income Plan is a savings plan designed to meet post-retirement needs. It is a plan that gives "Jeene ki azaadi". It gives the choice to remain independent even after retirement. The Kotak Retirement Income Plan is a participating plan. The plan comes in two forms: (i) With Cover (ii) Without Cover.

Age of the person required to attain the plan:

Minimum 18 years.
Maximum 60 years.

Term: 5-30 years.

Age to receive annuity:

Minimum 45 years.

Maximum 65 years.

Intervals at which premium can be paid:

Quarterly, Half Yearly, Annually.

Advantages of this plan:

1. can choose to retire at any age between 45 yrs and 65 yrs.
2. **On Retirement:** may take a lump sum in cash of up to a third of one Basic Sum Assured or Accumulation Account*, whichever is higher; and

the balance of the benefit one are eligible for will be used to buy an annuity of one choice.

3. **Annuity Options:** may buy an annuity either from Kotak Life Insurance (subject to the choice and rates available at that time), or from any other insurer.
4. **Early Retirement Benefits:** may opt to retire early, i.e. at any age before the normal retirement date (subject to the policy being in force for 3 years or on attaining a minimum age of 45 yrs, whichever is later). One can then secure benefits with Accumulation Account, net of an early retirement charge of 5%. If the early retirement is due to ill health, then he/she may retire before attaining the age of 45. One can then secure benefits with full Accumulation Account.
5. **Late Retirement Benefits:** may opt to retire after the retirement date originally selected, and select a new retirement date (subject to a maximum of 65 years). No further premiums will be payable and the death benefit will be equal to the balance in Accumulation Account. (However, all riders will cease at the original retirement date).
6. Can make lump-sum injections into policy at any time before retirement (such **lump-sum injections** during a year may not exceed 25% of the Basic Sum Assured). A Supplementary Accumulation Account will be created for this, and will be paid out in the same manner as other benefits.
7. May exercise the option of paying premiums from the **Supplementary Accumulation Account**, created for "lump-sum injections", if the need arises.

8. For a "With Cover" plan, one have the facility of **Automatic Cover Maintenance**, which ensures that the cover remains in force even when one, misses the premium payments. This facility is available after the first three years of the term.
9. One has the facility of a **15-day free look period**.

PROMOTION MIX

Advertisement

This plan is mostly advertised in newspapers, websites like naukri.com, onthejob.com, broad caste media and television channels like CNBC, India TV, and Star News Etc.

Today there is so much of competition in the life insurance companies that their advertisements should attract the target customers as well as prospects. This plan is offered by almost all the insurance companies so there is need to make difference which is successfully done by Kotak Life.

Publicity

The marketing department of Kotak Life has done a lot of survey among the people of age group 18-60. They have prepared questionnaires to get a view about this plan. They mostly used office premises for putting pamphlets of this plan as well as banners on buses and in all branches of kotak Mahindra Bank.

Sales Promotion

Incentives to the end users for taking the policy play an important role in promoting the insurance business and so Kotak Life has promoted this plan by providing accidental Life policy of Rs 100000 for the first 10 subscribers of this policy .it also gives free gifts to customers and update the

records of the customers birthdays and anniversaries for sending complimentary gifts to them for maintaining long time relationship with them

Telemarketing

Instead of personal selling kotak life finds more convenient to sell their products through Telemarketing. This function is carried out by the branch offices as well as way of call centers with whom they have entered into contract with. Since the premium to be paid in this policy is Rs 11000 annually this is affordable even by the people who come in the low bracket.

PRICE MIX

Price is a critical component of marketing mix. The plan's price mix is comfortable for the future needs of the employee. It allows one to pay the premium on quarterly, half yearly and on annual basis. Moreover the early and late retirement benefits add to the low and convenient price mix advantage of the product. People with all types of income density can be accommodated in this plan.

PLACE MIX

The location of the branches are quite flexible with around 80 branches all over India in its respective metropolitan cities. There is an intensive training programme given to all the employees of the Kotak group to ensure smooth customer relationship and better quality management. The branch managers are particular with office furnishing, civic amenities and facilities, parking, interiors etc. to bring in proper motivation towards work and the organization. Recruitments of staff are done keeping in mind the location, availability and accessibility.

MEDIA CENTRE

Kotak's product 'top' performer

Kotak Life's Platinum Advantage Plan has been ranked as number one amongst the Type II Ulips. The research team at Outlook Money analysed the Type 1 and Type 2 policies.

FOUR NEW PRODUCTS

Kotak Mahindra Life

Kotak Mahindra Old Mutual Life Insurance said on Tuesday that it has recorded a 100-per cent jump in first year premium income at Rs 349 crore during 2005-06 and will infuse Rs 50 crore capital to expand its operations to double the premium income to Rs 700 crore this fiscal.

Kotak Platinum Plan 'top' performing ULIP

Mumbai: Kotak Life's Platinum Advantage Plan has been ranked as number one amongst the Type II Ulips. The research team at Outlook Money analysed the Type 1 and Type 2 policies. The difference between type 1 policy and Type 2 is that the Type 1 just gives the higher of the sum assured or the fund value, making the policy buyer extremely vulnerable to a small corpus in case of an untimely death in the early part of the plan. A type 2 policy gives both the sum assured and the fund value. Comparison of fund performance was done over a period of one year. Kotak Life's Platinum Advantage Plan was the winner in Type 2 ULIP, followed by Met life - Met Smart Premier and ICICI Prudential - Life Stage RP. *BS Reporter*

Customer is king

POST-LIBERALISATION, two clear camps of insurance CEOs have emerged. The first camp comprises the purists who believe that the prime objective of an insurance company is to provide life protection and to ensure that the capital of the insured is safely invested. The second category is those who believe that customers' choice is supreme. Those who subscribe to the theory of letting policyholders' preferences rule are invariably believers in the benefits of investing in equities for long-term gains.

Gaurang Shah, managing director of Kotak Mahindra Old Mutual Life, clearly belongs to the second category. According to Mr Shah, a life insurance company's objective is to build a long-term sustainable business around regular premium income and sustain fund performance in the capital guaranteed segment. Though rising markets are ensuring steady stream of new businesses through unit-linked investment plans, Mr Shah is preparing for the possible downturn in the market. He has been among those lobbying with the regulator for the introduction of derivatives to hedge against risks in the equity markets.

Part of the reason for Mr Shah's orientation towards equity could be due to his decade-long association with the Kotak group which has strong linkages with the capital market.



Like his predecessor, Shivaji Dam, Mr Shah is a chartered accountant and a cost and works accountant. He has also done his company secretaryship from the Institute of Company Secretaries of India. Mr Shah, who began his career with

Garden Silk Mills, joined the Kotak Mahindra Group in July 1996 as chief operating officer of Kotak Mahindra Primus — the joint venture between Kotak Mahindra Finance and Ford Credit International. In October 1999, he was elevated to the position of executive director and chief executive officer of Kotak Mahindra Primus. Before joining the life insurance company, he was with Kotak Mahindra Bank as head of retail assets.

On the face of it Kotak Life has failed to tap the market for its potential, considering that it has lost marketshare to private rivals. But this is because the promoters have been reluctant to burn money in the manner other private insurers have been spending on expanding their distribution network. Mr Shah's focus has been on the asset management side, introducing innovative schemes. The latest is a life insurance scheme that incorporates some of the features of a portfolio management scheme. The scheme gives the insured an option to authorise the fund manager to shift between asset classes to generate an optimum return and reduce downside risks.

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