



PURCHASE OF UNIT LINKED LIFE INSURANCE POLICIES: ROLE OF AGENTS RELATIONSHIP – SELLING BEHAVIOR

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ABSTARCT

Unit-linked life insurance policies are gaining popularity due to their combined investment and insurance benefits. Agents play a pivotal role in selling these policies by employing relationship selling strategies to build enduring bonds with customers. This approach involves understanding client needs, offering personalized guidance, and fostering trust and loyalty. Effective relationship selling enhances agents' ability to explain policy features, address concerns, and support clients throughout the policy term, thereby boosting customer satisfaction and retention. Success in selling unit-linked policies hinges on factors like client demographics, regulatory landscapes, market dynamics, and agent expertise. This study explores how relationship selling impacts policy acquisition, retention, and overall business performance in the unit-linked insurance market, providing insights into effective customer interaction and sales techniques. In recent times, unit-linked life insurance policies have become increasingly popular because of their distinctive investment and insurance features. These policies combine the advantages of having life insurance with the chance to participate in financial markets. Agents play a crucial role in the selling process since they serve as a middleman between policyholders insurance.

Keywords: unit-linked life insurance, relationship selling, agents, customer loyalty, personalized guidance, trust, policy features, customer satisfaction, retention, market dynamics, regulatory environment, client demographics, sales techniques, business performance.

INTRODUCTION

Relationship selling is a critical component of an agent's performance when it comes to selling unit-linked life insurance products. The term "relationship selling" describes the calculated strategy used by agents to establish and preserve enduring bonds with both current and prospective policyholders. This conduct includes a range of methods and strategies meant to comprehend the requirements and inclinations of customers, offer tailored guidance, and develop a sense of loyalty and confidence.

In the case of unit-linked life insurance, policyholder decisions are significantly influenced by the manner in which agents carry out their relationship marketing. By establishing rapport and credibility, agents can effectively explain the features and benefits of these products, address concerns, and help customers make wise financial decisions. The ability of agents to offer ongoing support and assistance during the term of the policy can further increase customer satisfaction.

However, when it comes to selling unit-linked life insurance policies, a number of factors, including client demographics, regulatory environments, market dynamics, agent training and experience, and regulatory environments, influence how successful agents' relationship selling conduct is. Understanding these components is essential for insurance companies and agents who want to maximize customer value and sales techniques.

This issue examines the role that relationship selling by agents plays in the acquisition of unit-linked life insurance policies in this setting, as well as the effects that this behavior has on client acquisition, retention, and overall business performance. This study intends to shed light on the tactics and difficulties of relationship selling in the insurance business and offer suggestions for how agents can interact with customers and achieve success in the unit-linked life insurance market.

REVIEW OF LITERATURE

Anant Gupta

ULIPs were misrepresented as investment products intended for regulatory arbitrage rather than as insurance products, and in September 2010, the Indian life insurance business underwent a number of regulatory adjustments. Ultimately, the IRDA decided to crack down on this practice. A cap on ULIP charges was imposed, the lock-in period was extended from three to five years, commissions were drastically reduced, and the mortality risk cover was increased to ten times the yearly premium, increasing the insurance content and decreasing the investment content. Contrary to popular belief, consumer action is not as responsible for these developments as the much-publicized competition between IRDA and capital market regulator SEBI. In the last half of the 2010–11 financial year (October 2010–March 2011), life insurers saw a 21% decrease in new business premiums compared to the prior financial year 2009–10. The decrease in ULIP fund management charges has also negatively impacted their operating profit margins. This paper's objectives are to analyse the performance and sustainability of the newly adopted universal life insurance products (ULIPs) by India's top 10 life insurance firms in the near future, as well as to closely examine the mortality and investment content of these products under the new law. The primary goals of the study are to determine whether the current ULIP qualifies as an insurance product or is still primarily an investment product in spite of regulatory changes, if agents are willing to sell them at such low commissions, and—above all—whether consumers' interest and confidence can be restored following years of ULIP misrepresentation.

Santosh Anagol, Shawn Cole and shayak Sarkar

To assess the caliber of guidance given by life insurance agents in India, we carry out a number of field tests. Most agents suggest inappropriate, highly dominated items that give them large commissions. Agents accommodate ignorant customers' notions, even when they are incorrect. Additionally, we discover that agents seem to be focused on increasing the amount of premiums (and thus their fees) instead of concentrating on the amount of insurance coverage that consumers require, that consumers pay. In a natural experiment when commission disclosure for a particular product is required, agents offer high-commission but nondisclosure alternative items. The extent to which agents' insufficient product knowledge and commission incentives are reflected in their bad advice is shown by a follow-up agent survey.

Eun young Baek and Sharon A. Devaney

This study created a life insurance buying model that took risk, bequest motives, and human capital into account. Because term and cash value life insurance have different characteristics, the study looked at how these theoretical notions affected each type of life insurance individually. Because buying life insurance requires making two decisions—deciding whether to get life insurance and how much the policy will cost—a double hurdle model was employed for the data analysis.

Based on the findings, this study makes three contributions:

- 1) applying the three theories to the purchase of life insurance
- 2) analysing term life insurance and cash value life insurance separately
- 3) endorsing the application of the double hurdle model to investigate the two choices associated with purchasing life insurance.

Thorsten Beck and Ian Webb

Over the course of the last 40 years, life insurance has grown in significance within the financial industry, offering a variety of financial services to customers and emerging as a significant source of capital market investment. It's still unclear, though, what causes the significant national difference in life insurance use. This article uses a panel with data aggregated at different frequencies for 68 economies in 1961-2000 and finds that the most reliable predictors of life insurance use are institutional and religious indicators along with economic indicators like inflation, income per capita, and the development of the banking sector. There doesn't seem to be a strong correlation between the size of the social security system, education, life expectancy, and the young dependence ratio and the use of life insurance. The outcomes emphasize how crucial regarding price stability and the growth of the banking industry in completely achieving the investment and savings roles of life insurance in an economy.

RESEARCH METHODOLOGY

RESEARCH GAP

To bridge the knowledge gap about how personal relationships affect financial decisions, studies on the effect of agents' relationship-selling practices in the acquisition of unit-linked life insurance policies may prove beneficial. It may be possible to get insight into consumer behaviour and improve company processes by investigating how agents establish rapport, give information, and foster trust when promoting these policies.

NEED OF STUDY

It is important to research the acquisition of unit-linked life insurance policies as well as the involvement of agents in relationship selling for a number of reasons. First off, it makes it easier for insurance businesses to comprehend the behaviour and preferences of their customers, which helps them efficiently customize their goods and services. Second, it makes it possible to pinpoint successful sales tactics and ways to coach representatives so they can provide superior customer service. Finally, it fosters openness, confidence, and client happiness, all of which advance the insurance sector as a whole.

PURPOSE OF STUDY

Both academic research and industry practice benefit greatly from an examination of the purchase of unit-linked life insurance policies and the part played by agents' relationship selling practices. In the insurance sector, it can aid in a better understanding of market dynamics, risk management, consumer behaviour, agent efficacy, and regulatory compliance.

PROBLEM STATEMENT

Relationship sales representatives have a difficult time when it comes to unit-linked life insurance policy purchases. Keeping ethical standards, comprehending and satisfying the various needs of clients, assuring transparency, and skill fully conveying the intricacies of the rules are a few examples of these obstacles. In order to maximize client happiness, agent efficacy, and overall policy success, these issues must be resolved.

OBJECTIVE OF THE STUDY

1. To analyse how the actions of agents influence the acquisition of policies.
2. To measure relationship-based selling's efficacy in the insurance sector and client happiness with agent interactions.

RESEARCH DESIGN

It takes a thoroughly thought-out research design to examine how agents' relationship-selling practices affect consumers' decisions to buy unit-linked life insurance plans. It should contain things like identifying the population and sample size, choosing suitable data gathering methods such as surveys and interviews, describing the important variables, and applying statistical tools to analyse the data. The study's breadth and applicability can also be improved by taking into account elements like agent training, consumer preferences, and market developments.

Methods of collecting data

Primary Data : Primary data is gathered through surveys, interviews and case study observations. Here the survey conducted by questionnaire to gather opinions and insights from the customers regarding life insurance policies.

Secondary Data : On the other hand secondary data refers to information that has already been collected by someone else for a different purpose. It come from sources like books, articles, reports or online database.

Population : 80

Sample size : 40

Sample unit : Medchal.

Questionnaire :

A well-structured questionnaire with clear questions were used for the data collection. Multiple choice questions are used for findings.

Tools Used : Google forms, charts, bar graphs and chi square test.

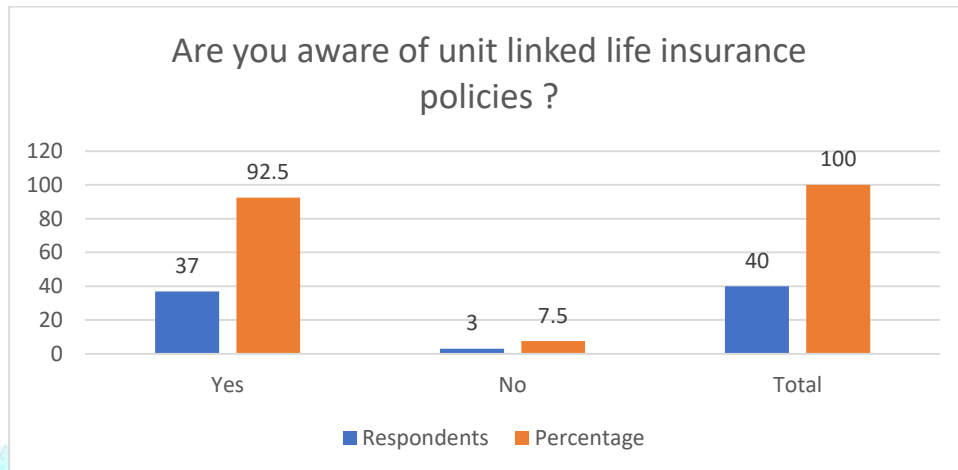
HYPOTHESIS

H0: There is no significant relationship between actions of agents influence the buying behaviour of customers while purchasing the unit linked life insurance policies.

H1: There is a significant relationship between actions of agents influence the buying behaviour of customers while purchasing the unit linked life insurance policies.

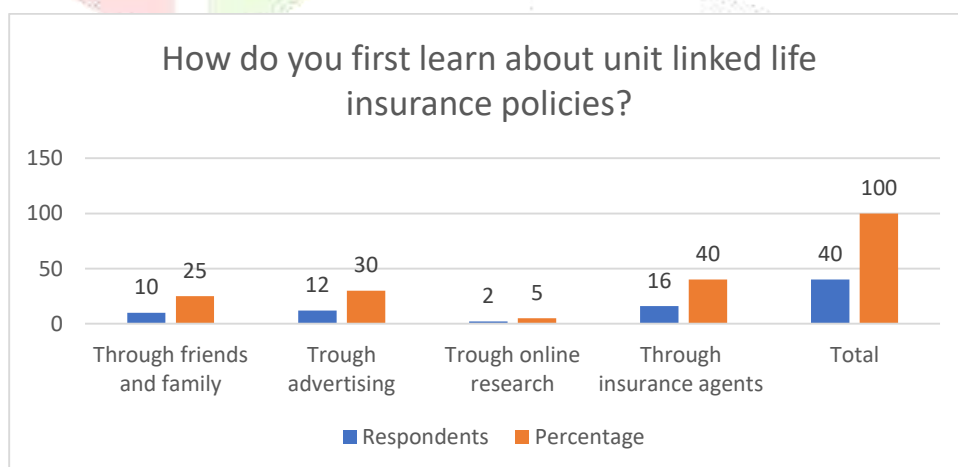
DATA ANALYSIS

Are you aware of unit linked life insurance policies ?	Yes	No	Total
Respondents	37	3	40
Percentage	92.5	7.5	100



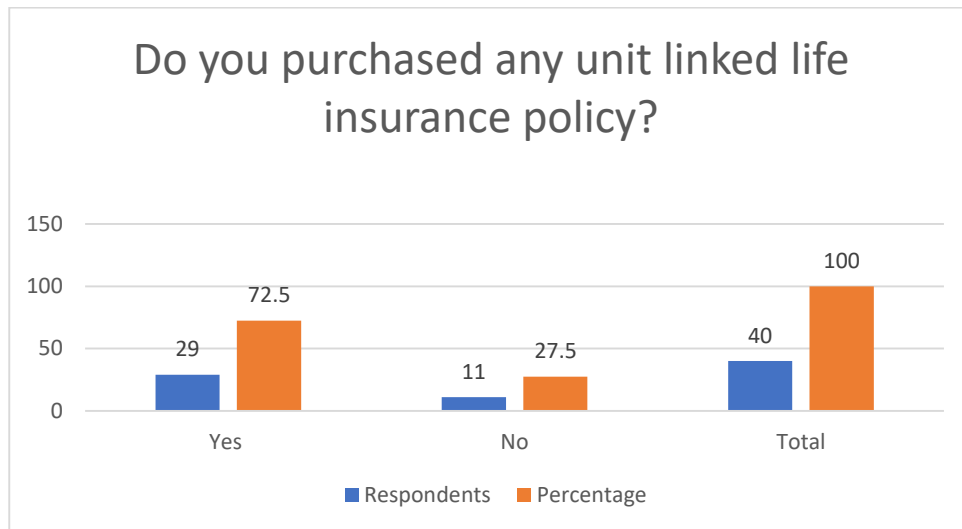
Interpretation: 92.5% of respondents are aware of the unit linked life insurance policies, where as 3% of respondents are not aware about the unit linked life insurance policies.

How do you first learn about unit linked life insurance policies?	Through friends and family	Through advertising	Trough online research	Through insurance agents	Total
Respondents	10	12	2	16	40
Percentage	25	30	5	40	100



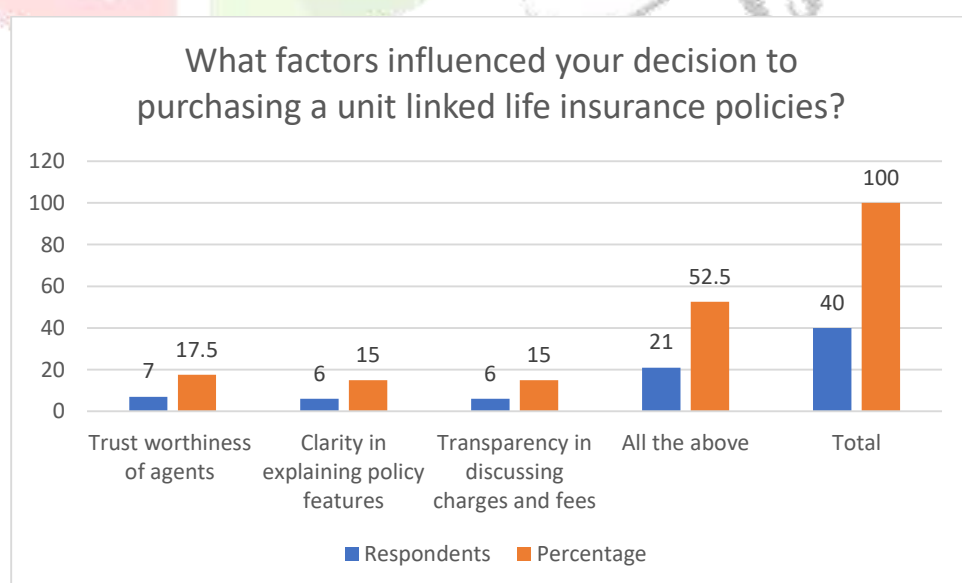
Interpretation : 40% of respondents are first learn about unit linked life insurance policies through insurance agents, rest are from through advertising 30%, through family and friends 25% and through online research 5%

Do you purchased any unit linked life insurance policy?	Yes	No	Total
Respondents	29	11	40
Percentage	72.5	27.5	100



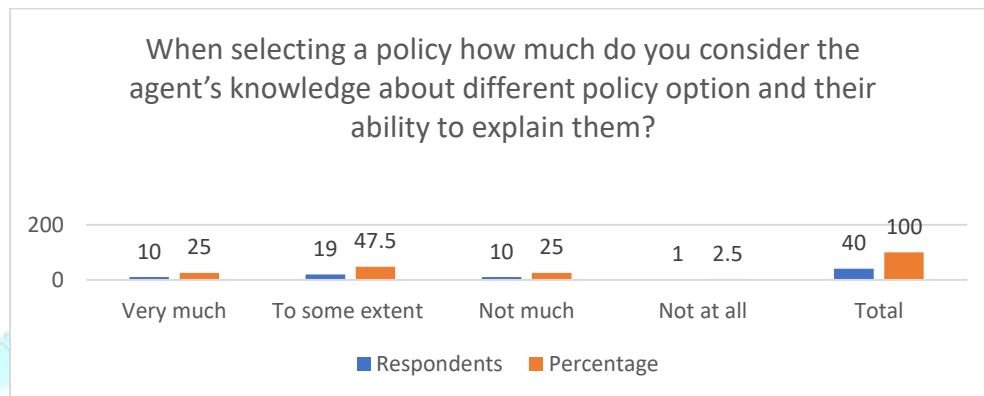
Interpretation : 72.5% of respondents are purchased Unit linked life insurance policy and rest 27.5% are not purchased.

What factors influenced your decision to purchasing a unit linked life insurance policies	Trust worthiness of agents	Clarity in explaining policy features	Transparency in discussing charges and fees	All the above	Total
Respondents	7	6	6	21	40
Percentage	17.5	15	15	52.5	100



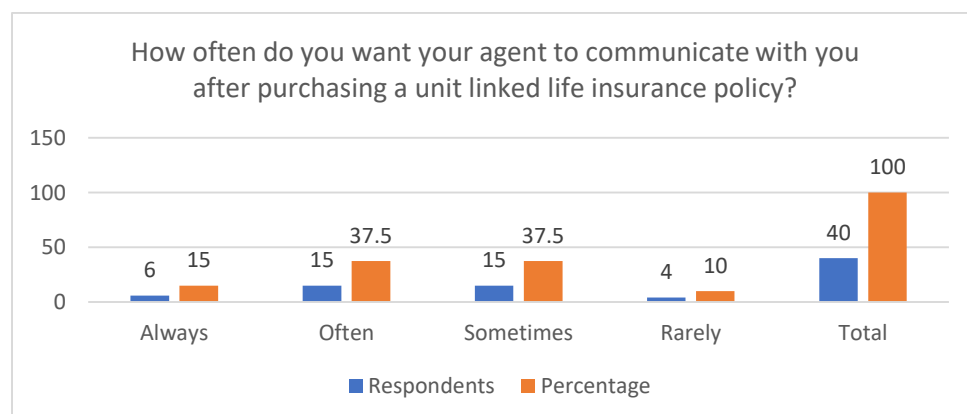
Interpretation : 52.5% respondents are influenced by all the mentioned factors, rest are influenced by trust worthiness 17.5%, clarity in explaining policy features 15% and transparency in discussing charges and fees 15%

When selecting a policy how much do you consider the agent's knowledge about different policy option and their ability to explain them	Very much	To some extent	Not much	Not at all	Total
Respondents	10	19	10	1	40
Percentage	25	47.5	25	2.5	100



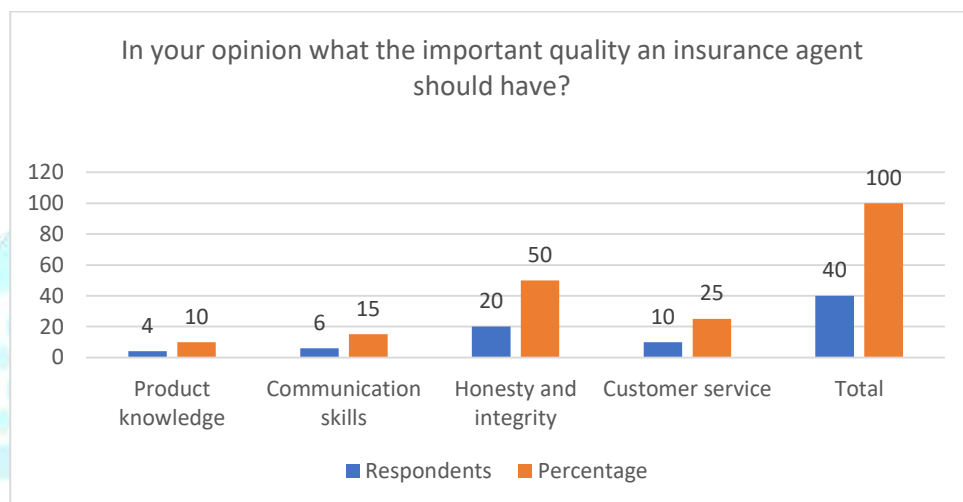
Interpretation: 47.5% respondents are consider agents knowledge to some extent, rest of respondents consider very much 25% , not much 25% and not at all 2.5%

How often do you want your agent to communicate with you after purchasing a unit linked life insurance policy?	Always	Often	Sometimes	Rarely	Total
Respondents	6	15	15	4	40
Percentage	15	37.5	37.5	10	100



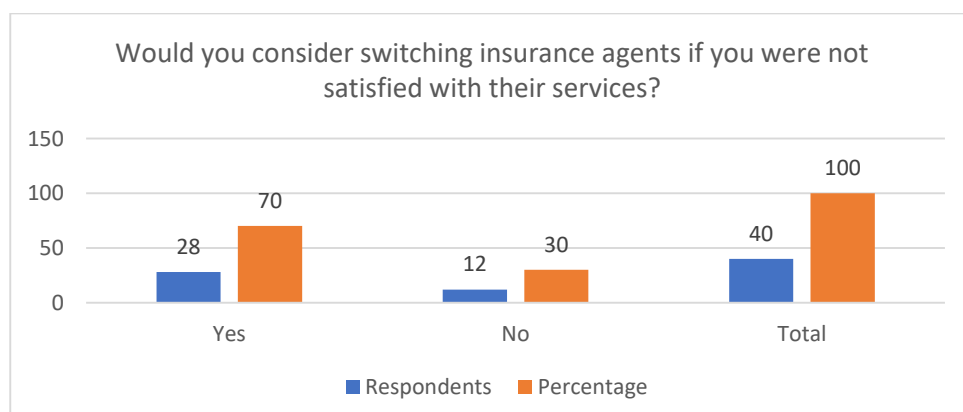
Interpretation : 37.5% of respondents are likely to communicate sometimes and often with their insurance agents and rest of respondents are likely to communicate always 15% and rarely 10%

In your opinion what the important quality an insurance agent should have?	Product knowledge	Communication skills	Honesty and integrity	Customer service	Total
Respondents	4	6	20	10	40
Percentage	10	15	50	25	100



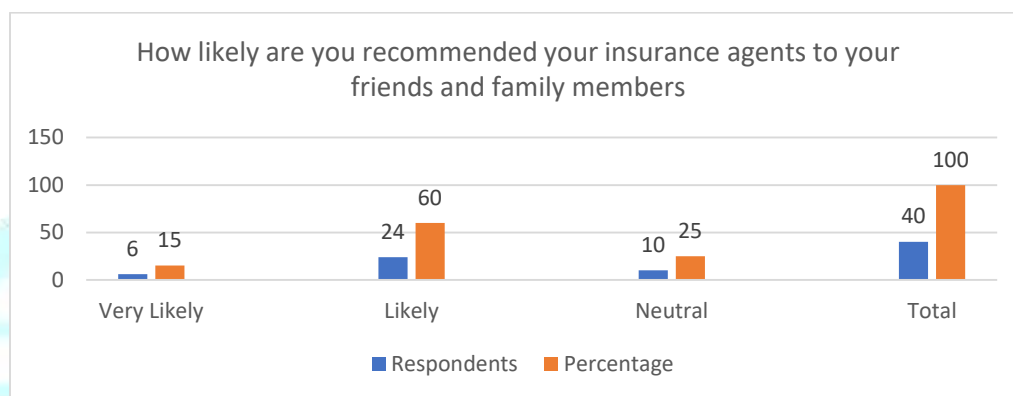
Interpretation : 50% of respondents feels that Honesty and integrity is the important quality that an insurance agent should have, rest of the respondents feels that customer service 25%, communication skills 15%, and product knowledge 10%

Would you consider switching insurance agents if you were not satisfied with their services?	Yes	No	Total
Respondents	28	12	40
Percentage	70	30	100



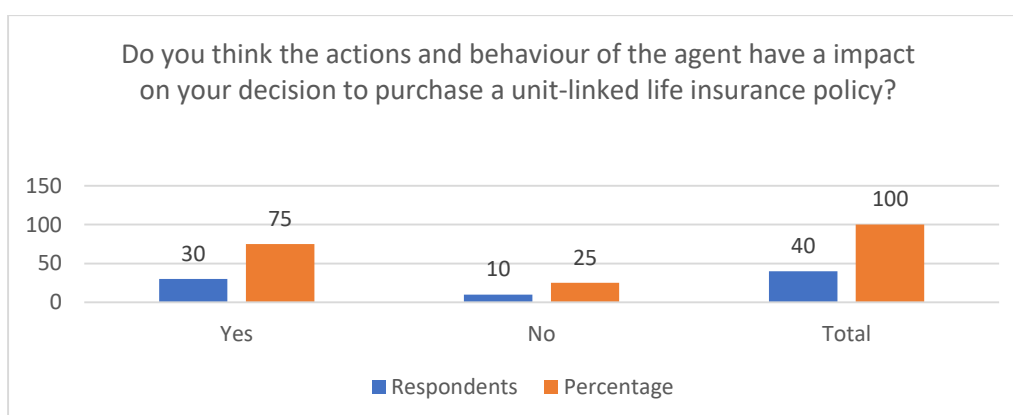
Interpretation: 70% of respondents are likely to switch the agents if they are not satisfied with their services and rest of 30% respondents are not likely to switch their agents.

How likely are you recommended your insurance agents to your friends and family members	Very Likely	Likely	Neutral	Total
Respondents	6	24	10	40
Percentage	15	60	25	100



Interpretation : 60% of respondents are likely to recommend their insurance agents to their family and friends , rest of respondents neutral are 25% and very likely 15%

Do you think the actions and behaviour of the agent have a impact on your decision to purchase a unit-linked life insurance policy?	Yes	No	Total
Respondents	30	10	40
Percentage	75	25	100



Interpretation : 75% of respondents are agreed that agents actions are behaviour will influence the purchasing of insurance policies and 25% respondents are not agreed.

STATISTICAL TOOLS FOR ANALYSIS

H0: There is no significant relationship between actions of agents influence the buying behaviour of customers while purchasing the unit linked life insurance policies.

H1: There is a significant relationship between actions of agents influence the buying behaviour of customers while purchasing the unit linked life insurance policies.

	Yes	No	Marginal Rows Totals
Male	20 (16.50) [0.74]	2 (5.50) [2.23]	22
Female	10 (13.50) [0.91]	8 (4.50) [2.72]	18
Marginal columns totals	30	10	40 (Grand total)

The chi-square statistic is 6.5993. The p-value is .010202. The result is significant at $p < .05$.

Since p value is less than 0.05, H0 Rejected and Accepted H1. So, there is a significant relationship between actions of agents influence the buying behaviour of customers while purchasing the unit linked life insurance policies.

Results						
	yes	no				Row Totals
<20 years	3 (3.75) [0.15]	2 (1.25) [0.45]				5
20-35 years	26 (24.00) [0.17]	6 (8.00) [0.50]				32
> 35 years	1 (2.25) [0.69]	2 (0.75) [2.08]				3
Column Totals	30	10				40 (Grand Total)

The chi-square statistic is 4.0444. The p-value is .132361. The result is not significant at $p < .05$.

FINDINGS

The total respondents are 40 out of which male are 55% and female are 45%.

Majority of the respondents followed in range between 21 to 35 with 80%

The most of the respondents are from PG of 72.5%, rest of respondents are from UG 17.5 and others 10%.

It is observed that 27.5 of the respondents are married and remaining 72.5 are unmarried.

20% respondents income is below 200000. Next 16% of respondents income is 200000 to 400000 and 10% respondent income is above 400000.

92.5% of respondents are aware of the unit linked life insurance policies, where as 3% of respondents are not aware about the unit linked life insurance policies.

40% of respondents are first learn about unit linked life insurance policies through insurance agents, rest are from through advertising 30%, through family and friends 25% and through online research 5%

72.5% of respondents are purchased Unit linked life insurance policy and rest 27.5% are not purchased.

52.5% respondents are influenced by all the mentioned factors, rest are influenced by trust worthiness 17.5%, clarity in explaining policy features 15% and transparency in discussing charges and fees 15%

47.5% respondents are consider agents knowledge to some extent, rest of respondents consider very much 25% , not much 25% and not at all 2.5%

SUGGESTIONS

An agent's comprehension of their clients' risk tolerance and financial objectives should come first. Because of this, they are able to customise their advice to meet each client's goals, be they for risk management, retirement planning, or asset growth.

Policies that are tied to units can be complex instruments with a range of charges and investment alternatives. All elements of the policy, including fees, investing techniques, and any hazards, should be openly explained by agents. Giving clients education gives them the ability to make wise judgements.

In the insurance business, trust is essential. In every encounter with a client, agents should exhibit knowledge, integrity, and honesty. Establishing enduring bonds based on trust promotes referrals and increases client loyalty.

Policyholders should receive updates from agents on a regular basis about the performance of their policies, market trends, and any modifications to the insurance industry. This proactive strategy shows dedication and encourages collaboration.

Agents may stand out from rivals by offering great customer service. The agent-client relationship is strengthened and satisfaction is increased when issues are promptly resolved, concerns are addressed, and the agent is made available when needed.

In addition to selling insurance, agents might provide other services like instructional seminars, workshops on financial planning, or recurring policy reviews to make sure the policy still fits the client's objectives and situation.

CONCLUSION

The study on Purchase of Unit Linked Life Insurance Policies : Role of Agents relationship _ selling behaviour states that there is a significant relationship between actions of agents influence the buying behaviour of customers while purchasing the unit linked life insurance policies.

In the sale of unit-linked life insurance plans, agents play a crucial role. Customers' decisions are greatly influenced by their ability to create relationships as well as their sales approach. Agents can become more successful in pitching these plans if they comprehend their clients' needs, offer customised solutions, and build trust. Strong agent-client relationships are also necessary for long-term satisfaction and loyalty, and they require constant support and communication.

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