

## **Examining of Life Insurance Improvement and Marketing: A Case Study in Iranian Insurance Industry**

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**Abstract:** *Among different insurance fields, life insurances are highly important since they directly address their covers to the mankind, both as the family financial support after the death of the head of household and also as saving. Despite its many benefits, this kind of policy has not improved and developed yet. Undoubtedly; marketing factors are very effective in selling of these policies. In the present study, 4c Model has been applied for identification of suitable marketing criteria. The statistical community is staff of insurance companies in Iran Province which among them, 181 persons were selected as statistical sample. After determining the factors affecting the life insurance sales and marketing based on the model, Structural Equations Model was used for the analysis of the assumptions. According to the fitted measurement models, and based on the observed variables and hidden variables, research hypotheses were examined and determined that at 0/05 level, cost to the costumer and communication have significant impact on life insurance sales.*

**Keywords:** *Life Insurance, Marketing, Marketing Mix, 4c Model, Insurance.*

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### **1. INTRODUCTION**

Insurance is a service to collect the savings of the people and provide risk cover for them. Insurance covers concerns and problems caused due to damage of property and mortality. Insurance also provides funds for the society that can be invested in the beneficial sectors. Insurance is subset of servicing units which quality and customer satisfaction should be noticed in. while marketing services people should think about innovative measures of selling development. Several factors affect the insurance industry and its growth that the study and comprehensive knowledge about them and Action in the field of eliminating or controlling the negative effects of either can develop this potential market, particularly in life insurance sector has a great influence. Life insurance is the most important branches of insurance entities. Legally life insurance is a contract whereby the insurer undertakes in exchange for a premium that the insured in case of death or survival, the insured or a third party designated is paid a certain amount (capital or annuity) technically; a life insurance is an obligation of the insurance operations that it is the human lifespan (Asfydany, 2011).

Development in this area can play an important role in the functioning and organizing of insurance companies, as well as improving economic situation of the country. The absence of a strong educational system and according to the need of marketing in the sale of life insurance is one of the obstacles to the development of this type of insurance (Riahifar, 2007). One of the factors that have caused the insurance industry to achieve an appropriate level of insurance services is difficult, inefficient sales network, stunted growth failure, and sales network is the presence in the insurance market. Because life insurance is one of the indicators of social well-being of any society in each society that life insurance has growth, the economy is improved and With regard to non-life insurance market development in the country, use mix modeling marketing to identify appropriate marketing strategy to life insurance.

## 2. A REVIEW TO PRIOR RESEARCH

Importance of life insurance is the most important fields of insurance, in addition to the economic, social and psychological aspects of the research in this field has been done.

Lagon (1999), Showed that the impact of marketing in customer satisfaction element affecting the quality of the first priority, followed by the price, promotion and distribution of the next rank in customer satisfaction level. Esmi (1999), the marketing is formed. by decisions about product, price, promotion and distribution .These are the most important parts of marketing management to achieve sales goals and profit, the company's resources are allocated to them. James Calins (2006) in a study to identify and prioritize the most effective aspects of cultural life insurance sales in various countries. Rezaadeh barfuyi and Rezaian (2007) The research aims is to provide the optimal model of marketing services to increase the purchase of life insurance policies and savings assumptions based on p8 hybrid model. Taghizadeh (2007): provided an optimal model of integrated management services in order to increase the purchase of life insurance policies and savings payments and proved that elements like price, product and promotion and customer training is most effective elements and the physical evidence is less effective.

Li (2008), in a survey found that the young people could have more demand for life insurance. But although older people have lower incomes because they have more assets may be less need to buy life insurance. Tajik (2009): In a study to investigate the factors influencing performance in promoting life insurance in the country. Life insurance can be helpful for government's poverty alleviation and the fight against poverty and the problems caused by the death of the breadwinner of the family and adding Supplementary health insurance under certain conditions and limited to all life insurance policies in order to increase the attractiveness of buying this type of insurance. Kapfer (2010), in a study found buying life insurance on the unemployed, housewives, people are educated and that with lower incomes is less.

Mi chon so & Paw long Chan (2010), have done the life insurance industry as a strategic distribution channels in Taiwan, The analysis and development of production patterns 24 Life Insurance Company in Taiwan and also compare the direct and indirect distribution channels life insurance has. The results of this study indicate that insurance companies with regard to the cost of the indirect distribution mechanism towards using direct distribution system have changed strategy. So that through the development and sale of insurance agents and agencies and also to reduce costs and lead to the develop their business. Keikanlo (2011):A study to examine the role of public relations in increased sales of life insurance do And factors affecting publishing, communications and opinion surveys, planning and research, reputation to the test That all components of sales are significant components of which were published in the first category. Taleghani (2011): To examine the relationship between marketing elements (7p) and the propensity to buy life insurance policies from the perspective of customer Based on this research, focus on pricing, promotion and education, productivity and quality of insurance services among the most important factors that must be considered life insurance development programs. Kelishmi (2011): Factor analysis of economic, social and psychological impact on the demand for life insurance in Iran Demand for life insurance expect a negative correlation with health variables, premium payments, positive inflation expectations, the degree of risk aversion, individual assessment of their mental health and income. According variables, inheritance, economic optimism, the belief that the national economic recovery in the future, age, employment and the amount of people on the demand for life insurance has a positive impact.

Mahdavi & Bakhshi (2011):Research on the demand for life insurance as a result of risk aversion, using dummy variables logistics and risk aversion due to criteria such as level of education, age, gender, household income and wealth on the demand for life insurance were examined And concluded that risk aversion by age, gender and employment showed no significant effect on the demand for but risk aversion by factors such as education, health, and worrying about the future level premium life insurance has a meaningful effect on demand life insurance in Iran .Moradi (2011): In a study to identify and rank the marketing mix variables using 4p and 4c paid life insurance And the parameters 4p of the product in the first priority and then order distribution, promotion and price and the indicators c4 the customer relationship as a priority, and then order the buyer's expense, comfort and convenience in shopping and customer values are friendly.

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Basari (2011): The study examined factors influencing the purchase of life insurance, in this study the possibility of buying a life insurance among women than men Health, people tend to buy life insurance is a significant negative relationship. However, variable life insurance supervision and recognition tend to buy life insurance had a positive effect. Khalil (2011), in a study showed the effectiveness of life insurance sales ,That means customer-oriented sales, consulting, partnership, association, adaptive, cross-system and the effectiveness of the measures had a significant positive correlation. But the sales transaction does not significantly associated with the index. Abbasi and derakhshide (2012), the study of factors affecting the demand for life insurance in Iran in the years 1979-2009 Survey and factors affecting the demand is a function of income, savings rate, inflation rate and the rate of literacy is considered And to estimate the econometric model by taking MLP advantage .The results showed that per capita income and savings rates are significantly positively related to the demand for life insurance. Sinha (2013), a research on the measurement of quality of service: the prospect of life insurance, using factor analysis of five factors, are useful for quality life insurance Honesty and timely service, courtesy, customer orientation, flexibility and services are tangible.

### 3. THE CONCEPTUAL MODEL

In this research, 4c model seeks to regulate the marketing programs from the perspective of customers and four Customer Solution values, customer cost, convenience and comfort clients are to communicate with customers to consider the purchase.

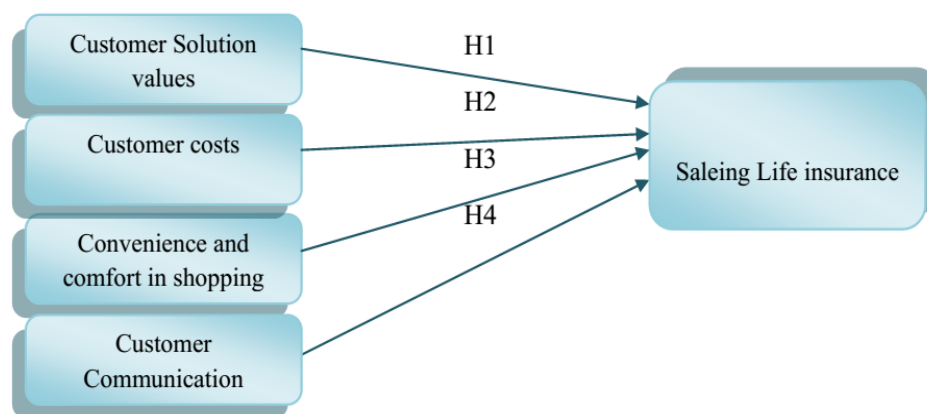


Figure1-3. The conceptual model

### 4. THE OBJECTIVES OF THE STUDY

The overall goal of the study: of improving and marketing of life insurance in Iran province.

The main objective of the study: The effect on the development of integrated marketing and sales of life insurance. Secondary objectives of the study:

- Evaluation of the impact of Customer Solution values element of life insurance sales
- Evaluate the impact on selling life insurance component of consumer spending
- The effect of the comforts and conveniences element in the purchase of life insurance sales
- The effect element of Customer Communication life insurance sales the research hypothesis

### 5. RESEARCH HYPOTHESIS

The main hypothesis of the study: the marketing mix has a significant effect on the sale of life insurance.

Hypothesis 1: The value of Customer Solution values sales of life insurance has a significant effect.

Hypothesis 2: Consumer spending has a significant effect on the sale of life insurance.

Hypothesis 3: comfort and convenience on the sale of life insurance has a significant effect.

Hypothesis 4: the Customer Communication has a significant effect on the sale of life insurance.

## 6. THEORETICAL RESEARCH

### 6.1. Life Insurance

Life insurance subsidiaries are party insurance Life insurance or life insurance contract whereby the insurer in exchange for a premium, undertakes. That in case of death of the insured or the insured's survival in the time specified in the contract, funds designated to the insured, the insured or the address given by him (Seyedin, 2012). Individual life insurance types can be divided into the following types: 1. Provide life insurance death 2. Life insurance as a condition of life 3. Mixed life insurance (Aubrey, 2008)

### 6.2. Insurance Marketing

Term insurance marketing and customer marketing insurance services with the aim of creating profit through customer satisfaction point's .The regulation of insurance marketing ideas for businesses focused insurance .So as to grow the insurance.

### 6.3. Insurance Marketing Mix

A series of marketing activities that organizations with an aim to best meet the needs of the market . Insurance business deals with sales, so it is necessary for the formation of the marketing.

### 6.4. 4c Model

The model was developed in the 1990s by Robert Lvtrbvrvn , considered marketing of perspective buyers In this model, four variables value, Customer Solution, cost consumers, comfort and convenience in shopping, customer Communication in the form of four words that begin with the letter c placed on programs and marketing activities.

#### 6.4.1. Values, Customer Solution

Companies must produce and deliver products and services that customers do not need to have the ability to produce products and services such as customized products or services, more and better services.

#### 6.4.2. Customer Costs

The customer pays money in exchange for goods or services. The company provides for income and expense for the customer. For this purpose must take three steps: 1. Lower product prices lower total cost of customer 2. Despite higher prices than competitors by offering additional services, particularly fast. 3. Provide assistance and advice to clients in order to reduce costs Search for the goods or service, fast delivery of goods or service and the possibility of ordering a product or service in different ways

#### 6.4.3. Convenience and Comfort in Shopping

Buying easily is included physical or virtual location features, Ease of access, time for shopping, opening hours, searching for product or service, fast delivery of goods or service and the possibility of ordering a product or service in different ways.

#### 6.4.4. Customer Communication

4c model and customer interaction are not only receiving information from the company. And now established a long term relationship in order to satisfy their own needs.

## 7. RESEARCH METHODOLOGY

According to the study is aimed at applied research but also research in classified research on how to collect the data (study design) is a descriptive Which describes the characteristics of the sample and then extend these features to the population studied. This is a survey research. The study of the way the questionnaire will be used.

### 7.1. The Population, the Sampling and Sample

According to objective research and research branches and agencies active population in the province of Iran private insurance companies that operate in the field of life insurance and savings. In this study, because access to every member of society is so simple random sampling method we use. To set a sample size of about (1-3) is used:

$$n = \frac{Z_{\alpha/2}^2 p(1-p)}{e^2} \quad (1-3)$$

So, at 95% and 0/073 error, sample size is equal to 181.

**8. DATA COLLECTION TOOLS**

In this study, a questionnaire composed initially raised questions about respondents' demographic information and in the second part of the question with respect to the objectives and research questions and hypotheses, based on the Likert scale was 5 option.

**8.1. Validity and Reliability Study**

*8.1.1. Validity or Reliability Study*

In the present questionnaire study, factors are representative of the marketing based on life insurance sales model .Based on previous research in this area which were developed and investigated the matter and surrendered to the professors and advisors. Finally the necessary reforms are carried out has been measured according to validity through the content.

*8.1.2. Validity and Reliability Study*

In this study, the Cronbach's alpha was used for reliability testing In order to avoid the risk of failure of the questionnaire, although the questionnaire was prepared on the basis of standard questionnaires. Therefore, a pilot phase was conducted with 30 individuals to test and examine questions. Cronbach's alpha were coefficient for the first of an initial sample of 30 individuals

Preliminary analysis using sample data through statistical software Spss, was calculated for the whole questionnaire. The coefficient obtained 0/782 which is due to the higher numbers of 0.7 usually picking appropriate questionnaire so reliability can be confirmed. Cronbach's alpha coefficients for the sections of the questionnaire were measured and noted that all Cronbach's alpha values greater than 0.7 indicate that is the desirability of the questionnaire skins.

**8.2. Variables**

The dependent variable in this research is the development of life insurance sales and the dependent variable. Independent variables: 4c model of marketing variables are independent, except as follows: The value of a customer-friendly, cost consumers, comfort and convenience in shopping and customer relationship.

**9. ANALYSIS OF MODEL USING STRUCTURAL MODEL IN**

**9.1. Validity Structural Variables**

Before examining the validity of structural variables, we must ensure that existing data can be (in terms of sample size and factor structure) used as a confirmatory factor analysis .Then, to determine them validity of the instrument variables technique confirmatory factor analysis for each of the variables used by the software LISREL. The results showed that for all variables KMO index is greater than 0.6 and is a significant level of Bartlett test and Bartlett's test at a significance level of less than 0/05. Therefore, confidently the data collected to assess the validity of the instruments by carrying out confirmatory factor analysis variables is quite good. The results of confirmatory factor analysis were analyzed by LISREL software for all variables questions and questions have reported significant factor loadings, and confirmatory factor analysis to variables with factor loadings greater than 1/96 and they were determined.

**9.2. Analysis of the Structural Model Fitness**

Model is measured for each of the variables of the validity of the variables was fitted by maximum likelihood. Results in Table 1-9 reads:

**Table 1-9. Fitness model results**

Index	Acceptable amount	The obtained amount	conclusion
Chi-square test	the less the better fit	1109	Lonely could not be compared
Degrees of freedom	Should not be less than zero	367	acceptable
df/ $\chi^2$	Smaller quantities of 3	3/02	fair
Root Mean Square Error of Approximation	0/1smaller than	0/09	acceptable
Goodness of Fit	Quantities between 90 and 95	0/91	acceptable
Adjusted Goodness of Fit	0/60more than	0/65	acceptable
Normed Fit Index	Quantities between 90 and 95	0/91	acceptable

Considering the indices of fit, fit model improved very well into Data's research

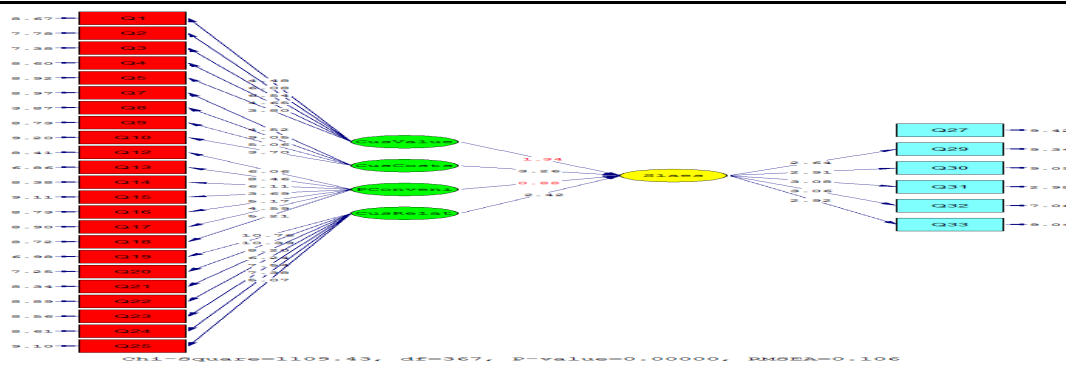


Fig 1-9. Structural model and measurement models (reported significant)

### 9.3. Test Research Hypotheses

In this section, according to the measurement models fitted based on variables observed or inventory items, and structural model of the variables measured according to the models above, research hypotheses were tested. Therefore, taking into account the level of confidence for testing (0/95), reported significant numbers to their path coefficients greater than 1/96 is considered significant and related assumptions and are confirmed. Related assumptions approved in Table 2-9 reads:

Table 2-9. Research hypotheses test results

Hypothesis / relationship	Multiplier effect (standardized)	A significant number	conclusion
Accepted costumers values → life insurance sales	0/13	1/34	Hypothesis failed
Costumers costs → life insurance sales	0/28	3/26	Hypothesis confirmed
Convenient shopping → life insurance sales	0/04	0/34	Hypothesis failed
Relationship with costumer → life insurance sales	0/23	2/42	Hypothesis confirmed

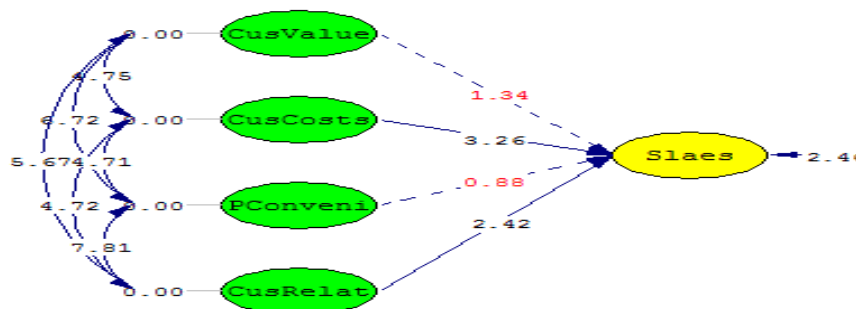
As can be seen the second and fourth hypotheses are confirmed, in the sample, the cost buyers and client relationships with the intent to purchase life insurance, has a significant positive effect.

Finally, structural models and the final study will be accepted after the test research hypotheses, in both standard and report. Significant estimates presented below. While the paths that have not been approved; the models are shown as multipoint line.



Chi-Square=1109.43, df=367, P-value=0.00000, RMSEA=0.106

2-9: Accepted structural model of Research (standard estimate)



Chi-Square=1109.43, df=367, P-value=0.00000, RMSEA=0.106

3-9: Accepted structural model of research (reported significant)

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**10. FRIDMAN TEST RATING**

The results in Table 1-10 rating assumptions in order of preference are:

**Table 1-10.** *The averages rank and prioritize hypotheses*

index	average	priority
Convenience and comfort in shopping	3/23	First
Customer Communication	2/98	Second
Customer costs	2/62	Third
Values, Customer Solution	1/17	Fourth

Among the assumptions in the table above the most important purchase of the purchase easy comfort and convenience is in one of the most requested by our customers As well as increasing sales of life insurance presently, purchasing life insurance by customers with the aim of increasing the comfort and convenience of is purchased. The lowest ranking is the index values of the customer-friendly, this means that customers of these services more easily and comfortably in the benefits and costs of service.

**11. CONCLUSION**

The first hypothesis about the effect of improving customer-friendly on life insurance, according to the results, can be claimed that there is no correlation between the two variables. That is the view of respondents value customer friendly as shorten time to train potential customer to choose, Identify different groups of customers, potential customers advice, offer special guarantees and commitments in a timely manner can not be increased sales of life insurance.

The second hypothesis is based on the cost buyers about the impact of the increased sales of life insurance, according to the results, between two variables could be argued that there is a significant positive effect. That is the view of the respondents to pay the costs with special discounts, installment sales, Special sales events and determine awards for high amounts can cause an increase in sales of life insurance the group presented the Special Offers and flexibilities in premium payment to have greater impact.

The third hypothesis is about the effect of the comforts and conveniences of shopping on increasing of life insurance sales. According to the results, Can be argued that there is no relationship between the two variables .That is the view of respondents, including the establishment of the comforts and conveniences of shopping stalls selling at public sites, the development of office automation, and reduces paperwork, increase the number of branches, telephone and Internet sales and can increase sales of life insurance education programs.

The fourth hypothesis is about the effect of customer relationships to increase sales life insurance. According to the results, between two variables could be argued that there is a significant positive effect. That is the views of respondents during the maturity of the customer relationship, such as making calls, provide hotlines, Send message (e), on site information, question and answer sessions, message (phone) and repeated contact can increase life insurance sales. The question and answer sessions bring in and offer special lines provide advice and guidance on the insurance more effective.

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