



## A STUDY ON HOW CBD WILL BE A POTENTIAL CHANNEL IN BRIDGING THE GEOGRAPHICAL BARRIER IN INSURANCE SALE FOR ICICI PRUDENTIAL WITH REFERENCE TO COIMBATORE DISTRICT

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### ABSTRACT

This study called "A study on how CBD will be a potential channel in bridging the geographical barrier in insurance sales for ICICI Prudential life insurance" was conducted in Coimbatore for ICICI Prudential. This research has been done among a partial group of people in Coimbatore with reference to ICICI Prudential life insurance co.ltd., it focuses on ascertaining the awareness and potentiality of the new channel CONSULTANCY BUSINESS DEVELOPMENT in bridging the geographical barrier in insurance sales. The main objective of this research is to study the response of target audience to the CBD channel by estimating what proportion of surveyed target in Coimbatore city expresses keenness to join the scheme.

The other objectives are to analyze the extent of penetration of life insurance and understand the reasons behind choosing life insurance, the extent of awareness about ICICI Prudential life insurance co.ltd., the perception about marketing life insurance and the method of selection of advisors and distribution of life insurance products and also understand the awareness about the potential earnings and rewards of advisors marketing life insurance products. The research study helps the company to formulate strategies for CBD, a potential channel in bridging the geographical barrier in insurance sale for ICICI Prudential. The suggestions and recommendations have been to popularize and promote the CBD channel. So that it can be used effectively to bridge the geographical barrier.

**KEYWORDS:** Insurance, Business, Company, Prudential, Channel.

### INTRODUCTION TO THE STUDY

In the Life Insurance business, the company cannot directly sell the insurance products, for this purpose different channels of distribution been introduced by these companies. Recently a new channel namely CBD; Consultancy Business Development has been introduced by ICICI Prudential Life Insurance Company Limited. The aim of bringing up this channel is to bring more number of advisors for the company from different areas and to cover more geographical areas even in those towns and cities where there are no branches for ICICI Prudential. This may be studied in various parts of research. This study will give a detailed report on this new channel, this research will help the company to identify the factors that makes the channel to be potential in bridging the geographical barrier in insurance sales and to frame new strategies to promote this channel further.

**HOW INSURANCE WORKS?**

Insurance Companies are called Insurers. The business of Insurance is to:

- Bring together persons with common interest (sharing the same risk).
- Collect the share or contribution (premium) from all of them.
- Pay out compensations (claims) to those who suffer.

The Mechanism of insurance is very simple. People who are exposed to the same risks come together and agree that, if any of them suffers a loss, the others will share the loss and make good to the person who lost. By this method, heavy loss that any of them may suffer (all of them may not suffer such losses at the same time) is divided into bearable small losses by all. In other words, the risk is spread among the community and the likely big impact on one is reduced to smaller manageable impacts on all. Thus insurance is a business of ‘sharing’.

**Table 1: Market Shres of Key Players**

<b>LIC</b>	<b>80%</b>
<b>ICICI PRUDENTIAL</b>	<b>6.7%</b>
<b>Birla Sun Life</b>	<b>2.3%</b>
<b>Bajaj Allianz</b>	<b>2.8%</b>
<b>SBI Life</b>	<b>2.2%</b>
<b>Max – NEW YORK LIFE</b>	<b>0.9%</b>
<b>Met Life</b>	<b>0.2%</b>
<b>ING Vysya</b>	<b>0.4%</b>
<b>AMP Sanmar</b>	<b>0.3%</b>

**ICICI Bank**

ICICI Bank (NYSE:IBN) is India’s second largest bank and largest private sector bank with over 50 years of financial experience and with assets of Rs. 1812.27 billion as on 30th June, 2005. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management. ICICI Bank is a leading player in the retail banking market and has over 13 million retail customer accounts. The Bank has a network of over 570 branches and extension counters, and 2,000 ATMs.

**NEED FOR THE STUDY**

CBD, consultancy business development is a new channel, which has to be promoted further. The person to takes up this channel is called as TC, Training, and consultant. It is an important focus channel due to its huge volume and growth potential with growing economy; TC’s can increase their performance in recruiting more and more advisors every month. This huge recruitment may increase the sales and profits of the company. Apart from this, it is essential for us to study how for a TC will be benefited in this business; this may help many people from different towns and cities to take up the channel. So a study on the awareness and expectations of people in Coimbatore city will give an idea about how people will take up the business and how it will overcome the geographical barrier.

**OBJECTIVES**

**PRIMARY**

- To study the response of target audience to the Consultancy Business Development (CBD) channel by estimating what proportion of surveyed target in Coimbatore city expresses keenness to join the scheme.

**SECONDARY**

- To analyze the extent of penetration of life insurance and understand the reasons behind choosing life insurance.
- To study the extent of awareness about ICICI Prudential life insurance co.ltd
- To study the perception about marketing life insurance and the method of selection of advisors and distribution of life insurance products.
- To understand the awareness about the potential earnings and rewards of advisors marketing life insurance products.

**SAMPLING DESIGN**

The concept of sampling plays an important role to identify and understand the market that need to be investigated by the researcher. The basic idea of sampling is to select some elements from the population and draw conclusion about the entire population. Here the researcher has used **‘Judgment Sampling’** technique. The researcher’s judgment is used for selecting the items, which she considers a representative population.

**DATA COLLECTION METHOD**

The data collection instrument used in the research is **‘Questionnaire Method’**. Using Questionnaire Method the researcher would give the questionnaire to the respondents and will ask them to answer the questions appropriately.

**DATA ANALYSIS AND INTERPRETATION**

**Table .2 Reasons for taking life insurance**

Reasons	No of respondents	Percent	Valid Percent	Cumulative Percent
To secure my family	49	49.0	49.0	49.0
Get tax exemption	32	32.0	32.0	81.0
Earn income	14	14.0	14.0	95.0
Others	5	5.0	5.0	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	

**INTERPRETATION**

From the above table, out of 100 respondents, the proportion of respondents who take insurance policy in order to secure their family is (49%),to get tax exemption is (32%),to earn income is (14%) and for other reasons is (5%).

**Table .3 Perception about the opportunity of working with ICICI Prudential.**

Helps make moneyFast growth	No of respondents	Percent
Yes	100	100.0
No	0	0

**INTERPRETATION**

All 100 respondents feel that this CBD channel offers a great opportunity for working with reputed company, making money and also helps fast growth.

**Table .4 Test For Independence Between Necessity Of Life Insurance And Reason For Taking Life Insurance**

**Null hypothesis Ho:** There is no dependency between the reason to take life insurance and necessity of life insurance.

**Alternative hypothesis H<sub>1</sub>:** There is a dependency between the reason to take life insurance and necessity of life insurance.

		Reason to take life insurance				
<b>Necessity of Life insurance</b>	May be useful	Observed	Secure family	Earn income	Tax benefits	Total
		Expected	13	7	0	20
	Very essential	Observed	9.80	3.80	6.40	20.00
		Expected	36	12	32	80
	Total	Observed	39.20	15.20	25.60	80.00
		Expected	49	19	32	100
			49.00	19.00	32.00	100.00
			<b>12.67</b>	<b>chi-square</b>		
			<b>2</b>	<b>df</b>		
			<b>.0018</b>	<b>p-value</b>		

**Interpretation**

Since the probability value is less than 0.05 Null hypothesis is rejected.

Therefore there is a dependency between the reason to take life insurance and necessity of life insurance.

**FINDINGS**

As per the research, all those 100 respondents are aware of ICICI Prudential life insurance co.ltd mostly through financial advisors of this company.

From chi-square test, it has been proved that

- There is a dependency between the respondents who think life insurance is necessary and the reasons why they take life insurance.

**SUGGESTIONS**

- Most of the respondents are aware of life insurance and ICICI Prudential life insurance, the company should continue its communicating i.e. regarding various schemes and benefits, level of return, channels of distribution and others.
- Need, usefulness, meaning of financial advisors has to be clearly explained to the society. So that there may be chances for more no of financial advisors entering into the company.

**CONCLUSION**

ICICI Prudential life insurance co.ltd being a leading private insurance company has developed a new channel for recruitment of advisors. This channel could be promoted by educating the people, conducting advertising campaigns, designing suitable profitable schemes and by explaining the role of IRDA

in life insurance industry. Since credibility plays a major role in this field, the company can concentrate more to increase the credibility among all parts of India. By educating the people and creating awareness the company can tap more market in rural areas too. All these may help the company in promoting this new channel in all parts of the country. This may really bridge the geographical barrier in insurance sales for ICICI Prudential.

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