

# The Problems and Strategies of Life Insurance Marketing in China

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## Abstract

With the rapid development of economy and the continuous improvement of people's material living standards, social production and life have entered the stage of prosperity. While focusing on improving the quality of life, people have also strengthened their awareness of hardship and crisis. Life insurance plays an increasingly important role in people's lives in China. The marketing models and strategies of life insurance are constantly innovating and developing, which is both an opportunity and a challenge for China's life insurance industry. With the continuous development of China's insurance industry, insurance has been widely known to the public, and life insurance, as the most directly related product to people's health, survival, and development, has gradually penetrated into people's lives. However, in the life insurance marketing link, there are still some problems that customers are not completely satisfied with. Therefore, it should find out the corresponding solutions and improvement strategies through the existing problems of life insurance marketing in China, so as to promote the development of the life insurance industry and the entire insurance industry. In the thesis, the author firstly introduced the connotation and current situation of life insurance and its marketing in China, then the author analyzed the characteristics of life insurance marketing and the existing problems of its marketing in China. At last, the author proposed the improvement methods of life insurance marketing from four aspects.

**Keywords:** life insurance, life insurance marketing, marketing strategy

## 1. The Connotation and Current Situation of Life Insurance in China

Life insurance refers to transferring the risk of life or death of the insured to the insurer, paying the insurance premium, and signing a contract in the form of written terms based on the life of the insured. There are five types of life insurance, namely, term life insurance, whole life insurance, pure endowment insurance, endowment assurance and old-age insurance. With the rapid development of China's social economy, life insurance is divided into risk guaranteed life insurance and investment financing life insurance according to the different risk levels. The former focuses on protecting the survival or death risk of the insured, while the latter focuses on the investment and financing. As a social security system, life insurance is an investment means with dual social functions.

The world economy shows the trend of economic globalization. Under the influence of the new round of economic crisis and COVID-19, China's financial system has also been affected. As an important industry in China's financial industry, life insurance has also been affected to a certain extent (Wang & et al., 2020). As an integral part of China's financial industry, the development of life insurance industry is mainly reflected in the following aspects: Firstly, the income of life insurance premiums has increased rapidly; Secondly, in the insurance classification, according to multiple survey data, it is not difficult to find that the premium of life insurance is much higher than that of property insurance. Thirdly, the market share of each insurance company is extremely unbalanced. While looking at the development history of the insurance industry in China, the current development trend of the insurance industry could effectively meet the demand for future insurance popularization. It develops from the original several insurance companies to the establishment of a systematic

insurance group, so as to effectively realize the improvement and development of the insurance competition mechanism. It is crucial to the innovation and intensive business of the insurance industry in the future. Therefore, the insurance industry should actively develop insurance products, increase the choice of the insured, and scientifically evaluate the insurance earnings, so as to make insurance more authoritative and more potential for development, and thus attract more potential users to participate in insurance (Wu & Wang, 2018).

## **2. The Connotation of Life Insurance Marketing**

The connotation of insurance marketing refers to the application of marketing principles in the development and design of insurance products, the sales of insurance products, and the overall operation and management of insurance companies. The purpose is to better meet the needs of customers, so as to achieve the business objectives of insurance companies. Insurance marketing is not only a simple marketing or promotion of insurance products, but also includes insurance market research and prediction, psychological and behavioral analysis of policyholders, development and design of insurance products, pricing of insurance products, selection of insurance channels, insurance promotion mix, insurance relationship marketing and service marketing for customers. Insurance marketing plays an increasingly important role in the management of modern insurance companies in China (Zheng, Liu & Dickinson, 2008). The insurance company has customized the services that meet the needs of different customers through segmentation of the insurance market, selection of target markets, market positioning analysis and other methods to improve customers' satisfaction. In addition, it will also improve the company's popularity, shape the good image of the company and enhance the company's competitiveness in the insurance market through good promotional means, advertising, tangible display and other ways.

## **3. The Characteristics of Life Insurance Marketing**

Life insurance marketing refers that the insurance company takes a series of activities to meet the insurance needs of customers based on the diversified insurance products of the company. The purpose of life insurance marketing is not only to sell insurance products so that the company could gain profits, but also more importantly, to enable the company to seize a favorable position in the entire insurance industry, expand its own influence, shape a high-quality corporate brand, and establish a good corporate image.

A) Life insurance marketing is a business philosophy of insurance companies

Life insurance marketing is a kind of management guiding ideology, a kind of management philosophy, and a kind of idea of insurance companies. Specifically, it is the focus point how to balance the interests of insurance companies, consumers, and society (Wu & Wang, 2018).

B) Life insurance marketing is not equal to insurance promotion

Life insurance promotion refers to the behavior that insurance salesmen promote consumers to buy insurance products by introducing and packaging insurance products. In the view of marketing 4P theory (product strategy, price strategy, promotion strategy, channel strategy), insurance promotion is a means of insurance marketing strategy, which is not equal to insurance marketing. It is only a part of insurance marketing and a link in the entire insurance marketing process. The purpose of insurance promotion is relatively simple that the personnel try every way to sell insurance products to potential consumers and maximize the sales. While whether consumers really have needs, whether they meet their expectations, whether the promotion of the marketing management level of insurance companies is effective or not is not the scope of consideration of insurance promotion (Hu & et al., 2009).

C) The way of life insurance marketing focuses on the promotion of insurance

Due to the special nature of insurance products, the promotion of insurance products is more important for the marketing of insurance products. Insurance companies should strengthen the sales ability of the company's salesmen to ensure the company's sustainable profitability and healthy development (Hu & et al., 2009). On the one hand, life insurance products are a kind of commitment for consumers. This commitment is just a policy or a pile of paper in consumers' eyes. Only when an agreed event occurs or when the agreed time expires could the consumers see the return. Instead of physical materials, they could give consumers a very intuitive feeling, so it requires insurance salesmen to stimulate consumers' purchase desire through some marketing skills (Wu & Wang, 2018). On the other hand, life insurance products are non-craving commodities. As insurance products are a kind of risk sharing, they inevitably involve diseases, deaths, losses, and other issues. Consumers may not be willing to take the initiative to consider these issues, so insurance companies need to promote the insurance through personal promotion or advertising (Chan, 2009).

D) Life insurance marketing focuses more on service and professionalism

The price of life insurance products is determined by analyzing factors such as the size of risk, interest rate, loss rate of the insured amount, and through accurate calculation in a scientific way. In order to regulate the price

competition in the insurance market and ensure the solvency of consumers, the national insurance supervision and administration department uniformly manages the premium rate in China. Therefore, the competitive advantage of price is not obvious in the insurance marketing process, so the insurance marketing should pay more attention to the display of service quality and professional ability (Panigrahi & et al., 2018).

#### **4. The Existing Problems of Life Insurance Marketing in China**

##### **A) The products are lack of standardization and diversity**

The introduction of some life insurance products is not clear and complete enough, the definition of the concept is not accurate enough, the content of insurance terms is not comprehensive, and the definition of claims is vague, which easily leads to consumers' wrong understanding; the products are not diversified enough. Although they could meet the needs of most healthy and younger consumers, there are few corresponding guaranteed products for older people and consumers who have already suffered from diseases (Huang, 2016).

##### **B) Concealing false information in product sales**

In order to promote the insurance business as soon as possible, the marketing personnel may exaggerate the coverage of insurance. For example, they could give verbal guarantee that the disease or the situation that could not be compensated is compensated. Some marketers may confuse insurance concepts in order to make customers place orders as soon as possible. In the insurance documents, there are many detailed questions that need to inform the clients in detail. For example, the uncertainty of insurance compensation, the risk degree of the insurance, the hesitation period of the insurance, and the compensation loss for surrender. If the marketer does not make a clear explanation to consumers, it may produce complication when faced with the compensation (Huang, 2016); some marketing personnel are not honest enough. They use untrue information of the development and past performance of the insurance company to deceive customers, which misleads customers into thinking that the company's strength is very strong and induces consumers to trust the company and buy its insurance products. It is also the reason that some consumers do not believe the life insurance products and think it is pettifogging; some marketing personnel, due to their older age, lower education level or lack of work experience, they have poor language skills and do not explain the product clearly, so that customers could not fully understand the content of insurance products; it exists more serious situation that the marketing personnel arbitrarily take the place of the customer to purchase insurance, withdraw insurance and sign on behalf of the customer without the customer's knowledge.

##### **C) After-sales service is not in place**

In the practical situation, when a customer reports a case and needs to settle a claim, the marketers fail to report the case in time, and informs the customer of the materials required for settlement of the claim at one time, which causes the customer to supplement the materials for many times, wasting time and manpower (Liu & Zhao, 2005). In some situations, the marketers do not verify the loss of the customer who reports the case and pay compensation according to the contract provisions. In some situations, the marketers do not timely notify the insured or make explanations for the contents that are not within the scope of the insurance company's compensation liability. In short, the after-sales service is not very good, compared with the pre-sales service. So, the customers will inevitably have an opinion and will not buy next time (Panigrahi & et al., 2018).

#### **5. The Improvement of Life Insurance Marketing Strategy**

##### **A) It should establish correct life insurance marketing concept**

Insurance marketing is the main way for life insurance companies to gain profits in the process of operation and management. The insurance salesmen of the company must establish a correct marketing concept. In the marketing, the main purpose is to meet the needs of customers, the salesman should provide products that meet the needs of customers and provide services that make customers comfortable. Only in this way could the salesman maintain a stable customer group around them. The salesman should show the company's good corporate image, improve the company's integrity, so as to win more customers and gain competitive advantage in the insurance market (Liu & Zhao, 2005).

##### **B) It should provide diversified life insurance products**

The research and development of life insurance products should aim at different customer groups, and provide customers with products that have real needs, guarantee customers' maximum profit from risk compensation. Insurance companies should do a good job of market research in advance, understand consumers' actual needs from the perspective of consumers, listen to consumers' opinions and suggestions, and develop insurance products with unique value and meeting customers' expectations. With the growing of the insurance industry in China, the competitors of insurance companies are not only insurance companies in the same industry, but also some intermediaries, banking financial service institutions, and social insurance groups. Therefore, the insurance company must develop distinctive and differentiated new products to improve its competitiveness, show its

competitive advantage, expand the range of customer groups, and make the company thrive.

C) It should strengthen the quality training of marketing personnel

With the development of the insurance industry, the mutual competition among insurance companies is also gradually increasing, the most important of which is the competition for talents. At present, the quality-of-life insurance marketing personnel in China is generally low and their abilities are uneven, which needs to be further strengthened. The key factor to improve the company's insurance marketing level is to strengthen the team construction of life insurance marketing personnel. Therefore, the company should strengthen the training of life insurance marketing personnel, improve the quality of marketing personnel, and create a competitive high-quality and highly skilled sales team (Panigrahi & et al., 2018). First of all, the company should improve the employment standards. The education background, age, work experience and other aspects of marketing personnel are all factors affecting their work ability. The insurance company should improve the employment standards to select personnel with stronger ability. Secondly, the insurance company should increase the training of sales personnel, not only to train their professional knowledge of insurance products, but also to pay attention to the training of professional ethics, sense of responsibility, teamwork and other aspects, so that the marketing personnel could establish a sense of service, develop good living and working habits, and win customer support with the best visual aspect.

D) It should broaden the construction of life insurance channels

In the process of life insurance marketing, the marketing channels of life insurance products are divided into direct marketing channels and indirect marketing channels according to whether there are intermediate links in the insurance marketing channels. The main direct marketing channels include sales of field staff, sales of sales departments and sales of branches. The indirect marketing channels mainly include the distribution channels of brokers, personal agents, insurance agents, bank agents, postal agents, securities agents, etc. With the continuous growth and development of the insurance market, the marketing channels of insurance companies should also be broadened, from a single channel strategy to a diversified marketing channel strategy (Fan & Cheng, 2009). First of all, the insurance company should focus on training a professional sales team to enhance the ability of channel sales. Secondly, the insurance company should plan and subdivide the consumer groups according to the market situation, and meet the needs of customers through direct marketing, telemarketing, online marketing, and other ways. Thirdly, the insurance company should strengthen the construction of intermediary agent marketing channels and bank insurance marketing channels, strengthen the communication and cooperation with intermediary agencies, bank agencies, postal agencies, and other agencies, so that they could play greater function to meet the all-round needs of customers. Fourth, the micro marketing model could be added to supplement. Nowadays, WeChat and Microblog marketing have become popular marketing models. Many companies and personnel have gained real benefits by doing WeChat business. The application of WeChat friends circle makes information dissemination more convenient and faster. This new marketing model is fully applicable to life insurance marketing and has good prospects for development. The popularity of social software like WeChat not only subverts the traditional social channels, but also provides a new means for the sales model. First of all, insurance companies could promote their corporate culture, corporate image and corporate brand by establishing WeChat public platform. The company WeChat public platform could send messages and communicate in real time. Insurance companies could selectively push the company's corporate culture publicity, product activity information, claims processing and other publicity information, or some health and wellness knowledge (Li, 2019). It could not only popularize insurance knowledge and establish corporate image, but also promote products. This kind of publicity and guidance is an important means for customers to enhance their insurance awareness.

## 6. Conclusion

The continuous development of the life insurance industry is an inevitable part of China's economic development. In China, the economic prospect is promising, and the society gradually entered into an aging society. The insurance industry, as a developing industry in developing countries, naturally has a promising development potential. In the report, the author systematically discussed the existing problems of life insurance marketing in China and proposed the corresponding marketing strategies. In a word, with the continuous development of China's life insurance industry and the changing needs of customers, insurance companies should adjust their marketing strategies in a timely and reasonable manner and consider the marketing approach from the perspective of consumers. The insurance company should establish correct marketing concept, develop characteristic service products, strengthen the management of marketing personnel, and innovate the development of channels to meet the needs of the market and promote the sustainable and healthy development of the entire insurance industry.

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