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AN ASSESSMENT OF LIFE INSURANCE MARKETING IN TURKEY

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AN ASSESSMENT OF LIFE INSURANCE MARKETING IN TURKEY

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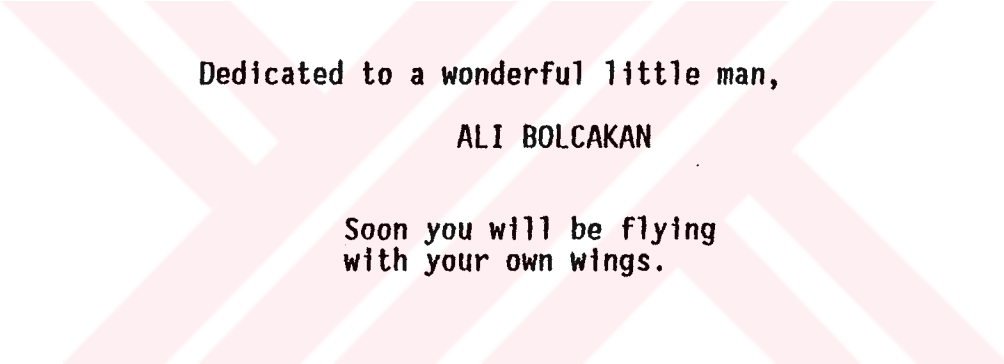
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Dedicated to a wonderful little man,

ALI BOLCAKAN

Soon you will be flying
with your own wings.

ABSTRACT

Life insurance is one of the most important sectors in developed economies. It assists capital accumulation, increases savings going into the economy, is a good saving device, and employs a considerable number of people. The individual affiliates with the society's resources in the cases of emergency, by transferring the risk related to the time of death to the insurer.

This study provides an extensive literature on life insurance, including the concepts, history, development in the West, problems of the sector in the developing economies, marketing mix strategies and the present state of the life insurance market in Turkey.

A three level field survey was carried out to gain insight into the life insurance marketing in Turkey. The data was gathered during February - April 1994, through three different surveys, consisting of 15 insurance companies, 60 agents and 384 consumers.

The Statistical Package for Social Sciences (SPSS) was utilized to analyze data through Frequency Distributions and Cross-Tabulations.

The major results of the study are:

Most of the insurers are not marketing oriented and do not have formal marketing structure. Since the executives do not consider marketing a major business function, they are

unclear about marketing mix strategies. Mostly, insurers attribute all sectoral problems to consumers or agents. Nearly unanimously, the managers perceive the consumers' attitude to be negative toward insurers.

Agents expect to receive brochures, training and marketing support from insurers, however, they do not get sufficient documents and regular and frequent training.

Consumers' motives for purchasing life insurance are perceived differently by consumers and agents. In the study the consumers are found to be aware of life insurance but they do not have information about it. Consumers' attitudes toward life insurers, agents and products are negative. Consumers' main expectation from a life insurance policy is protection. Consumers prefer to purchase policies from insurers or banks, and prefer to pay through direct debitting of bank account.

In the last part of the study, the implications are summarized for life insurance companies, consumers, state and for further research.

This research, being the first extensive academic study in Turkey analysing the life insurance sector, will serve generative function for future research.

ÖZET

Hayat sigortası gelişmiş ülkelerde en önemli sektörlerden biridir. İş olanakları sağlaması yanında, sermaye birikimine yardımcı olup, ekonomiye giren tasarrufları arttıran iyi bir yatırım aracıdır. Kişi ölümün zamanı ile ilgili riski sigorta şirketine devretmiş olmaktan ötürü, acil durumlarda toplumun kaynaklarından yararlanır.

Bu çalışma, zengin bir yazın taraması kapsamında hayat sigortası kavramları, tarihi, batıdaki gelişmesi, gelişmekte olan ekonomilerdeki sorunlar, pazarlama karması stratejileri ve Türkiye'de hayat sigortası pazarının güncel durumu konusunda geniş bilgi içermektedir.

Türkiye'de hayat sigortası pazarlaması konusuna geniş bir bakış açısı kazanmak için üç safhalı bir pazar araştırması yapılmıştır. Veriler 15 sigorta şirketi, 60 acente ve 384 tüketiciyi içeren üç farklı saha çalışması ile Şubat-Nisan 1994 tarihleri arasında toplanmıştır.

Yanıtların değerlendirilmesinde SPSS paketi uygulanarak frekans ve ki-kare analizleri kullanılmıştır.

Çalışmanın temel bulguları aşağıda belirtilmiştir :

Sigorta şirketlerinin çoğunda pazarlama yaklaşımı ve belirli bir pazarlama yapısı yoktur. Yöneticiler pazarlamayı temel bir şirket fonksiyonu olarak görmediklerinden pazarlama karması stratejileri konusunda kararsız bulunmuşlardır. Sigorta şirketi yöneticilerinin çoğu sektörel sorunları tüketici ya da acente kaynaklı olarak değerlendirmektedir. Yaklaşık tüm yöneticiler tüketicilerin sigorta şirketlerine karşı tutumunu olumsuz olarak algılamaktadırlar.

Acenteler sigorta şirketlerinden broşür, eğitim ve pazarlama desteği beklemekte, ancak yeterli döküman ve eğitim alamadıklarını belirtmektedirler.

Tüketicilerin hayat sigortası alma motivleri acenteler ve tüketiciler tarafından farklı algılanmaktadır. Tüketiciler, hayat sigortasının varlığının farkında olmakla beraber bilgi düzeyleri düşüktür. Tüketicinin hayat sigortası şirketleri, acenteleri ve ürünlerine karşı tutumları olumsuzdur.

Tüketicinin hayat sigortası hizmetinden temel beklentisi korunma olarak bulunmuştur. Tüketiciler poliçeleri sigorta şirketleri ve bankalardan satın almayı ve primlerini banka virman talimatıyla ödemeyi tercih etmekte.

Çalışmanın son bölümünde hayat sigortası şirketleri, tüketiciler, devlet ve araştırmacılar için yorum ve öneriler özetlenmiştir.

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CHAPTER I. INTRODUCTION

"There are ways to improve the system radically. But this is not an industry, by and large that seeks radical improvement. Inbred and living in comfortable isolation with its state regulators, it has been slow to innovate. A "cash cow" of the first order, it has resisted change". (Tobias, 1982)

This is how Andrew Tobias described the life insurance sector in the USA in his book called "The Invisible Bankers:

Everything the life Insurance Industry Never Wanted You to Know", printed in 1982. Many people think insurance is a boring subject, however, Tobias thinks this is the way the insurers like to have it. The author of this dissertation believes that, the life insurance sector in Turkey is defined by the above definition, and life insurance is neither boring nor unimportant.

Life insurance is one of the most significant industries in a developed economy. Life insurance companies provide various financial services to large segments of consumers. They enhance the liquidity of the nations credit system and employ significant numbers of people. Aggregating individual savings, life insurance companies make vast amounts of savings available for investment and economic growth. The sector also has far reaching psychological and social implications.

The life insurance sector in Turkey has been neglectibly small and stagnant until the last decade. The sector

increased its share in the total insurance market from 2 per cent in 1985 to 20.18 per cent in 1991. The share of the life insurance premiums in total insurance premium in 1993 has gone down to 14.44 per cent of total premium (Insurance Supervisory Office, 1993; Türkiye Sigorta ve Reasurans Sirketleri Birliği, 1994). On the other hand it is interesting to note that the life branch created 53 per cent of the world insurance premium in 1991 (UNCTAD, 1991). The share of life premium in total world insurance premium is increasing.

The life insurance industry in Turkey is at a dynamic transaction stage entailing a fast pace of growth, increasing competition and regulatory changes. It is debatable whether this growth is a healthy one.

The purpose of this dissertation is to make an assessment of the present situation of the Turkish life insurance market. This introductory part of the study explains the purpose and the objectives, design, scope and the significance of the study.

1.1. The Purpose

The purpose of this dissertation is to examine the marketing of life insurance services in Turkey, to study the development of the life insurance industry in Turkey and the role of marketing in this process; and to analyze the present

state of life insurance market in Turkey both descriptively and at firm, agency and consumer levels empirically.

The researcher felt compelled to make a detailed assessment of marketing of life insurance services in Turkey at this transactional stage of the industry. There are new life insurance companies entering the market, the sector is withdrawing high quality employees, the legal framework is changing, the companies are changing their outlook to marketing. The thesis will encompass:

1. Analysis of the factors that contributed to the development of life insurance sector in the developed countries, the implementation and the adaptation of these factors to the Turkish life insurance industry.
2. Analysis of the factors that prevented the development of life insurance industry in Turkey.
3. Gathering primary information regarding life insurance marketing in Turkey.
4. Studying of marketing activities, marketing orientations and strategies in the Turkish life insurance industry.
5. A detailed analysis of the agency system and primary information regarding agents, their expectations from insurance companies.
6. Studying the consumer regarding life insurance, using primary data.
7. Analyzing the contribution of this thesis on marketing literature.

1.2. The Design of the Study

In the first part the purpose, design, scope and significance of the study are explained. Chapter two presents a review of conceptual and empirical studies on insurance marketing, marketing of services, marketing strategies, and history and the development of life insurance. The development of life insurance in the USA is studied in detail. In the USA life insurance industry developed within a relatively short span of time and for this it creates an interesting example for developing countries which have so much to catch up with and so little time.

The third chapter is an analysis of the life insurance market in Turkey. An extensive literature review, secondary data research and numerous interviews were carried out to provide information on life insurance market in order to set a sound foundation for the field study.

The fourth chapter presents the three level empirical research, conducted at insurer, producer and consumer levels in Istanbul. The objectives of the research are explained in detail in this part. The research design, data collection procedure and instrument, the sampling process and the methods for data analysis are also presented in this chapter.

Chapter five reveals the findings based on data collected through the three surveys discussed. Chapter six covers the

conclusions, and implications of the study.

References are presented at the end. Appendix includes both the English and Turkish versions of the questionnaires.

1.3. The Scope and Significance

Literature on life insurance marketing is limited (Osborn, 1969) (Fields, 1988). The author observed that the literature available is far from being satisfactory and would like to contribute to the marketing field by providing an extensive literature review. There are few studies on marketing of life insurance services in Turkey. The wide scope of the research will be a source of information to build on. For the business world it will provide a wide view of the market and insight for effective marketing strategies.

The state regulatory bodies will also benefit from the results of this dissertation. It will point out the basic problems of the firms, agents and consumers. It will notify them of the expectation of the companies from the state.

It is the author's observation that, life insurance is gaining attention from both the business and the academic world. There has been research carried out by private research firms for life insurance companies and an increasing number of scientific research was undertaken in the academic world. They have all basically dealt with specific issues such

as the target client of a particular firm, consumer expectations from life insurance and organizational design in life insurance companies. This dissertation is unique in studying the sector at all three levels, firm, agent and the consumer.

Life insurance has many functions. First of all, it is a way of dealing with risk. It is also a saving medium. Life insurance plays important psychological and social roles. Life insurance is also an important factor in the economy.

1.3.1. Life Insurance as a Way of Dealing With Risk

Insurance is a system for combining sufficient number of exposure units to make individual losses collectively predictable. Insurance is based on the Law of Large Numbers. The Law states that, the greater the number of exposures to risk, the more closely will the actual result approach the probable result, expected from an infinite number of exposures (Crane, 1980). Applying this Law to life insurance, it is possible to predict the death in each age group annually. Death is not a risk. The time of death is the risk involved in insuring lives.

Insurance is a way a person can transfer the risk of the time of death to the insurance company. Risk means uncertainty about a future loss or in other words the inability to predict the occurrence or the size of loss. Two definitions

of risk approved by the committee on General Terminology of the American Risk and Insurance Association are:

"uncertainty as to the outcome of an event when two or more possibilities exist" and, "a person or thing insured", that is, the risk insured itself (Commission on Terminology, 1966).

Risks are classified as pure and speculative. A pure risk can result only in loss or in the absence of loss. A person will be disabled or he will not be disabled. In this case the person is insured against disablement. There is no expectation of gain. Speculative risks on the other hand can result in either a loss or a gain. Gambling is a typical example of speculative risks. In gambling you either lose what you put in the gamble or make a profit. Usually only pure risks, where there is no chance of profit, can be insured (Crane, 1980) (Houston, 1967).

People react to risk in various ways. Avoidance, assumption, prevention, control, transfer and risk retention are some ways of handling risk (Mehr and Gustavson, 1987).

Avoiding risk is ignoring it. This would be a difficult risk management technique for a household head with many dependants, especially if the person is the sole income earner of the family.

There is a widespread attitude of indifference to the risk of death. The real urgency of this risk is

underappreciated. Death is in a sense the loss of economic power as an economic unit.

Assuming risk is letting it take its course. This can be done actively or passively. A person may actively decide to bear cost of a simple medical treatment. This is only possible if the person is able to bear the possible cost if the risk occurs.

An attempt to build a fund for future emergencies or goals often accompanies risk assumption. The time of the occurrence of risk is uncertain and therefore there is the possibility that the loss will occur before the fund is completed.

Loss prevention is trying to reduce the chance of loss. An example is being health conscious. Another loss prevention example is preventive check-ups. Loss prevention is not always possible. Even though precautionary measures are taken risk may still realize.

Loss control is trying to reduce loss severity. A spouse who can work is an example of loss control.

Risk may also be transferred to another person, either through a contract or implicitly. Insurance is a way a person can transfer risk to an insurer.

Risk can be reduced when loss forecasting accuracy is improved. Risk reduction provides the basis for insurance.

Mortality rates are always changing and insurers can not predict losses exactly. Therefore, risk can not be eliminated totally, but reduced to manageable levels by the insurer.

The major function of life insurance is to protect against financial loss from loss of human life. The "Human Life Value" concept was developed in order to measure the economic value of life. Insuring to the full value is not always necessary or affordable for most people (Stalson, 1969).

1.3.2. Life Insurance as a Saving Medium

Life insurance is a complex financial tool people can use to invest their savings. People save for their retirement, children's education, marriage, in order to repay debt, for emergencies, to acquire property, financial and speculative assets (National Council of Applied Economic Research, 1979).

Life insurance has many advantages as a saving medium. Life insurance is a relatively safe, liquid saving device, protected against the creditor's claims. Life insurance is a semicompulsary saving device. There are favorable tax treatments for life insurance premiums in most countries, as in Turkey. The policyholder does not have to manage the investments of his/her savings. The compounded effect of all these advantages of saving through life insurance on the consumer results in the purchase of insurance.

1.3.3. Social and the Psychological Role of Life Insurance

Life insurance plays important psychological and social roles. Life insurance triggers the subjects arousing some of the deepest of human psychological reactions: love, guilt, fear of death, risk aversion. Life insurance also relates to immortality striving and heroism (Dorfman and Flynn, 1987). Consumer's basic anxieties are aroused by the subject of death and the need to provide for others in the event of death. Insurance provides a sense of well being and economic security for the future (Committee on Consumer Policy, 1987).

Today life insurance is a basic means by which the individual can affiliate with society's resources when necessiated by emergencies (Stalson, 1969). Mutual aid was used in resolving emergencies in the society before isolation of the individual. As individualism and self reliance increased with industrialization, urbanization and alienation, the importance of the role of insurance and savings gained emphasis in safeguarding the individuals and families at times of emergencies (Dorfman and Flynn, 1987).

1.3.4. The Role of Life Insurance on the Economy

Insurance is one of the most significant and important industries in many developed countries. Financial stability of individuals and businesses depends on the insurance mechanism (Arthur Andersen and Company, 1983). Insurance

impacts the economy through increasing savings, facilitating credit, providing funds for investment, aiding capital formation, increasing efficiency of the system.

Life insurance encourages savings through attractive products. There is a wide range of life insurance products in market aiming at different target markets. Table I.1 shows the share of insurance in total savings for various countries (Aaronovitch and Samson, 1985).

Life insurers are important intermediaries. Through the sale of life insurance products, life insurance companies have access to significant amount of capital. These funds are in turn invested in common stocks, bonds, policy loans, mortgages and real estate. These investments contribute significantly towards building capital supply and increasing investments (Mehr and Gustavson, 1987). For example, in USA the life insurance sector was the third source of funds for the money and capital markets, following federal loan agencies and commercial banks in 1987 (Life Insurance Fact Book, 1987).

Insurance also facilitates credit. It indirectly increases the willingness of institutions to lend money. Institutions are willing to grant credit if the borrower's life is insured (Arthur Andersen and Company, 1983).

Table I.1 Share of Insurance in Total Savings

Country	Share of Savings Through Life Insurance as a percentage of Total Savings (*)
UK	29.4
Ireland	18.3 (***)
Denmark	12.0
USA	10.0 (**)
Netherlands	9.8
Germany (F.R.)	6.4
Belgium	4.5
France	3.3
Italy	2.1

* Total Savings 1966-1975

** Savings for 1987

*** Average of savings for 1965, 1970, 1975

Life insurance also provides employment opportunities for many people.

CHAPTER II. A REVIEW OF CONCEPTUAL AND EMPIRICAL STUDIES ON INSURANCE MARKETING

In this chapter literature on marketing of services and marketing strategy is reviewed as the theoretical basis for the study. In the first part of the study literature on marketing of services is reviewed. Basically, the qualities of life insurance differentiating it from other services is examined. Strategies in marketing life insurance is studied. This literature also provides the basis of the model used for the empirical research.

2.1. Services Marketing

There are many definitions of services marketing. Two most acknowledged are:

- "A service is any act or performance that one party can offer the other that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product." (Kotler, 1991)
- "Services are activities related to sales benefits or satisfactions which are offered for sale or provided in connection with the sale of goods." (Committee on Definition of American Marketing Association)

Two distinguishing characteristics of services can be observed in the above descriptions. Firstly service is an intangible product. Secondly, services are rendered by one

individual for the benefit of the other individual.

2.1.2. Basic Characteristics of Services

There are some basic characteristics of services that distinguish them from products. First of all, services are human intensive. It is a deed a person performs for the other. Therefore improvement of the service depends on the individual to try harder (Levitt, 1983).

Services are intangible. In selling a life insurance policy an idea is sold. There is a lack of appeal to the senses. Satisfaction is defined in terms of satisfying a need.

Some services are created and consumed simultaneously and for this reason creation and the marketing of the service is inseparable (Levitt, 1983). Perishability is another characteristic of service (Bodur, Borak, Kurtulus, 1980).

There is a difficulty in judging the quality and the value of the service. High quality service and confidence building is used by the firm to demonstrate the value. A favorable image is more of a value than the brand in marketing of services.

Life insurance is a long term promise. It is both intangible and has no immediate benefit. Therefore, most of the time, it is not a service that is bought but a service that is sold. Life insurance sector is a "sellers market". Life insurance is a continuous service, and there is a membership relationship (Lovelock, 1983).

One of the advantages of services is consuming without owning. This is important in cases where ownership would mean a risk of obsolescence and wrong choice. It also decreases the responsibility of maintenance.

Services have gained increasing importance due to higher incomes and increasing affluence. High income gave way to growth in population, higher levels of education. Attitudes toward leisure time were also affected by increasing income (Taylor, 1972). Consumers are becoming more sophisticated in selecting, using and replacing firms. They insist on client-centered performance (Kotler and Connor, 1977).

2.2. Factors Affecting Life Insurance Services Market

In this section factors affecting life insurance services market in the last two decades and their impact on marketing strategies, planning, control and marketing mix strategies will be studied.

Life insurance industry has been undergoing fundamental changes within the last decades. These changes are due mainly to increase in competition as a result of changes in consumer buying habits, economic volatility, technology and changes in the financial services sector. This has caused the life insurance companies to become more marketing oriented. These factors are briefly discussed.

2.2.1. Changes in Consumer Needs for Life Insurance

Consumers are becoming more financially astute and sophisticated (Hollman and Murray, 1984). Consumers are earning higher income and getting higher education as a group. The value of leisure time is increasing for the consumer. As a result of these changes, consumers are demanding more conveniences and more personal service (Borak, 1986).

They want to meet all their financial needs at one convenient location at convenient times (Conway, 1982).

European insurers are moving towards a unified financial market. Through local bank branches, an array of products ranging from life insurance to consumer credit is marketed. For the consumer this means that banks are evolving into financial supermarkets. This process is called "Allfinanz" or "bankassurance" in financial circles (Brown, 1992).

Integration of banking and insurance at consumer level is a striking development. This usually is realized as a wave of mergers, acquisitions, cooperations and joint ventures between banks and insurance companies. Increasingly aware of the value of their distribution network, banks are likely to control the joint venture.

Consumers also want services tailored to their needs.

Because of high inflation rates and fluctuating interest rates consumers insist on the flexibility of life insurance

policies (Hollman and Murray, 1984).

2.2.2. Changes in Consumer Awareness of Life Insurance

Buying life insurance is a complex and emotional decision. Consumer's basic anxieties are aroused by the subject of death and the need to provide for others in case of death and the "fear of life after death" (Russell and Black). In view of the importance of life insurance and the considerable costs it represents to the consumers, it is viably important that consumers select a life insurance policy meaningfully to obtain the amount and kind of protection most suitable for their needs.

Even for individuals trained in finance and insurance it is difficult to choose between high and low cost policies. Cost of similar policies can vary greatly (Bureau of Consumer Protection, 1979). People have limited information processing capabilities (Schoemaker and Kunteuther, 1979). This problem is particularly liable to exist with small policies where search is high when compared with marginal benefits (Fields, 1988).

Consumers do not read the policy wording also because they are contracts of adhesion drafted by one of the parties involved in making the contract (Zelizer, 1979).

Informed consumer choice requires information that is objective independent, understandable, accurate and

comprehensive. The author believes that it is necessary that relevant information be available before the purchase, including data facilitating comparison of protection elements, costs, coverage and rate of return.

Consumers consider cost related factors when making actual purchases (Bureau of Consumer Protection, 1979). In the USA it is mandatory to issue a summary cost measure to attain cost disclosure.

Consumers should clearly understand the interests and obligations of the intermediaries. They should know that the agents might not be objective when providing information on the policy. Misunderstanding the agent's role could be potentially harmful to the consumer. The consumer could be persuaded to buy a policy that does not fulfill the specific needs, or exchange a policy with a new one, at a loss. It would be beneficial for the consumer to shop for an agent as well as a policy.

Consumers should be informed about various life insurance products and the relative risks and rewards of other saving media. Without the necessary information and the aid of an agent the consumer will have difficulty in satisfying his needs optimally.

2.2.3. Changes in Consumer Attitudes Toward Life Insurance

Public attitudes determine what institution shall exist.

Public attitude is affected by what people see hear, read and experience. Attitudes change with time and circumstances Public attitude is gaining more importance as education levels rise (Holgar, 1943).

Status, reputation and functions of life insurance business are questioned and affected by public attitude (Shalker, 1980).

There is a widespread suspicion amongst the public of the insurance industry. Industry critics allege that insurance market is susceptible to overpricing of policies, suppression of competition and exploitation of consumer ignorance (Tobias, 1982).

The negative attitude encompasses the products, services, intermediaries and companies (Christiansen, 1988). In some countries negative attitudes are the result of traumatic experiences of mismanagement and company failures (Aaranovitch, 1985). There is also the argument that the negative attitude persists against all endeavors of the industry because some elements of life insurance are inherently contrary to society's values (Niwataka, 1987). Human life is hard to measure in hard currency in the public eye.

2.2.4. Economic Volatility

The Insurance industry is affected by the price rise in every

facet of its operation. Because of the long term involvement with a life insurance policy the life insurance sector is particularly vulnerable. Inflation is the most serious problem life insurance faces today and apparently for creating an indefinite future (Black, 1980). Inflation has insidious and multiplying damaging effects. Insurance product must be tailored for the marketplace to incorporate the inflation factor. "Indexed" or "adjustable" policies could be used.

Volatile interest rates have also increased the financial risk of the consumers. If a fixed rate of inflation is assumed in designing the product and the inflation varies above this rate, then the policyholder will have paid premiums in steadily depreciating currency. There is a need for dynamized renewal premiums in high inflation economies (Samee-el-Hasan, 1991). Some solutions to eliminate the effect of high inflation on life insurance policies are:

- . hard currency policies: policies indexed to stronger and more stable currencies can protect the policyholder's savings from inflation.

- . shorter policy terms: instead of life long policies, choosing shorter terms with a right of renewal, gives more security to the consumer.

- . improving the efficiency and reducing the unit administrative costs: According to the author, life insurance companies can increase the efficiency of their operations and

this will decrease the effects of inflation.

- . "Indexed" and "adjustable" policies: policies indexed to an economic variable, such as consumer prices, can protect from inflation.

- . Profit participation, variable and universal life insurance products: As interest rates are volatile profit participation is useful. With participating policies the policyholder receives a share of the surplus that changes every year. The policyholder can manipulate the investment tools his savings are allocated with variable life policies. The consumer can change his premium or portions of his funds going into his savings or death cover.

2.2.5. Changes in the Financial Services Sector

Until recently life insurance industry could afford to be reactive instead of interactive because of its secure niche in financial services industry. (Bevington and Luconi, 1987) In today's volatile market place traditional financial institutions are invading what once had been the sole province of the other.

Among the traditional financial institutions the trend toward "homogenization" is probably clearest with respect to banks. Banks have moved into securities business. Banks are aiming at entering all phases of insurance business. (Hollman and Murrey, 1984) It is predicted that 50 per cent of all banks in US will be selling life insurance in the near future

(Arthur Andersen and Company, 1984). A study carried out by Andersen Consulting with 420 insurance managers from 15 European countries supported the statement that banks will bring important changes to the insurance market.

In France, only eight life insurance companies were subsidiaries of banks in 1980, by 1989 the number had increased to 32.

Although the homogenization of life insurance industry may not have been as rapid as the banking industry, life insurance sector has adapted creative new investments and rethought their marketing in terms of product, pricing, distribution and promotional strategies.

2.2.6. Changes in Technology

Information and communication technology has become more sophisticated with continuous development of systems capable of handling larger quantities of data at a more rapid pace. The wave of technology is becoming less expensive and more available. This has increased competition as small firms were able to use similar technology.

Changes in technology has affected marketing profoundly. Firstly it brought changes in market segmentation. Market segments that the companies were able to target increased, there is less market stability there is more focus on target

marketing and there is an increasing importance of market sensitivity and consumer needs (Capon, 1987). Technological changes also brought increased coordination between market research and marketing.

Without the changes in technology new life insurance products such as the universal life insurance product and variable life insurance product would be impossible to administer due to their complex and flexible structure. The policyholder can manipulate the monthly premium and even the investment tools with some new life insurance products.



2.3. Marketing Strategies in Life Insurance

Competition has increased as a result of consumer buying habits, technology and changes in the financial services sector and economic volatility as discussed in the previous section. This will force the life insurance companies to become consumer-oriented. Many companies are becoming cognizant of the need to identify markets and to develop strategies to meet them. Companies began setting marketing departments in 1980's. This shows their new commitment to marketing (Gurda, 1983; Kotler, 1991) .

In this section marketing mix strategies are examined for life insurance companies. For products the marketing mix variables would mean product, place, promotion and price. When service marketing is considered many consider the elements of people, physical evidence and process also as important elements, at least to guide the marketers (Forbes, 1987; Kotler, 1991).

2.3.1. Product Strategies

In this section product strategies of life insurers will be reviewed. The author believes that information on various types of life insurance policies and ways of selecting a life insurance policy, policy provisions and insurability in life insurance are necessary for the evaluation of the product strategies.

2.3.1.1. Life Insurance Products

Life insurance is purchased due to different motives. Differing financial needs of the individuals and the ease in marketing brought by product differentiation gave way to a great variety of life insurance products. While there are combinations and variations resulting from market demand, generally life insurance products can be categorized as: Term Life, Whole Life, Endowment, Universal Life, Variable Life, Group Life insurance and Annuities.

The aim in examining the life insurance products is to show their forms , consumer motives in buying various types of products, and their limitations.

Term Insurance:

Term insurance is the simplest form of life insurance. Term life insurance provides coverage for a specified period of time. The insurer pays the beneficiary the face amount stated in the policy if the insured dies during the specified period. The policy expires without payment if the insured survives the period. The face amount remains constant over the policy period under most term policies.

The best use of term policy is when the protection need dissolves at the term expiration date. Other times when life insurance need is permanent, term insurance can be resorted temporarily due to affordability. The three basic limitations of the policy are: the insured may be uninsurable

at the end of the term and may be still in need of protection, the renewal premiums may be prohibitive and there is no saving function.

There are many variations of term policies such as increasing or decreasing premium or single premium term life policies.

Whole Life Insurance:

Whole life insurance provides lifetime protection by means of level premium policies. Proceeds of the face amount generally remain the same and are payable to the beneficiary upon the death of the policyholder or to the policyholder if the person reaches the maximum age for life cover (Arthur Andersen and Company, 1983).

There are many types of whole life insurance products such as continuous premium , limited payment, single premium, interest sensitive whole life.

Endowment Policies:

Endowment Policies cover a specified period of time and combine an investment plan with life insurance. At any point in time the total of term insurance and the saving fund equal to the face value of the policy. Term insurance part declines and the saving part grows with years.

Endowment policy ensures that the saving goal of the insured is accomplished. The major limitation is that it is relatively costly.

Universal Life Insurance:

Universal Life Insurance is a flexible premium policy providing life time protection. It has a simple internal structure. Investment, expense and mortality elements of a universal life insurance policy are separated and defined. After the expense and mortality elements are reduced the remaining part goes to the investment fund of the insured. At any point there is a cash value for the policy. Interest is credited to the cash value based on current investment earnings.

There are many variations of treatment of expense loadings and interest.

Variable Life Insurance:

Variable life insurance is a new product in the life insurance market. It is designed to offset the effects of inflation. The face amount of the policy and the cash values fluctuate according to the investments backing it. Most insurers offer their policyholders a choice of investments such as bonds, common stock and money market securities. In the Turkish market there is no variable life insurance products as yet.

Group Life Insurance:

All insurance products are available to persons individually or as a group. Group insurance is issued to a group of people with similar interests, such as people working in a

company. The premiums are paid by either the employee or the employer. It is the fastest growing life insurance class also in Turkey (Insurance Supervisory Office, 1992).

Annuities:

Life insurance companies also offer annuities. Annuities is the reverse of life insurance. While life insurance is the accumulation of estate, annuities are estate liquidation. Annuities help people liquidate their estate without the fear of outliving their resources (Mehr and Gustavson, 1987).

The buyer of an annuity pays an insurer a specified amount in return for the insurer's promise to make a series of payments which stop upon the insured's death. The basic limitation is inflation. Due to inflation long term purchasing power of the fund is not guaranteed.

Others:

There are many other life insurance products targeting different market segments. Possibilities of combined policies are limitless. Credit Life (for mortgages), Industrial Life (targeting factory workers with very low premiums), Family Income policy (A combination of whole life and term life) are some examples.

2.3.1.2. Characteristics of a Life Insurance Policy

In this part of the study ways of selecting a life insurance policy, insurability requirements for life insurance

policies, and basic policy provisions are discussed.

Selecting a Life Insurance Policy:

There is no "best" policy in the absolute sense. The best policy is the one that is appropriate for the consumer in reaching the desired objectives. The buyer's reasons for purchasing life insurance must be examined. Then it must be determined if life insurance is the most effective tool in reaching the buyer's objectives.

In order to make an informed decision on saving through life insurance, the buyer must compare savings between insurance plans and non-life insurance saving alternatives. Basis of comparison are accumulated savings and the rate of return.

Buyers must decide which balance of protection, savings and cost is appropriate for their particular situation (Crane, 1980).

Policy Provisions:

A life insurance policy is a legal contract setting the rights and the responsibilities of the insurer and the insured. A knowledge of policy provisions would give a better understanding of life insurance operations. In this section the most common and important provisions will be explained.

Although there are no standard provisions in life insurance there are some mandatory provisions. These cover the

grace period, incontestability, misstatement of age, policy dividend distribution, options available in case of premium default, loans, reinstatement, nonforfeiture values, and cash value payments.

The grace period is the period after the premium due date the policy will stay in effect without the payment of the premium (Crane, 1980).

The reinstatement provision provides a terminated policy to be put back in force within a specified period. The insurer could require evidence of insurability (Mehr and Gustavson, 1987).

Insurance policies are contracts of utmost good faith. If there is misrepresentation in the contract, the policy could be voided. The incontestability clause gives the insurer a specified period of time to check the information by the insured. Thereafter the policy can not be contested, even if misrepresentations made by the policyholder are discovered.

A special case applies to misrepresentations of age and sex. When such a discovery is made, the face value of the policy would be reduced to the amount the premium would have purchased at correct age (Crane, 1980).

The policyholder can have the cash value of the policy at any point in time. If the policyholder wants to keep the policy in force a policy loan can be made. Interest rate for the

loan is usually written on the policy. In Turkey at the moment the insurers use varying rates for loans.

In the beneficiary clause the name of the person entitled to receive the proceeds of the policy is stated. The policyholder usually retains the right to change the name of the beneficiary.

Additional clauses such as sickness or accidental disability, double indemnity in case of accident, waiver of premium (prevents the lapse of the policy if the policyholder becomes disabled and can not make further payments), disability income provision (a certain amount of monthly income in case of disability) can be added to the policy. A quite new provision is Dread Disease giving a certain lumpsum if the policyholder acquires a lethal sickness such as cancer.

Insurability in Life Insurance:

Not all risks can be managed through insurance. In general the criteria for insurance are (Mehr and Gustavson, 1987):

- . There must be a predictable loss rate.
- . Losses must be by chance. For example suicides can not be insured within the first two years of the policy.
- . Losses must be definite, measurable and important.
- . Catastrophic losses must be unlikely. War is an example of a catastrophic loss that is uninsurable.

2.3.1.3. Life Insurance Product Strategies

The past decade has brought significant changes in the life insurance market. Economic climate increased competition from other saving media and growing consumer sophistication has caused significant changes in life insurance products and the frequency of new product offerings.

Basic types of life insurance products were discussed above. While demand for whole life products are decreasing, demand for term life insurance is increasing in US. Highest growth is observed for universal and variable life products in US. The reason for this trend is basically economic volatility, that is high inflation and changing interest rates, that make long term commitment to inflexible whole life products risky and expensive for the consumer. These policies are practically impossible to implement without using computer technology, one reason why it is not as widely dispersed in Europe as in the USA (Mehr and Gustavson, 1987).

Term insurance provides relatively low cost pure protection and is preferred to whole life for this reason. Universal and variable life policies have flexibility and also reflect the interest gain unto the consumers, protecting them against inflation.

Shorter product life cycles encourage new products. Every month there is a variety of new products in life insurance market in the world. These new products are mostly

modifications of previously marketed products. Results of a Delphi Survey conducted by combined efforts of the Life Insurance Management Association (LOMA) and Arthur Andersen and Company, consisting of 150 panelists from all facets of the life insurance industry indicate that, most panelists believe that their companies are likely to offer a universal life and variable life type of product by 1990 (Arthur Andersen, 1984).

Several new product characteristics can be expected within the next few years. Flexibility in premium payment, premium amount, cash accumulation vehicle and loan rate is expected to be among new product characteristics.

Flexibility is a much demanded feature by consumers. Due to shorter life cycles of new products no penalty trade-in on new products will be realized. Cash value policies with checking accounts, new dividend options, insurance accounts options (one payment for all life, health and personal lines) coverage are expected to be implemented in near future (Arthur Andersen and Company, 1984).

2.3.2. Promotion Strategies

Life insurance is intangible, a future good, a tertiary good and a good of low duration. These characteristics all cause life insurance to have low demand. These factors increase the importance of promotion and complicate it (Long, 1971).

Insurance companies often revert to image advertising. Image advertisements are aimed at increasing the awareness of the customer to the advisor and its services, and improve the attitudes of consumers (Benn, 1986). Reputation is very important for the insurance industry. People search for a financial institution they can trust. This is due to:

- . the substantial amount of money involved,
- . depending on the insurer for advice, and information that is hard to verify from other sources.
- . receiving benefits from insurance at a future date.

Companies are changing their promotional efforts toward creating a new image. This new image depicts the life insurance company as a "financial services institution" (Hollman and Murrey, 1984).

Insurance companies also advertise for the agents. Some ads are actually directed to the agents (Benn, 1986). In a service industry attitudes of employees and agents who deal directly with the consumer are crucial. This is especially true for the insurance sector as it involves factors people have strong feelings about, substantial amount of money and nonroutine transactions. Employees and agents tend to try to live up to the image posed in the advertisement.

Advertising also affects general agents who consider themselves independent businessmen. Working with a company with a favorable image satisfies them (Benn, 1986).

2.3.3. Distribution Strategies

Life insurance companies use various channels to distribute their products; such as, independent agents, exclusive agents, brokers, direct sales force, mass merchandising, and direct mail.

Independent agency system has three basic characteristics: Firstly, the agent is an independent person representing several insurance companies and authorized to write business on their behalf. Secondly, the agent owns the rights to the renewal and expiration rights to the business. Finally, the independent agent is compensated solely by commissions. Few life insurance agents are independent (Mehr and Gustavson, 1987).

Exclusive agents represent only one insurance company. Exclusive agents have little or no rights to expiration and renewal of rights. They are reimbursed on a commission basis, however, renewal commissions are usually less than new business commissions. Most life insurance agents are exclusive (Arthur Andersen and Company, 1983).

Brokers represent policyholders and arrange an insurance for them. Brokers sell their services to clients and place their client's business with various insurers. They receive commission from the insurers with whom they place the policies (Crane, 1980). Brokers rarely specialize in individual life insurance products. They generate a

considerable amount of group life insurance and pension plan sales.

Mass merchandising is a channel of distribution that has gained recognition in recent years. Mass merchandising is a plan for insuring the members of a group under a single plan of insurance at reduced premiums (Arthur Andersen and Company, 1983). The difference between group insurance and mass merchandising is that there is individual underwriting and the absence of employer contribution. Insurers are aggressively pursuing this group sales as it can save the insurer from commission expenses.

Direct sales force is where the sales persons are the salaried employees of the insurance company. These sales representatives do not have ownership rights to business. They are usually paid a salary plus a bonus (Arthur Andersen and Company, 1983).

Direct mail ,is a form of mass merchandising that is growing in popularity. Many companies that can write small amounts of life insurance without requiring a medical examination, mail application forms and brochures. The mail campaigns are supported by mass media advertising (Mehr and Gustavson, 1987).

Despite the public is now being reached by various nonagent means, agents are still selling most of life insurance and are the most important distribution channel (LIMRA, 1987).

The sales force is the key to the success of the life insurance company. The role of the intermediary is so important that the agents are called "producers". The term producer draws attention to the fact that, creating and selling the life insurance product is combined (Shostack, 1987). Buyers rely on agents for advice and service. Agents are essential for both the insurer and the consumer.

To compete successfully in the dynamic environment and to cope with the changing needs of the consumers, agents need diverse capabilities. Agents need specialized knowledge of various vehicles available to the consumer (Goldberg, 1984).

Agents new role as a specialist and financial planner brings up the issue of a need for continuing mandatory education to keep up with the changes in the marketplace and products (Webb, 1988).

Recent technological changes imply an enhanced geographical expansion for the agent. The broad and at the same time complex range of products create a greater need for support systems for the agent (Goldberg, 1984).

2.3.4. Pricing Strategies

Insurance prices are premiums. Insurance premiums cover pure premium, operating expenses and margin. Pure premium is the amount needed to pay policyholder losses. Operating expenses include sales commissions, other marketing costs,

administrative costs, taxes and costs of handling claims. Margin includes an allowance for contingencies and underwriting gain or profit (Tobias, 1982).

Life insurance pricing is relatively uncomplicated. The class rating system based on the insured's age and sex is logical, uncomplicated and easy to understand.

In setting insurance rates, actuaries aim to set rates that are high enough so that company will receive necessary funds to pay its claims but low enough to be competitive. Rates must be adequate, reasonable, fair, simple and inexpensive to use.

Prices in the life insurance industry are difficult to compare for the consumers. This is one factor that reduces competition in the sector (Bevington and Luconi, 1987).

2.3.5. People Strategies

Agents or direct sales persons "produce" the policy. The insured has access to many other parts of the sales organization. Therefore employee selection, training, motivation and control is highly important (Cowell, 1984).

2.3.6. Physical Evidence

Life insurance services as with most pure services where intangibility is a problem, work place, communication

material, equipment and symbols are all very important. The inferences drawn from these aspects will reduce the uncertainty for the consumer (Kotler, 1991).



2.4. History and Development of Life Insurance Marketing

This section presents a brief history of life insurance and factors that contributed to the development of life insurance marketing. Life insurance market and marketing strategies in the world are studied in order to search for similarities with Turkey. The case in the USA has had particular emphasis in the study as it is a relevant example of a developed life insurance market. Life insurance marketing is institutionalized, and the policy ownership is widespread in the USA. An interesting aspect of life insurance industry in the USA is that a substantial progress took place in a short span of time.

2.4.1. History of Life Insurance

The need to prevent risk of death and disablement has caused the origins of insurance to date back to antiquity. Life insurance had its beginnings in Ancient Greek and Phoenecian cultures, among religious groups, where a member contributed funds to ensure a funeral in accordance with all the rites and ceremonies of the sect (Nelli and Marshall, 1969).

In the 2nd and 3rd Centuries BC in Greece and Rome there was health insurance in the form of providing care for the elderly in case the family would not take care of the person (Nelli and Marshall, 1969). Roman legionnaires purchased disability income for old age, wounds or diseases

as they would become estranged from families due to long wars away from homeland (O'Donnel, 1936).

Superior officers could even secure additional benefits, such as retirement, by becoming members of an auxiliary operation known as "optiones". Romans devised the first mortality tables "les Falcidia de Legato" about 40 A.D. (Crane, 1980).

In the Middle Ages guilds provided mutual aid. It was a duty of a guild member to aid others. In order that the guild might provide help to those members who needed, its dues were required of members and funds were accumulated for emergencies. The need for economic aid at the death of the breadwinner was more clearly recognized at this stage (Nelli and Marshall, 1969).

Church which was a powerful organization at this time, also played an important role in providing charity. With the crumbling of the feudal system, church lost its power as it lost its means and wealth. (Stalson, 1969).

While the middle ages was considered a period of agrarian economy, there was considerable trade, commerce and banking activity going on in Italian city republics. This activity caused the development of insurance in Italy (Nelli and Marshall, 1969).

Guilds were overshadowed by new commercialism. This transition stage was a burden on the people (Stalson, 1969).

The industrial revolution and the trend toward urbanization had broken the family cohesiveness and the society's collective feeling of responsibility for its members (Nelli and Marshall, 1969).

In 1574 an Office of Assurances was set up in London, followed by a Court of assurances in 1601. First life insurance policy was sold to Mr. William Gybbons, in 1583. In 1693 Halley created the first scientific mortality tables. Both government regulation and a scientific basis created a positive public opinion (Hodgson, 1984).

Life insurance was mostly sold by brokers who hunted insurers to underwrite risk. Coffee houses were the place the institution of insurance was created and emitted. Lloyd's coffee house shared the prosperity of insurance at that time and is still a phenomena today.

The first life insurance company for Widows and Orphans was followed by others in 1700's in London (Stalson, 1969).

Due to the absence of a law or restriction preventing the insurance of a person without a person's permission or a knowledge, in England, led to abuse and corruption. People gambled by buying insurance on lives of old, infamous personages, even Napoleon Bonaparte (Flower and Jones, 1974). This gave life insurance a bad reputa and condemnation by church and authorities in many countries (Nelli and Marshall, 1969).

In the USA first life insurance company was established in 1759 (Zelizer, 1979). The Corporation for Relief of Poor and Distressed Presbyterian Ministers and of the Poor and Distressed Widows and Children of Presbyterian Ministers is continuing its existence as the oldest active life insurance company in the world. Although other religious institutions followed it, it was not until the 1850's that life insurance sales began to increase. This 100 year delay in development is worth looking into.

The following section examines the factors that influenced the development of the life insurance sector in the US.

2.4.2. Factors that Influenced the Development of Life Insurance Marketing in the USA

This section aims to answer the questions "What factors promoted the development of life insurance industry in the USA ?" and "What role can marketing play in the development of life insurance industry ?".

There were life insurance companies in Europe and in the USA in 1750's. Life insurance seemed like a perfect solution for economically destitute widows, there was a scientific basis for life insurance, people could afford it and policies were sound. Although insurance became accepted in Europe, the public, however did not respond in the USA. It was not until a century passed that life insurance sales began to increase in the USA (Zelizer, 1979).

Changes in various internal and external factors caused the acceptance and the development of the life insurance industry. Among the external factors are: change in values, economic growth, urbanization, increases in the purchasing power of the population, changes in the attitude of the government and the legal authorities. Development of the life insurance industry was also influenced by internal factors such as changes in life insurance products and marketing techniques.

2.4.2.1. External Factors Affecting the Development of Life Insurance

Value System

Opposition to life insurance resulted largely from a value system that condemned a strictly financial evaluation of human life. Life was considered sacred and beyond the scope of monetary definition. Cultural definition of risk and gambling also had prevented life insurance sales (Zelizer, 1979).

Traditional economic morality and religion condemned life insurance as a sacrilegious and speculative venture.

A new industrial society was created after the American Civil War. Old values and habits declined in value and attitudes crumbled. The task of selling a commodity in a materialistic civilization was relatively acceptable. The task of converting life into commodities, on the other

hand was highly complex. In an increasingly industrial market economy, human life and human feelings were segregated into their realm. Life insurance took on symbolized values quite distinct from its utilitarian function, as a new form of ritual with which to face death.

Convinced of the theological propriety of taking a more active participatory role in handling human affairs, clergymen not only insured their own lives, but also became leading spokesmen for the growing industry. The emergent voluntaristic religious outlook and the entrepreneurial economic morality of the latter part of the 19th Century legitimated life insurance. The stigma of life insurance as a form of gambling was erased (Zelizer, 1979).

Economic Growth

A country's stage of economic growth has been considered one of the determinants of the development of life insurance (Niwata, 1978). Life insurance in turn supports the economy (Pritchett, 1985). Economic development in the USA coincides with the development of life insurance in 1840's (Zelizer, 1979). Economic growth causes industrialization, urbanization, higher earning power, which in turn necessitates life insurance and makes it possible for the public to purchase it.

Urbanization

Urbanization was an important factor that has affected the

development of life insurance in the USA (Zelizer, 1979). The self sufficiency of the family unit in an agricultural economy gave way to economic interdependence with urbanization (Chernik, 1970). In contrast to the close knit community in rural societies and the gift type of social exchange in assisting the destitute widows, there was impersonality and isolation in the industrialized urban society. Life insurance was one way the individual could affiliate with the resources of the society (Stalson, 1969).

This is supported by the fact that first life insurance companies were organized in the heavily populated cities that were the centers of economic development in USA (Zelizer, 1979).

Purchasing Power

The purchasing power of the population was not a major cause preventing the development of life insurance industry in its first 100 years in the USA. The prosperity of trust companies and saving banks point otherwise (Stalson, 1969).

Although income is evidently an important factor in purchasing life insurance, use of insurance does not depend heavily on income. Use of life insurance among several nations with low respective levels of national income support this view (Halk Yasam Sigorta A.S., 1991). Examples to countries of relatively low per capita income that rank high in per capita premium are Malasia (30 th place), Zimbabwe (36th place), India (47th place), while Turkey is in 48 th

place.

Attitude of the Government and Legal Authorities

Attitude of the government and the legal authorities was one of the reasons that encouraged the development of life insurance in the USA. While the public showed resistance, the government and the legal authorities supported life insurance from the start. Government perceived life insurance industry as a potential source of revenue, through tax and also as an institution that could alleviate its responsibility for dependents (Zelizer, 1979).

This support of the government and the legal authorities is unique in the USA. In many European countries, governments and the legislature often opposed and banned life insurance at its early stages. In muslim countries there was even a stronger opposition to life insurance. Saudi Arabia and Libya deny legal recognition to this date (Zelizer, 1979).

2.4.2.2. Internal Factors Affecting the Developments of Life Insurance

Changes in life insurance products and marketing strategies were the internal factors that influenced the development of life insurance in the USA.

Policies and Premiums:

Extravagant premium rates were considered as an obstacle in the way of life insurance sales at its early years in the

USA. Entrance of the mutual companies to the market reduced the prices somewhat. Rate reductions however are not important enough to explain the pace of growth (Zelizer, 1979).

Policies changed gradually to include new clauses such as incontestability, period of grace. It can be said, however that these changes came too late to account for the transformation of the life insurance business (Zelizer, 1979).

Changes in Marketing Strategy

Marketing comes up as one of the most important factors that caused the development of life insurance. A chronological simultaneity of increase in life insurance sales and the organization of agency force grant credibility to the power of marketing (Stalson, 1969).

Two marketing strategies for life insurance are observed respectively (Zelizer, 1979). The first was appealing to ethics and the second was creating the image of business institutions targeting profits.

The first strategy was implemented between early 19th Century and 1870's. During this time life insurance appealed to ethics using moral persuasion to convince the skeptical public of the legitimacy of their business. During this first stage of marketing, earlier modes of assistance were declared unreliable and inadequate. Morally beneficent features of life insurance were emphasized in advertising.

Buying life insurance was depicted as a social duty.

The second strategy was after 1850's, where the moralistic approach was replaced by business methods. Industry's image, functions of life insurance policies and buyer's motivations all changed to reflect the changes in the strategy.

Companies no longer tried to create an image of institutionalized bureaucracy, but of successful business institutions. Transition from ideology to commercialism was also reflected on policies, as they began to emphasize investment. Life insurance was emphasized as a unique opportunity for everyone with financial plans. Motives of the buyers changed from values to interest.

More active marketing produced agents (Zelizer, 1979). Agents became an indispensable factor in successful marketing. Only persuasive and persistent solicitation could break the ideological barriers against life insurance. After 1870's agents were motivated by bonuses and they were coached by mail. It was also proposed that life insurance selling can be taught. This brought about the inclusion of life insurance courses in colleges. Organized class work was started by companies for the agents (Zelizer, 1979).

Merchandising and price competition also became features of life insurance marketing in 1850's. A new type of life insurance called "Industrial Life", targeting the lower income industrial workers was developed. Marketing

research began to gain importance (Stalson, 1969).

By the end of 19th Century, life insurance had become popular in the USA mainly due to changes in public attitudes and marketing effort.

Some factors that are inherent in the USA system continue their positive influence even today. American legal system encourages all types of insurance through Common Law (Smith and Roberson, 1982).

Persons and institutions are held responsible for their actions. This liability forces everyone to obtain insurance. As a result purchasing life insurance is easier for the public. Another important factor is the credit economy (Chernik, 1970). In the USA people are able to make large purchases with a promise to pay in the future, such as mortgages. The death of the debtor would be very difficult for the family and the lender without the life insurance institution.

A similar set of factors are observed at work in Japan and Europe (Tsuchida, 1987). In most developed countries the confidence in monetary stability can be said to encourage the purchasing of life insurance. Economic stability allows the public to make long term investments, such as in life insurance.

2.4.3. Problems Confronting Life Insurance Companies in Developing Countries

The term "developing country" is used frequently. The term will be defined as countries with low levels of economic and infrastructural development. Although developing countries account for about 75 per cent of world's population they account for only 5 per cent of world insurance premium. Per cent of people owning insurance is very low in developing countries (Brandmaier, 1989).

There are some common problems confronting life insurance companies in developing countries (Samee-ul-Hasan, 1987). These are high rate of inflation, lack of financial capacity of the individual, religious barriers, lack of public education, negative public attitude toward life insurance, difficulty in creating a good sales force, and fatalism.

High rate of inflation:

Because of high level of inflation the public is reluctant to make long term investments. The returns of the policy could be nullified in the long term if the premium is not increased in line with the rate of inflation.

Unsatisfactory investment returns:

The rate of return on the invested insurance funds is usually below the rate of inflation. Therefore there is loss for the policyholder. According to the author's observation this is due to two reasons. Investments are restricted in nature due

to the legal structure and the investment planning;
and management is inadequate in some insurance companies.

Lack of financial capacity by the individual:

The income of the average person in a developing country is low. Therefore life insurance can not be one of his priorities. Providing for the absolutely necessary needs might already be difficult.

Religious barriers:

In some islamic countries life insurance is forbidden. The basic reasons behind this is that interest earning is considered sinful. In Turkey just by looking at the volume of savings in commercial banks it can be concluded that religion does not play a determinative role in the development of the life insurance market in the country. (Anitsal, 1987).

Lack of public education:

Usually, the public is ignorant of life insurance. Also they are not aware of their need for life insurance. This necessitates an extensive search process before purchase.

Negative public attitude toward insurance:

The public distrusts life insurance companies. The overall prestige of the sector is low.

The difficulty and cost of creating a good sales force:

The quality of the agents and their sales force is low. The

commission system is not motivating persistency of the policy. In most developing countries the lapse rate is high.

Fatalism:

Fatalism is another important reason why the insurance sector does not develop. According to a recent research in Turkey 46 per cent of the population are inclined to believe in fate (TUSIAD, 1991).

Negative attitude toward institutions:

In a society in order for some institutions to work it is vital that trust between people and institutions is established. Mistrust in others is a cultural handicap. A recent research carried out in Turkey shows that Turkish people mistrust large institutions the most (TUSIAD, 1991). Obviously, this not without reason, however unless this problem of trust is resolved, Turkey can not become a modern capitalist industrial country.

III. THE LIFE INSURANCE MARKET IN TURKEY

In this chapter the development of life insurance in Turkey will be examined. The present structure of the life insurance sector in Turkey will be presented. The role of the life insurance sector in the Turkish economy will be analysed. The role of regulation will be discussed.

3.1. The Development of the Life Insurance Sector in Turkey

In Turkey the first insurance policies were written by foreign companies in the second half of 19th century. The basic need that necessitated insurance was the fires in the districts where the minorities lived. The foreign companies used their own laws and language in contracts (Arseven, 1987).

The reasons why insurance did not develop in the Ottoman empire were (Arseven, 1987):

1. The Ottoman Empire was not a commercial state. Trade was in the hands of the minorities. Commerce had low prestige.
2. The negative attitude of the religious leaders is also one of the reasons why insurance did not develop in the Ottoman empire. Two "fetvas" had significant effect. The first fetva in 1911 stated that, it would be sin for a muslim person to receive a claim after a dispute with the insurer. In the second fetva by Mustafa Sabir Efendi insurance was

proclaimed as sin and a form of gambling.

The first Turkish insurance company was founded in 1925, after the establishment of the Turkish Republic. The life insurance policies are being written for the past 100 years. The Turkish Lira lost its value during the second World War. This was the first loss of confidence in the sector (Borak, 1978).

The first life insurance company was founded in 1966. It was a joint venture between Tam Sigorta A.S. and American Life Insurance Company. The name of the company was Tam Hayat A.S. At the time 1921- 1930 Swiss mortality tables were used in Turkey. This company was considered revolutionary for using 1958 mortality tables, which are still used today. Due to the high inflation this company transferred its portfolio to a another insurance company and terminated its activities (Arsan,1967).

Many other companies also did not respond to two digit inflation in time. Although they continued their activities, they could not assure the insured, the future they promised with their fix premium policies. The people who had bought inflation suffered as their policies became practically useless in value, a second loss of confidence.

Most of the sales were made in rural areas. The producers selling in villages misled the people. This was a third reason why the public attitude is negative toward life

insurance in Turkey.

The religion does not seem to present a serious barrier. The accounts in commercial banks point otherwise (Anitsal, 1987).

3.2. The Present Structure of the Life Insurance Sector

Social Security and the Pension Fund constitute two important pillars of social security in Turkey. These two institutions address the needs of the two different groups of salary earners. Bagkur is another social security institution providing limited security for independent professionals (Bozer, 1986).

Life insurance industry is the fourth pillar of security in Turkey. In this section the present structure of the sector will be presented. The present situation regarding the insurers, producers and the consumers will be presented below.

3.2.1. Life Insurance Companies

There are 35 domestic and 15 foreign companies in the insurance sector. In the life insurance sector 23 domestic and 5 foreign companies operate (Insurance Supervisory Office, 1993). In 1993 there were 12 life insurance companies (Sigorta ve Reasurans Sirketleri Birliği, 1994).

A look at the market shares indicates that one firm

accounted for 44.7 per cent of total premium income in 1993 (Sigorta ve Reasurans Sirketleri Birliği, 1994). Following three companies accounted for 27.2 per cent of total premium income. The rest of the companies each had less than 5 per cent of the market share. Table 3.1. Presents the premium income and market shares of insurers in life branch in Turkey.

All life insurance companies in Turkey are stock companies with the exception of Birlik Sigorta A.S., which is a mutual company. A mutual life insurance company does not have stockholders and is managed by a board elected by the policyholders (Akmüt, 1980).

Most insurance companies are subsidiaries of banks or big holding companies. They were established to provide for the insurance requirements of these groups of companies. They did not show considerable marketing effort and could easily be defined as captive. By 1985 the attractive potential of the market drew new companies and foreign investors. The companies began emphasizing the marketing function.

3.2.2. Life Insurance Agents

There were 10,474 agents working in the insurance sector in 1992. Some employ hundreds of people. In 1992, 2,877 new agencies were established, while 1,797 agencies were cancelled. This turnover of agents points to problems in the

Table 3.1. Premium Income and Market Shares of Insurers in the Life Branch in Turkey (Million TL)

INSURER	Premium Income 1993	Premium Increase 1993/1992	Market Share
AGF Garanti	18,287	203,87	0.74
AGF Garanti Hayat	4,912	0,0	0.19
Aksigorta	58,001	(21,18)	2.34
American Life	83,875	253,41	3.38
Anadolu Hayat	1,108,355	49,41	44.70
Ankara	27,648	85,42	1.11
Basak	224,778	83,93	9.06
Bali	5,492	84,42	0.20
Bayindir Hayat	793	0	0.03
Birlik	4,903	223,42	0.20
Commercial U. Hayat	996	0	0.04
Dogan	236	60,54	0.01
Emek Hayat	39,500	71,72	1.60
Generali	641	100,94	0.02
Gunes	65,645	59,70	2.64
Gunes Hayat	106,480	186,74	4.30
Guyen	22,466	66,62	0.90
Halk	215,496	23,84	8.70
Halk Yasam	234,839	92,96	9.50
Ilur	2,550	27,82	0.10
Imtas Hayat	9,982	121,72	0.40
Isvicre	3,214	90,86	0.12
Merkez	23,945	(48,66)	1.00
Merkez Hayat	12	0,0	0.00
Oyak	50,276	83,24	2.03
PFA	2,299	(24,33)	0.10
Ray	3,004	15,90	0.12
Rumeli Hayat	4,484	54,25	0.18
Sark Hayat	93,353	110,07	3.77
Seker	24,282	103,98	1.00
T.Genel	37,914	63,97	1.52
Total	2,478,628		100.00

sector. The increase in the number of agencies compared to 1991 was 25.8 per cent (Insurance Supervisory Office, 1993).

The agents do not have a specific licence for selling life insurance. They do not have an association for protecting

their interests and for controlling the activity of the agencies.

The legal job description of the sales people employed by the agencies is nonexistent. These salespeople do not pay income tax on their commission earnings.

It is quite simple to establish a life insurance agency. A letter of credit and a minimum of legal papers are required. It only takes a few days to establish an agency. Most agencies do not take up life insurance sales as their main business. The law now necessitates the agent to be only operating in the insurance sales. This is hard to control.

One aspect that is important to notice in the life insurance portfolio movements is the high rate of cancellations. In 1992 1,079,687 new life policies were written. The number of policies cancelled in the same year was 794,030. This points to problems at the sales stage which are mostly related to the agents (Insurance Supervisory Office, 1993).

3.2.3. The Consumers

There was a total of 4,727,693 policies in force in 1992. Population was estimated by the State Institute of Statistics to be about 58,584,000. Only about 8 per cent of the population had some form of life insurance in 1992. Per capita life insurance premium was 26,823 TL in 1992. These statistics reflect the large unexploited potential of the

market.

The life insurance in force consists of individual and group policies. Group policies constitute 25 per cent of all policies. There was about 52 per cent increase in the number of group policies whereas the individual policies increased in number by around 8 per cent (Insurance Supervisory Office, 1993).

A very interesting research reveals that the Turkish society can still be defined as fatalistic although it carries the rationality marks of the industrial societies. A further finding was that the Turkish society has a high level of mistrust towards large companies. This is a factor that could affect the negative attitudes toward life insurance companies also (TUSIAD, 1991).

Reliance on help from family and expecting sacrifices from children in the future may also be factors that influence the Turkish people's attitude toward life insurance.

3.3. The Role of Life Insurance in the Turkish Economy

The ratio of total life insurance premiums to GNP was 0.016 per cent in 1992 (Insurance Supervisory Office, 1993). Table 3.2. shows that Turkey is preceeded by many developing countries in terms of per capita life insurance premium (Halk Yasam Sigorta A.S., 1991).

Table 3.2. World Share of Insurance Premium and per Capita Life Insurance Premium

Country	Share of Premium (%)	Per Capita Premium (USD)
Japan	30.33	1,820.5
USA	27.28	803.2
Great Britain	10.17	1,317.7
France	5.93	773.2
Germany	5.45	505.3
South Korea	3.42	588.6
Canada	2.30	635.0
Netherlands	1.89	935.7
Switzerland	1.57	1,723.0
Australia	1.44	618.5
South Africa	1.32	288.2
Italy	1.24	161.1
Sweden	1.08	926.0
Spain	0.84	159.8
Taiwan	0.77	280.8
Finland	0.77	1,138.4
Denmark	.40	571.3
Austria	.37	349.3
India	.36	3.2
Belgium	.38	270.3
Norway	.34	601.9
Ireland	.34	726.0
Mexico	.17	14.3
Israel	.16	243.4
Thailand	.13	16.6
New Zealand	.12	267.8
Singapore	.11	308.3
China	.10	0.7
Malaysia	.10	39.8
Portugal	.09	66.4
Philippines	.08	9.4
Brazil	.08	3.8
Chili	.08	43.8
Greece	.08	58.9
Argentina	.05	11.9
Czechoslovakia	.04	16.6
Indonesia	.04	1.5
Hungary	.03	23.9
Iran	.03	4.1
Luxemburg	.03	510.3
Poland	.03	5.0
Pakistan	.02	1.5
Turkey	.02	2.9
Zimbabwe	.02	16.4
Colombia	.02	3.7
Morocco	.02	4.3
	61	

Country	Share of Premium (%)	Per Capita Premium (USD)
S.Cyprus	.01	123.9
Egypt	.01	1.3
Panama	.01	
Venezuela	.01	2.6
Other Asian	.19	
Other European	.08	
Other African	.02	
Other American	.01	
Total	100.00	

The amount of life insurance premiums collected in 1992 was 1,571,418 million TL. This amount is a contribution to total savings. These savings might not have been drawn into the the economy through other financial tools. Life insurance premiums accounted for only 19.23 per cent of all insurance premiums. Total investment made by life insurance companies in 1992 was TL 1,938 billion TL. Table 3.3 shows the distribution of investments of life insurance companies. Life insurance companies transfer funds to the state through their investments in state bonds.

A total of 5,524 people work in the insurance sector. There were 10,474 agencies as of the end of 1992, each employing a varying number of sales people (Insurance Supervisory Office, 1993).

Table 3.3 Investments of Life Insurers
in Turkey

INVESTMENTS	TL (000)
Stocks	56,989,010
Bonds	1,614,668,167
Loans on Life Insurance Policies	34,949,954
Real Estate	231,943,086
Total	1,938,550,217

3.4. The Role of Regulation and the State

The life insurance sector is regulated in most countries with the basic objective of keeping the insurer solvent. Price is another factor that is usually regulated by governments to assure that the general public gets life insurance at reasonable prices (OECD,1987).

The Regulatory Bodies

Life insurance companies in Turkey are audited by the State Supervisory Office. State Supervisory Office is a body authorized by the Prime Ministry, Undersecreteriat of Treasury and Foreign Commerce.

There is also an Association of Insurance and Reinsurance Companies. The Association is managed by the representatives of companies and represents the interests of the insurance and reinsurance companies by lobbying activity. It issues statistics, informs companies of changes in laws, works in

the development of laws regarding insurance. Recently the association has organized a joint promotion campaign with an initial budget of 100 billion TL for the improvement of the sectors image and public education (Turkiye Sigorta ve Reasurans Sirketleri Birliği, 1991).

Regulation Regarding Life Insurance in Turkey

In Turkey life insurance industry is regulated by Insurance Audit Law number 7397 issued on December 21,1959 and altered lastly on September 15, 1993. This Law regulates the entries to the market, formation of companies, required reserves, intermediaries, payment of premiums, prices and other aspects pertaining to life insurance industry (Turkiye Sigorta ve Reasurans Sirketleri Birliği, 1993).

An important change that took place in 1987 was the separation of the accounting of life and non-life insurance companies. This has eventually led to the law proposal stating that life and non-life companies had to be exclusively operating in one branch. Many companies responded by establishing their own life insurance companies after 1990. The required levels of capital was also increased to 50 billion TL, a requirement to be met in 1994.

Another major change that has affected the life insurance sector was the income tax advantage granted to life insurance

buyers in 1987. It consists of reducing the tax base by the amount of life insurance premium. There is a ceiling for this advantage at the moment restricted to Social Security Worker's contribution. There is a widespread expectancy among life insurance companies that this ceiling will be removed. This will further foster the growth of the premium income. The funds paid at the surrender of the policy are tax exempt, however the sum assured paid out at death is subject to inheritance tax, which can be a considerably high ratio.

The new amendments to the law are aimed at reducing the problems related to the agents. Basically, problems related to collections, lapses, quality of the agencies and auditing of the agencies.

The state has issued a law entailing high penalties in terms of imprisonment and money for operations against the law.

The law imposed additional requirements for the intermediaries. Intermediaries are required to be at least high school graduates. Intermediaries had to make mandatory assurance deposits and to take up being life insurance agencies as their sole profession. An intermediary evaluation system will be developed under the supervision of the Insurance Supervisory Office.

These new requirements can be expected to increase the quality, commitment and the performance of the

intermediaries. At the same time the new Law will make it harder to withdraw new agents to the sector in the short term.

The reductions in the limitations of entry for foreign firms with the change in the Law can be expected to encourage the development of life insurance industry. It will promote competition, bring knowhow and technology to the industry.



CHAPTER IV. AN ASSESSMENT OF LIFE INSURANCE MARKETING IN TURKEY: A THREE LEVEL EXPLORATORY RESEARCH

This chapter presents the research purpose and design, sampling procedure, data collection method, a list of variables used in the study, and analyses of data.

4.1. Research Purpose

The main objective of the study is to make an assessment on life insurance marketing in Turkey based on the descriptive findings of the study. This general purpose can be reached by making an analyses of the marketing activities, marketing strategies and marketing orientations of the insurance companies; studying the agency system and collecting primary information on agents; examining the consumer attitudes, expectations and level of awareness regarding life insurance.

4.2. Research Design

This research is both descriptive and exploratory. Descriptive, in the sense that, it aims to define present situation of the life insurance market. Exploratory as it also puts major emphasis on gaining ideas and insights about life insurance marketing in Turkey.

The research is conducted at three levels: insurer, producer, and consumer. The design of these three levels are explained below.

4.2.1. Insurer Level

The answers to following questions will be sought:

- What is the marketing orientation of life insurance companies in Turkey ?
- What are the marketing strategies of life insurance companies in Turkey ?
- What are the marketing mix strategies of life insurers in Turkey ?
- What is the target market of the life insurers in Turkey ?
- Are marketing plans made by life insurers ?
- How many life insurance products are there in the market ?
- How is the organization of the marketing department ?
- What are the insurer's perception of agent attitudes toward insurers ?
- How does the management perceive consumer attitudes towards life insurance products and insurance companies ?
- What do the managers perceive as the major problem areas in the sector ?
- What are the management's expectations from the state ?
- What are the managers suggestions for the development of the sector ?

4.2.2. Producer Level

The questions that will be answered by this research are:

- How does the agent perceive consumer motives in purchasing life insurance ?

- What are considered as the basic objections against buying life insurance ?
- How do the agents perceive consumer attitudes toward life insurance ?
- How do the agents define marketing ?
- What are the agent's criteria for choosing a life insurance company ?
- How do agents define their target clients ?
- What are the main problems of agents regarding the insurers
- What do agents expect as support services from insurers ?
- What changes do the agent's perceive as crucial for the development of the sector ?
- What is the agent's perception regarding marketing ?

4.2.3. Consumer Level

The following questions regarding the consumers will be answered by the research:

- What is consumer's the level of awareness regarding life insurance ?
- For what basic reasons does the Turkish consumer purchase life insurance ?
- What are the consumer's sources of information regarding life insurance in Turkey ?
- What are the consumer's reasons for not purchasing life insurance ?
- What are the saving motives of the Turkish consumer ?

- How do the consumers rate life insurance compared to other financial investment tools ?
- From which point do the consumers prefer to purchase life insurance ?
- What are the effects of demographic and attitudinal variables upon life insurance ownership and attitudes toward life insurance ?

4.2.4. Market Level

Based on the information collected at insurer, producer and consumer level, the following questions at the market level will be answered:

- Is there potential for further growth in the life insurance sector ?
- How can the life insurance sector be developed in Turkey ?
- What is the role of marketing in the development of the life insurance sector in Turkey ?
- What further role can the state play in fostering the development of the life insurance sector ?
- What are the basic problem areas in the Turkish life insurance sector and how they can be eliminated ?

4.3. Sampling Procedure

Three different samples were taken. These are the insurer sample, the producer sample and the consumer sample.

4.3.1. The Insurer Sample

The Insurer Sample consists of 15 Insurance Companies out of a total of 23 companies that distributed surplus to their shareholders in 1992. Two of the companies interviewed were established in 1993.

Table 4.1 presents the interviewed companies in alphabetical order:

Table 4.1. Insurance Companies Interviewed

Insurance Companies (*)	Position of the Manager Interviewed
1. AGF Garanti Sigorta A.S.	Life Technical Manager
2. Aksigorta A.S.	Life Group Manager
3. Anadolu Hayat Sigorta A.S.	Life Technical Manager
4. Basak Sigorta A.S.	Ass. General Manager/Life
5. Bati Sigorta A.S.	Ass. General Manager/Life
6. Commercial Union Hayat A.S.	Marketing Manager
7. Emek Hayat Sigorta A.S.	Ass. General Manager/Mrktg
8. Gunes Hayat Sigorta A.S.	General Manager
9. Guven Sigorta A.S.	1.st. Ass. General Manager
10. Halk Sigorta A.S.	Ass. General Manager/Life
11. Halk Yasam Sigorta A.S.	Ass. General Manager/Mrktg
12. Imtas Hayat Sigorta A.S.	1.st. Ass. General Manager
13. Merkez Hayat Sigorta A.S.	General Manager
14. Oyak Sigorta A.S.	Life Technical Manager
15. Sark Sigorta A.S.	Ass. General Manager/Mrktg

4.3.2. The Producer Sample

For the purposes of this research "Producer" was defined by the author as any general or exclusive agent producing life insurance policies. The population was based on the 10,474 agents listed in the 1992 Report About Insurance Activities by the Insurance Supervisory Office. A close examination of Istanbul Chamber of Commerce listings show that around 65 per cent of these agents are bank branches and institutional customers.

The population of agents can be found as 3,666. Not all sell life insurance. Information obtained from the executives of the insurance companies shows that each insurance company has actually very few agents selling life insurance actively.

Arbitrary listings of the names of the agents were taken from Halk Yasam Sigorta, Basak Sigorta, Emek Hayat Sigorta and Gunes Hayat Sigorta. The sample size was determined as 60 agents.

4.3.3. The Consumer Sample

The population was defined as people above 18 years of age with premium payment capacity and no major visible restriction for insurability. The age limit was chosen as in Turkey the insurability age is 18 years.

The Sample size was determined, allowing a 5 per cent error

and the desired level of confidence was selected as 95 per cent. The population proportion was estimated to be 50 per cent. The sample size is calculated as 384. (*)

4.4. Data Collection Method and Instrument

In this part of the research, the methods and the instruments used in data collection are explained in detail.

4.4.1. Data Collection Methods

Data collection methods are explained in this part for the insurer, producer and consumer samples.

4.4.1.1. Data Collection Method for the Insurer Sample

Top managers were targeted. When it was not possible to arrange a meeting with the top management, they were asked to give the name of the manager who was informed about company policy on life insurance marketing. An appointment was then secured with this manager by phone. Each manager was

(*) Using the formula
$$n = \frac{(1 -) Z^2}{E}$$
, where n is the sample size, is the estimated population proportion, z is the z value associated with the confidence level.

$$n = \frac{(.50) (.50) (1.96)^2}{(0.05)} = 384.16$$

 From Green and Tull, 1978.

telephoned to secure an appointment. The purpose of the study was explained to them during the call and they were informed that the interview would take around 45 minutes.

Data was collected through a face-to-face interview. An undisguised and unstructured questionnaire was used. The average interview time was one hour. The interviews were completed between February 8 to April 8, 1994.

4.4.1.2. Data Collection Method for the Producer Sample

The 60 agents were mailed questionnaires with a letter explaining the purpose of the research and that their names were given by Halk Yasam Sigorta, Gunes Hayat Sigorta, Basak Sigorta, and Emek Hayat Sigorta. The mailing was done on February 15, 1994. One week after the mailing of the questionnaires, two follow up phone calls were made, each one week apart. At this time some of the questionnaires still had not reached their destination. In two months 41 questionnaires were returned. 30 questionnaires then were mailed out to new addresses. The number of valid responses were 44.

4.4.1.3. Data Collection Method for the Consumer Sample

The sample elements were selected on a judgemental sample basis, that is handpicked to serve the research

purpose. The elements of this judgemental sample consisted mostly of the employees of various manufacturing and service companies as they easily fit the defined age, health and income group.

A self-administered, structured and undisguised questionnaire was applied.

4.4.2. Instruments Used in Data Collection

Three questionnaires were used to collect data from the insurers, producers and the consumers.

4.4.2.1. The Insurer Questionnaire

The Insurer questionnaire consists of 28 open-ended and three close-end questions on a four point Likert Scale; no middle point was used to eliminate the possibility of concentration of the responses in the middle. There were also four demographic questions. Appendix-1 includes the the insurer questionnaire.

The questionnaire follows mainly, Philip Kotler's marketing Audit Model. This comprehensive questionnaire is directed towards gathering information on (Kotler, 1991):

- The Macro Environment
 - . Demographics
 - . Political
 - . Cultural

- The Task Environment
 - . Markets
 - . Customers
 - . Competitors
 - . Distributers (Producers)
- The Marketing Strategy
 - . Business Mission
- Marketing Organization
 - . Formal Structure
- Marketing Systems
 - . Marketing Planning
 - . Market Research
 - . New Product Planning
- Marketing Function
 - . Products
 - . Advertising, Promotion and Publicity
 - . Distribution
- Marketing Orientation Berry, Conant and Parasuraman, 1991)
- Marketing Communication (Webster, 1992)

The questions and the variables they are designed to measure are presented in 4.4.3.

4.4.2.2. The Producer Questionnaire

The producer question consists of three main parts. In the first part information on the agency is gathered. This part

provides information such as the main line of business, the insurers worked with, years of business, other business activities. Appendix-2 includes the producer questionnaire. In the second part of the questionnaire the agents are asked to answer 18 questions.

Question one measures agents's years in the sector. Question two measures the three job attributes agent prefers.

Question three measures the insurance ownership of the agent.

Question four collects information on the distribution channels of the insurer the agent works with. The frequency of training attended is measured by Question 5 and type of training programmes is measured by Question 6.

In Question 7 respondent is asked to mark the frequency of his written and oral communication with the insurer.

Question 8 measures the reasons of communication. Question 9 collects information on the support services expected from the insurer.

The agents' problems with the insurance company are measured by Question 10. Agent's criteria in choosing an insurance company is measured by Question 11. Question 12 measures prospecting modes. Question 13 measures the agent's perception of consumer motives in buying life insurance.

The most frequently encountered consumer objections against life insurance buying are measured by Question 14.

perceptions of consumer attitudes toward life insurance is

measured by Question 15. Agent's opinion on ways of improving consumer attitude regarding life insurance is measured by Question 16. Marketing orientation of the agent is measured by Question 17. Future expectations of the agent regarding life insurance market are measured by Question 18.

There are three open ended questions in the second part, Questions 1, 13 and 17. In questions 2, 3, 4, 5, 6, 9, 10, 12, the agent is asked to mark all applicable alternatives. In question 7 the agent is asked to mark one alternative each for written and oral communication with the insurance company. In questions 8, 11, and 16 the agent is asked to rank the alternatives in the order of importance. In Questions 15 and 18, four-point Likert Scale with no middle point was used to eliminate the possibility of responses in the middle.

The third part consists of demographic questions on age, sex, educational level, marital status, number of married years, number of children, and number of club memberships of the respondents.

4.4.2.3. The Consumer Questionnaire

A structured and undisguised questionnaire was used in obtaining the data from the consumer sample. The questionnaire is presented in Appendix 3.

Consumer awareness regarding insurance is measured by

Question 1 and ownership of insurance is measured by Question 2, both by open-ended questions.

Question 3 measures perceived benefits of life insurance and the consumer is asked to rank up to three the relevant choices.

Life insurance ownership is measured by a "yes" or "no" in Question 4. Those answering "yes" are asked to answer Question 5 on reasons of purchasing life insurance. This question also requires the consumer to rank up to three relevant choices. Life insurance owners also answer question 6 on major factors influencing purchase decision. The consumer can mark all applicable choices for this question.

Both owners and nonowners of life insurance are asked to answer Question 7 on criteria in choosing a life insurance company. In this question the respondent ranks up to three the applicable choices.

Respondents not owning life insurance are asked the reasons of not buying in question 8. The nonowners of life insurance are asked under what conditions they would buy insurance in Question 9. In both questions respondent is asked to rank up to three relevant choices.

The rest of the questions are to be answered by all respondents. The preferred mode of payment is measured by question 10 and preferred point of purchase is measured by

question 11. The respondent is asked to mark all relevant choices in these close-ended questions.

Question 12 measures saving behavior of the respondent. Respondent is asked to make one choice. Question 13 measures the saving motives and Question 14 measures preferences among various saving forms. Consumers' sources of information regarding life insurance is measured by Question 15. The consumer is asked to mark all relevant choices in these closed-ended questions.

Question 16 measures the order of preference among various saving tools and asks the respondent to evaluate each saving tool on its liquidity, profitability and value retention on a four point likert scale, without a middle point to eliminate central tendency.

Expectations from a life insurance policy are measured by Question 17. The respondent is asked to rank in the order of importance up to three.

Question 18 measures a set of attitudinal variables: Consumer attitudes toward life insurance policies, insurance companies, agents, risk, fate and trust in other people and future expectations. The respondent is asked to mark his opinion on statements measuring the variables on a four point Likert Scale, with no middle point to eliminate central tendency.

Question 19 measures type of security respondent has for the future.

The second part of the questionnaire is on demographics. Information is collected on the sex, age, marital status, number of children, age, sex and education of children, education and income level, profession, employment position and work situation of the respondent.

4.4.3. Variables Used in the Study

Most of the variables used in the study were developed by the researcher. Some of the variables were adopted from the literature, the sources of which are shown in Table 4.2, Table 4.3. and Table 4.4.

The following three tables present in order, the variables used in the insurer, producer and consumer questionnaires.

Table 4.2 Variables Measured by the Insurer Questionnaire

Question Number	Variable	Source
1	Factors hindering development of the life insurance sector in Turkey	Developed
2	Major problem of the life insurance sector in Turkey	Developed
3	Market advantages	Developed
4	Role of the state in the development of the life insurance sector	Developed
5	Marketing Orientation	Adopted from Berry, Conant, Parasuman, 1991 Barksdale and Darden, 1971.
6	Business Mission	Adopted from Kotler, 1991
7	Marketing Communication	Adopted from Webster, 1994
8	Marketing Orientation	Adopted from Kotler, 1991
9	Formal Structure	Adopted from Kotler, 1991
10	Marketing Planning	Adopted from Kotler, 1991
11	Target Market	Adopted from Kotler, 1991
12	Number of Products	Developed
13	Products to be withdrawn from the market	Developed
14	New Products Planned	Developed
15	New Product Management	Adopted from Kotler, 1991

Question Number	Variable	Source
16	Market Research	Adopted from Kotler, 1991
17	Distribution Strategies	Adopted from Kotler, 1991
18	Agency Organization	Developed
19	Agency Training	Developed
20	Problems related to agents	Developed
21	Perception of agencies' attitudes toward insurer	Developed
22	Support Services offered to Agents	Developed
23	Promotion Strategies	Adopted from Kotler, 1991
24	Media used	Adopted from Kotler, 1991
25	Use of Publicity	Adopted from Kotler, 1991
26	Public Relations Activities	Adopted from Kotler, 1991
27	Advertising Efficiency	Adopted from Kotler, 1991
28	Perception of consumer attitudes towards life insurance products	Developed
	Perception of consumer attitudes toward insurance companies	Developed
29	Level of automation	Developed
30	International Arrangements	Developed

Table 4.3. Variables Measured by the Producer Questionnaire

Question Number	Variable	Source
1	Number of years in the sector	Adopted from Ahmed, 1977
2	Things liked about work	Adopted from Ahmed, 1977
3	Insurance Ownership	Developed
4	Level of information on insurers marketing activities	Developed
5	Training frequency	Developed
6	Type of training	Developed
7	Frequency of communication	Developed
8	Reasons of contact with insurer	Developed
9	Expectation of support services	Developed
10	Problems related to insurer	Adopted from Parasuman Zeithaml, Berry, 1986
11	Criteria in selecting an insurer	Adopted from Lynch, 1987
12	Ways of determining potential clients	Adopted from Lynch, 1987
13	Perception of consumer motives in purchasing life insurance	Developed
14	Consumer objections	Adopted from Ahmed, 1977
15	Perception of consumer attitudes toward life insurance	Developed
16	Ways of improving consumer attitudes towards life insurance	Developed
17	Definition of marketing	Developed
18	Future outlook regarding life insurance	Developed

Table 4.4. Variables Measured by the Consumer Questionnaire

Question Number	Variable	Source
1	Awareness of insurance	Developed
2	Ownership of insurance	Developed
3	Perception of benefits of life insurance	Developed
4	Life insurance ownership	Developed
5	Reasons for purchasing life insurance	Adopted from Ahmed, 1977
6	Major factors in purchase decision	Adopted from Ahmed, 1977
7	Criteria in choosing insurance company	Adopted from Ahmed, 1977
8	Reasons for not owning life insurance	Adopted from National Council of Economic Research, India, 1979
9	Conditions for purchasing life insurance	Developed
10	Choice of premium payment media	Developed
11	Preferred point of sale	Developed
15	Sources of information on life insurance	Adopted from National Council of Economic Research, India, 1979
12	Saving Behavior	Adopted from Ferber and Lee, 1980
13	Reasons for Saving	Adopted from National Council of Economic Research, India, 1979
14	Preferred saving tools	Developed
16	Order of Preference for Saving Tools	Developed

Question Number	Variable	Source
18 <u>Attitudinal Statements</u>		
a.	Openness to new ideas	TUSIAD, 1991 (*)
b.	Attitude toward saving	Ferber and Lee, 1980
c.	Trusting institutions	TUSIAD, 1991
d.	Attitude toward insurance companies	Developed
e.	Attitude toward new products	Developed
f.	Knowledge regarding life insurance	Fields, 1988
g.	Attitude toward risk	Green, 1963
h.	Attitude toward fate	TUSIAD, 1991
i.	Attitude toward life insurance sellers	Developed
j.	Trusting other people	TUSIAD, 1991
k.	Attitude toward change	TUSIAD, 1991
l.	Attitude toward life insurance products	Developed
19.	Future source of security	Developed

* TUSIAD report mentioned was prepared by Erguder, Esmer and Kalaycioglu in 1991.

4.4.4. Analysis of Data

The computer program SPSS-X was used to attain frequency distributions and Chi-square analysis of the responses.



CHAPTER V. FINDINGS OF THE STUDY

Findings of the study will be analyzed in three parts: insurer, producer, and consumer.

5.1. Findings Related to the Insurers

Findings related to the insurers will be presented in this part.

5.1.1. Factors that Hindered the Development of the Life Insurance Sector in Turkey

The 15 managers interviewed expressed their opinion on factors that hindered the development of the life insurance sector in Turkey as presented below.

Factors Related to Sales:

The answers to the question "What are the factors that hindered the growth of the life insurance sector in Turkey ?" concentrated around factors related to sales.

Eight executives mentioned the inadequacy of the sales persons. There is very high turnover among the salespersons working at life insurance agencies. Sales persons do not consider life insurance as a serious job opportunity. Their level of education and training is not satisfactory. They are not properly equipped to deal with the targeted high income consumer. They do not have a licence for selling life insurance. They do not have a legal status and do not pay

tax on commissions they earn.

Three executives mentioned rural sales. Until recently most of the life insurance policies were sold in rural areas. The policies sold in rural areas usually have very low premium and low life insurance cover. The consumer in many villages have been misled. This is also a reason leading to negative attitudes and high cancellation rates

In Turkey the sales motive of life insurance policies is usually retirement and not insuring of lives. As a long term saving tool it has less chance in such a volatile economic environment versus an annual term policy. The real need life insurance satisfies is insuring against untimely death or disablement. Being misled by promotion, people expect high lumpsums in a short span of time or early retirement. Five executives mentioned this as a reason why the life insurance sector did not develop in Turkey.

The agents are given a commission on life policies that is spread into three years. They in turn, pay commission to their sales people for only new sales. As the sales people are not rewarded by renewal premiums, they have no interest in the persistency of the policy. This also causes immorality. This factor was mentioned by one manager.

Economic factors:

The six executives who mentioned high rate of inflation, emphasized that people were reluctant to enter in long term

contracts in unstable economic conditions.

Underdevelopment of money markets and the disadvantages of the monetary system was mentioned by two executives.

Negative real return on life insurance funds was mentioned by three executives. Low savings was mentioned by two executives.

Lack of technical staff:

Lack of qualified technical staff in managing life portfolio was mentioned by six executives. The main cause for this is explained by the executives as the low prestige of the sector.

Low awareness regarding life insurance:

The five executives who mentioned low awareness, stated that life insurance is not one of the priorities of the consumer. Life insurance insurers advertise the product and not the insurance concept. This creates a potential consumer group that is susceptible to being misled. The consumer is not aware of the need for insurance.

Negative Attitude Toward Life Insurance:

Four executives mentioned negative attitude toward life insurance and the low prestige of the sector as factors that hindered the growth of the life insurance sector.

Insurer's attitude:

According to three executives the insurers were not actively

marketing life insurance until 1980's and did not take this branch of insurance seriously.

Other factors:

Each of the following factors are mentioned by one executive:

- . The state does not have a positive outlook toward life insurance companies. As one executive put it, "The state does not trust the life insurance companies. You can't go far with that kind of understanding".
- . The legal structure pertaining to life insurance is inadequate.
- . The developed Social Security system left no need for private insurance.
- . The short term outlook of the shareholders towards their investment in life insurance sector. The shareholders expect profits on a very short-term basis while the breakeven point in a life insurance company can take around 7-10 years as the company accumulates a portfolio of policyholders.
- . Lack of automation systems was one of the reasons that the companies could not adopt to changing social and economic conditions.
- . Problems related to premium collection modes is mentioned as a major inefficiency, leading to policy cancellations and financial loss for the insurer.
- . The average consumer is not aware that life insurance premiums can be deducted from income tax base monthly.

5.1.2. Major Problems of the Life Insurance Sector in Turkey

Problems that were mentioned by each of the five executives are:

- . Low consumer awareness regarding life insurance.
- . Lack of free and reliable mortality rates: Lack of free rates prevent competition. Lack of reliable mortality and morbidity rates in Turkey are seen as an important peril by the executives of life insurance companies.
- . Inadequate sales channels: Agency systems are seen as inefficient and unqualified.

The problems that were mentioned by three executives are:

- . Problems in premium collection.
- . Negative attitude toward life insurance.

The problems that were mentioned by two executives were:

- . Low quality of the insurance company employees
- . Inadequate infrastructure of the sector
- . Inflation
- . Rural sales
- . High cancellation rates
- . Limitations of investment tools.
- . Low prestige of the sector.

Each of the problems below were mentioned by one executive:

- . Inadequate products
- . Problems of economies of scale due to low volume of business.

- . The short term outlook of the shareholders investing in life insurance business.
- . The tax advantage is insufficient and the tax system related to insurance is inadequate. The tax deductibility of premiums paid by companies for group insurance is still a much debated issue. The inheritance tax imposed on life insurance policies is not regarded positively by insurer's either.
- . Lack of legal framework: The legal framework is very weak. There are regulations instead of laws ruling the sector.
- . The negative attitude of the state toward life insurance companies.
- . Promotion of retirement versus life assurance.
- . Lack of EDP systems: Many companies still lack an integrated computer system to monitor the flexibility required by contemporary life insurance products.
- . Negative real returns earned on life insurance funds: The investment options are limited and the profit share system is outdated.

5.1.3 Perceived Advantages of the Turkish Life Insurance Market

Nine executives stated that there is a large and virgin market in Turkey. Three executives also pointed that social security system was inadequate and 20 million people did not have any form of social security. Four executives said life insurers could benefit from this large potential only if they

gained a long term outlook. Two respondents stated that there was no advantage of the Turkish life insurance market.

The following advantages were each mentioned by one executive:

- . With the present rate system, life insurance companies can be set with a low capital and still survive. In the West to set up insurance companies requires high sums of capital.
- . There is a tax advantage given to policyholders.
- . The present profit share plan allows every company a different rate.

5.1.4. Expected Role of the State in the Development of the Life Insurance Sector

The most frequently given response as to the role of the state in the development of the life insurance sector was the permission to tax deduct all life insurance premiums. This response was given by four executives. One executive also mentioned that Inheritance Tax on life policies must be eliminated. "Life insurance is not an inheritance but a replacement of lost income" was the argument of the respondent.

Three executives expect the state to provide the necessary legal structure. Three executives mentioned that the state should introduce new investment options for life insurance

funds.

Two executives mentioned that profit share given to the policyholder must be tax free.

Each of the below was mentioned by one executive:

- . Instead of supporting social security systems the state should privatize them.
- . The state should have insurance as a course subject in high school and college curriculum.
- . The sales persons selling life insurance should be given a legal status and must be taxed.
- . The state should establish a committee for research and should take the views of the Insurance Supervisory Office seriously.
- . The State should not interfere.
- . State should increase control.
- . State should stop controlling details but control the operations on a logical basis.
- . State should not regulate the premium rates.
- . "The state should first of all trust life insurance companies."

5.1.5. Marketing Orientation in Life Insurance Companies

The responses to the role that marketing can play in the development of the life insurance sector were as follows:

Five executives said marketing played the most important

role, while 3 stated that marketing can play a very important role in the development of life insurance sector.

Three executives stated that sales is very important.

Two executives remarked that the consumer must be told the truth during the sales stage and after sales service must be emphasized.

One executive stated that at this stage marketing can play an educational role in the development of the life insurance sector.

One executive stated that marketing must concentrate on sales through emphasis on promotion and public education.

One executive stated that the sales persons should be very well trained on all technical details.

One executive stated that sales must be carried out by agents.

One executive stated that the market can be developed with individualized products and trained sales people.

5.1.6. Basic Marketing Objective of Life Insurers

The major marketing objectives of the 15 companies as stated by their executives are as presented below:

- . "To create an elite image".
- . "To be the market leader in new sales".
- . "To reduce cancellations and adjust premiums in accordance

with the economic conditions".

- . "To have long term relationship with the policyholder by reducing cancellations".
- . "Educating the public through agents, creating the need for life insurance and reducing cancellation rates".
- . "Selling term policies and foreign exchange linked policies".
- . "To attain high rate of return on investments, offer high quality and fast service".
- . "Personal risk management: Selling of the right product to the right person at the right time".
- . "Developing credit life insurance product and moving out of the whole life market".
- . "Creating a good name through speedy payment of claims".
- . "Always answer all questions and offer fast service".
- . "Honest sales, emphasizing the risk aspect of the policy".
- . "To maintain a real growth rate, control costs and keep the clients by good relations. We emphasize honest sales and promptly correct any errors".
- . "Utmost good faith and good service".
- . "To create a serious, dependable, big company image. We would do everthing not to hurt our image".

5.1.7. Marketing Communication in Life Insurance Companies

When asked whether the business mission of the company was clearly explained to all employees and agents, eleven

executives stated that the objectives were clearly communicated. The respondents explained that the objectives are communicated mostly during training and meetings. Very few companies have "written" company objectives.

Three executives said that the marketing objectives were not completely communicated to staff and agents. One executive stated that the marketing objective of the company was not clearly communicated to the employees and agents.

5.1.8 Formal Marketing Structure

In seven out of 15 companies there was a formal marketing structure.

In four companies there were Assistant General Manager of Marketing. Beneath this level there were specialized and sophisticated marketing teams.

In a new company there is a Marketing Manager reporting to General Manager.

In one of the companies the Group Marketing Manager and Agency Manager reports to an Assistant General manager whose main function is not marketing.

In one of the companies there is a Marketing Manager reporting to a Technical Assistant General Manager.

The other eight companies did not have a Marketing

Department. Marketing is still not considered a main function of the company in these companies. These companies realized their marketing activities as explained in detail below:

- . In four of the companies there was no formal marketing department, technical people also sold the policies. In this case product is sold mostly through agents. There is a department for servicing the agents.
- . Two companies that did not actively market their life products established relations with the consumers through Policyholder Relations Supervisors.
- . In two companies there were four sales persons reporting to Life Technical manager, who in turn was reporting to an assistant General Manager whose sole function is not marketing.

5.1.9. Marketing Planning

Number of companies having marketing plans for life insurance sales is thirteen, while two of the companies do not have marketing plans or sales targets.

5.1.10. Target Market of Life Insurers

Three of the companies stated that they did not have a defined target market. These companies are those with large agency networks.

Eight companies are targeting middle and high income groups with continuous salaries.

One company is targeting loan purchasers and is working with the bank affiliate in writing policies for consumer credits. One company is specifically targeting its institutional clients in non-life branches. One company is targeting the sophisticated consumer with high level of awareness. One of the companies who is not actively marketing life insurance is aiming at maintaining its present policyholders.

5.1.11. Market Research

Eight companies stated that they have market research carried out. The purposes of market research mentioned were, to learn about prices and policies of competitors, to be informed on the company image and to learn the reasons of cancellation. Some companies have continuous market research contracts. Some companies also consider the information provided by the agents and direct sales persons to be a valuable source of information.

Seven companies do not carry out any market research.

5.1.12. Product Strategies

Life insurance companies most commonly classify their products into three: Term, Whole life and Group policies. Other policies are actually variations of these policies.

Some variations of policies are child policies, education policies, women policies and credit life policies, each targeting a different market niche.

Table 5.1. shows the number of products companies have.

Table 5.1 Number of Life Insurance Products of Life Insurance Companies in Turkey

Number of Life Insurance Products	Number of Insurers
2	2
3	5
4	2
5	1
7	2
9	2
11	1
41	15
TOTAL	

Products to be withdrawn from the market:

Twelve companies are not considering withdrawing any life insurance products from the market. Two companies are planning withdrawal, while one company is considering revising a policy.

New Product Planning:

Seven companies are planning to introduce one or more new products to the market while three companies are planning the revision of existing products. This can be seen in Table 5.2.

Table 5.2 New Products Planned by Turkish Insurers

New Product Plans	Companies
Not in near future	5
Yes	5
Two new products planned	2
Revising existing products	<u>3</u>
Total	15

New products are designed by the life department in four companies. In three companies new products are developed by a committee consisting of the marketing, technical and EDP departments. In three companies there is no defined unit for developing new products. In two of the companies new products are developed by the marketing department. In one company research and development manager is responsible for developing new products. In another company Marketing department and System Research and Development departments work as a team. One of the companies has established a life company. It is not actively marketing life insurance anymore, therefore, there is no new product planning.

5.1.13. Distribution Strategies

In this part the findings on the distribution channels, agency organization and training, the support services offered to the agents, insurer's problems related to the agents and insurer's perception of agent attitudes toward insurer will be explained.

Distribution Channels:

Although all 15 companies have agency agreements with banks, only seven executives mentioned the bank branches as a distribution channel.

All 15 companies work with agents. Agencies still seem to be the main distribution channel of all companies.

Group sales is mentioned as a distribution channel by 12 companies, although not all of them have a special sales force for group sales. Only five companies have special sales forces selling group insurance. Managers of the company or sales persons sell group policies in the other companies.

Direct sales force for individual policies were mentioned by nine companies. Only six companies have specially trained sales forces whose main responsibility is to sell individual policies. In other three companies technical staff sell policies when approached by a consumer.

Direct mail is mentioned by four companies as a distribution channel. Executives also remarked that their attempt at sales through direct mail was unsuccessful.

Two companies sold policies through television. One life insurance company sold insurance by a major newspaper. This was an unsuccessful project. One company sold life insurance policies through a large supermarket chain.

Agency Departments:

In 12 companies a manager reporting to an assistant general manager is responsible for agency management. In one of the major companies there are three specialized agency departments: professional agents, institutional agents, major agents.

In the other two companies there is no agency department.

In these two companies agencies are an additional responsibility of a marketing manager and technical manager, respectively.

Agency Training:

In nine companies there is no training department. In the other six companies there is a person or a department responsible for training. In these six companies annual training program is predetermined. The subjects of training are basic insurance concepts, legal issues, life insurance products and sales techniques. Custom designed training is given to the agents that request it.

In the nine companies with no training department the training is given by the managers of the company. There is no periodic training. Training is offered at the establishment of an agency or at request. Since the managers give the training, not all companies can offer training on marketing and sales techniques.

Problems related to agents:

Three executives said that there was no problem related to agents. These executives emphasized that the problems usually are due to mismanagement of insurance companies and selection of wrong agents. These three executives mentioned that the agents are an inseparable part of the insurance system.

The answers concentrate on the view that the agents should be more professional and consider this job as worthy of investment. The five executives who shared this opinion stressed that the agent should have a long term approach to the business. One executive remarked that, " Agents think short term and the insurers do not take the agents seriously".

Five executives mentioned that the agents resist to company procedures such as collection periods. Long delays in collection have important financial effects on the companies.

Four executives stated that the agents are not chosen right. One executive remarked that "Anyone can become an agent, but none of them are right for the job."

Three executives stated that low morality is widespread among agents leading to misleading sales and to deteriorating image of the sector.

The following were each mentioned by one executive:

. There are communication problems ("due to agent quality").

- . Agents should understand that the interest of the agent and the insurer is the same.
- . Agents should be open to innovation.
- . Agents should resolve their recruitment problems and stop high turnover among their sales persons.

Insurer's perception of agent attitudes toward insurer:

Out of 15 executives 13 said that the attitude of the agents toward the insurance company was positive. Two executives said the attitude is very positive. One executive stated that attitude of the agents toward his company is negative.

Support Services offered to Agents:

Companies offer agents varying degrees of support. The interviews revealed that this support can range from being "minimal" to furnishing the agency:

Training:

Training was the most frequent support offered to agents by the insurer. Training was mentioned by nine executives.

Marketing support:

Marketing support was mentioned by three executives. This means at times a sales supervisor of the insurance company goes to sales calls along with the agent's sales person to give on the job training and motivation. Special training on sales is also considered marketing support.

EDP support:

EDP support was mentioned by four executives. This support can range from access to insurer's computer mainframe, to providing PC's and software.

Bonuses:

Bonuses were mentioned by five executives. Bonuses can range from office equipment like a telefax machine to expensive trips to foreign countries.

Sharing establishment expenses:

One executive stated that when it is expected to be worth it, the company would help out with the setting-up costs of the agency, such as decorating and furnishing the office.

Another executive stated that the office of the agent is the property of the insurance company. The office of the agent is completely furnished by this insurer.

Other support services offered to agents:

One executive noted that all after sales service is handled by the insurer and this is the greatest support. The insurers also give the agents lists of policies and commissions.

All companies provide brochures to their agents. Varying amounts of promotional material is also provided to the agent. One executive remarked that they offered assistance during special advertising campaigns of agents. Another executive mentioned that their heavy advertising during the year was the greatest support.

5.1.14. Promotion Strategies

Five executives stated that their companies did not believe in advertising, as usually it is hard to see the direct effect of advertising on life insurance policy sales. They also noted that advertising is a major investment. They emphasized that their companies invest in the sales force . Two executives claimed, their service is their greatest advertisement.

Three executives stated that they considered advertising very important, but could not clearly state the advertising

strategy. These three companies have very large advertisement expenses.

Three executives stated that they advertised the image.

Two executives stated that their objective is to advertise the product.

One executive stated that the basic advertising strategy of the company is to support the agent. Another executive said their advertising strategy is to retain present policyholders through frequent communication and promotional material.

Table 5.3 shows the media use of life insurance companies in 1993.

Table 5.3 Media Used in 1993

Media	Number of Companies that Used the media in 1993
Television	5
Newspapers	6
Radio	3
Magazines	3
Posters	2
Billboards	3
Wall painting	1
Street and Roof Signs	2
Brochures	11
Promotional material	4

Use of Publicity:

Most life insurance companies make use of publicity. This usually takes place as small statistical information about

the insurer in newspaper columns about companies. Five companies make use of good relations with the media and send press bulletins. Six companies use a public relations company or their advertising agency. Use of publicity by life insurance companies is shown on Table 5.4.

Table 5.4 Use of Publicity by Turkish Insurers

Use of Publicity	Number of Companies
Creates publicity with own sources	5
Creates Publicity through PR Co./Ad. agency	6
Does not create publicity	3
Stays away from publicity	1

Public Relations Activities:

Four companies have a Public Relations department, while one has a person with this responsibility. Four companies take outside help for public relations. Six companies do not have public relations activity. Table 5.5 summarizes public relations activities of life insurers.

Some of the public relations activities mentioned by the respondents were: Tree planting campaigns, chess tournaments, sponsorship to various organizations.

Table 5.5. Public Relations of Life Insurers

PR Activity	Number of Companies
Has Public Relations Department	4
Has Public Relations Supervisor	1
Uses PR Agency	4
No PR activity	6

Advertising Efficiency:

Only one company carries out annual advertising efficiency research. Other companies do not test advertising efficiency.

Cooperation with Advertising Agencies:

Another finding regarding promotion of life insurance companies is that life insurance companies find it very hard to work with advertising agencies. Many of the insurance companies have worked with several agencies. The main reason for this is explained by the respondents by the life insurance product. The product is intangible and complex. The agencies are accused by the respondents of not spending enough time understanding the product, its intricacies and what it should represent to the consumer.

5.1.15 Perception of Consumer Attitudes Towards Life Insurance Products and Life Insurance Companies

Table 5.6. summarizes respondent's answers to what they think

is the consumer attitude toward life insurance products and insurers, on a four point Likert scale. Strikingly, nearly unanimously the respondents believe that the consumer has a negative attitude toward life insurance companies.

Table 5.6. Consumer Attitudes Toward Life Insurance Products and Life Insurance Companies as perceived by Respondents

Perceived Attitude	Towards Products	Toward Insurers
Very Positive	0	0
Positive	6	1
Negative	9	14
Very Negative	0	0

5.1.16. Main Problems of Insurers Regarding the Consumer

One executive said that there could be no problems originating from the consumer, but problems caused by insurers. Two executives stated that consumers are not protected properly by consumer protection organizations in Turkey. These were very refreshing view as all the other executives attributed the sectorial problems to the consumer.

Three respondents stated that consumers are being cheated easily. There is a discrepancy between what the consumer expects from the products and the product policyholder receives.

One respondent noted that the consumer should search more

extensively, as there is no proper sales person that can take care of the needs of consumer.

Five executives blamed the consumer for being ignorant regarding life insurance. One executive worded the same concern as the lack of promotion on insurance in general.

Two executives noted that there was a collection problem caused by the policyholder.

Three respondents mentioned the negative attitude of the consumer toward life insurance companies. One of them commented that "the public is prejudiced and does not trust life insurance companies".

One executive remarked that the public is fatalist and does not demand future protection.

5.1.17. Level of Automation

Eleven respondents stated that there was a totally integrated computer systems in their companies. Two respondents said there is 80-90 per cent integration of operations in the computer system of their companies. Two executives stated that their target is total integration of all operations in the computer system, but it is not realized yet.

5.1.18. International Arrangements

Three companies have pooling arrangements with major

international organizations. Pooling arrangements serve the Turkish subsidiaries of international service or manufacturing companies by providing them economical policies. Pooling arrangements provide ready clients for the insurer.

Two companies have contracts with international emergency assistance centers. Two other companies are planning similar arrangements. These contacts provide emergency assistance to health policyholders.

Two of the companies are totally owned by foreign countries. Two other companies have foreign partners.

5.1.19. Demographic Variables

Of the 15 executives interviewed only one was female.

Age distribution of the executives interviewed were shown in Table 5.7.

Table 5.7. Age Distribution of the Respondents

Ages	Number of executives
30-35	5
36-40	4
41-45	3
46-50	3

The number of years the respondents worked in the insurance sector are presented in Table 5.8. There is no concentration

in a certain category for this question.

All respondents spoke at least one foreign language. Four of the respondents spoke two foreign languages.

Table 5.8. Number of Years the Executive Worked in the Insurance Sector.

Number of Years in Insurance Sector	Number of Executives
2 years and below	1
2 - 4	3
4 - 6	2
6 - 8	2
10 - 14	3
15 - 20	1
20 years and above	3

5.1.20. Summary of Findings Regarding the Insurer

According to the respondents, the major factors that deterred the development of the life insurance sector were sales related and were due to low awareness and negative attitude of the consumer. The same factors are mentioned by the respondents as being still the major problems of the sector. The insurers are aware of the problems and the large potential of the market.

All insurance companies are not marketing oriented. Many do not even have marketing departments. They do not have clearly written out marketing objectives.

Most of the sales are realized through agents. Agency training is not properly organized and frequent, in most of the companies. Although most mentioned that the market is virgin, few companies established sales organizations for individual and group sales. All companies have bank affiliates or agency contracts with banks. Few managers mentioned bank branches as a distribution channel. This indicates that there is not considerable cross-marketing effort between the banks and the insurance companies.

Insurers attribute most of the sectorial problems to agents, consumers and the state. Respondents find the agents unprofessional, uneducated, and with a short term outlook for the job. The consumers are considered ignorant, unwilling to search and having negative attitude toward life insurance companies. The respondents expect the state to establish the legal and tax framework for the sector and assume a more positive attitude toward the insurers.

The insurers have difficulty cooperating with advertising agencies. They also appear unclear about their advertising objectives.

The level of automation is high in most insurance companies. Any problems pertaining to the computer systems lead to important inefficiency and consumer dissatisfaction. Few companies have international arrangements other than reinsurance contracts.

5.2. Findings Regarding the Producers

In this part findings regarding the producers are presented. The structure of the sample, the producers' attitudes toward their occupation, the insurance ownership among producers, relations with the insurer, criteria in selecting an insurer, prospecting, perceptions of consumer motives for purchasing insurance and consumer attitudes toward insurance, understanding of marketing and future expectations for the sector and characteristics of the respondents will be analyzed.

The number of valid responses were 44 and the response rate was almost 43 per cent.

5.2.1. Structure of the Agencies Surveyed

The questionnaires were sent in the name of the owner of the agency. Owners/partners made up 79.5 per cent of respondents. Agency managers consisted of 15.9 per cent of the sample. Only 4.5 per cent of the sample were agency representatives.

The agencies in business for 1 to 3 years made up 40.9 per cent of the sample. Those in business for 4 to 6 years were 34.1 per cent of the sample. Table 5.9 presents the agencies' years in business.

Agents are attracted by high commissions and leave the business at first signs of difficulty. The finding is in

line with high turnover of agents (Insurance Supervisory Office, 1993).

Table 5.9. Agency's Years in Business

Years in Business	No.	%
1-3	18	40.9
4-6	15	34.1
7-10	7	15.9
11 and above	4	9.1
Total	44	100.0

The agencies active in both life and nonlife insurance branches consisted 70.5 per cent of the sample. The per cent agencies dealing with life insurance only was 29.5 per cent.

Around 48 per cent of the agents in the survey work with two insurance companies. Most of the time one of these companies is a nonlife insurer. Agencies working with one company made up 40.9 per cent of the sample. Only four companies, 9.1 per cent of the sample worked with three companies. One agent worked with four insurers. This agency was owned by a minority member and was in business since 1928.

Only five agents out of 44 stated that they had other lines of business besides insurance agency.

Table 5.10. indicates the agent's years in the insurance sector.

Table 5.10. Producers' Years in the Sector

Years	No.	%
1-3	13	29.5
4-6	17	38.6
7-10	8	18.2
11 and above	6	13.6
Total	44	100.0

The table shows that 38.6 per cent of the sample worked in the insurance sector for 4 to 6 years.

5.2.2. Producer's Attitude Toward Their Occupation

The respondents were asked to mark three things they liked most about their occupation. The first choice by 78 per cent of the respondents was "presenting a service for the benefit of the society". This was followed by 22 per cent mentioning "income in proportion to effort".

The second thing the respondents liked about their job was found as "income in direct proportion to effort". The third choice was "working independently".

Other things mentioned were life long career possibility, prestige, and enjoying the sector.

5.2.3. Insurance Ownership Among Producers

Table 5.11. presents the findings regarding insurance ownership among insurance agents. Insurance ownership was found to be considerably high. Four respondents did not own life insurance. Life insurance was the most commonly owned type of insurance followed by home and office insurance. Other types of insurance mentioned were electrical equipment insurance, foreign exchange linked life insurance, mandatory traffic insurance, and social security.

Table 5.11. Insurance Ownership Among Producers

Insurance	No.	%
Life	40	90.9
Home	38	86.4
Office	38	86.4
Car	37	84.1
Health	16	36.4
Accidental Disability	11	25.0
Other	4	7.1

Chi-square analysis was carried out to observe the relationship between life insurance ownership among agents and future expectations regarding life insurance sector, consumer motivations to purchase life insurance, marketing definition, and perception of consumer attitudes toward life insurance. The hypothesis were that the agents who owned life insurance had more positive perceptions of consumer attitude, more optimistic outlook to the future of the

sector, more likely to write a definition for marketing and consumer motivations for purchasing life insurance. No significant relationship was found.

5.2.4. Relation with the Insurer

The findings regarding the producers' relations with the insurer are presented in this part.

Training:

The respondents were asked the frequency of the training they received from the insurer. Majority of the respondents stated that they received training upon request. Almost 40 per cent of the respondents giving this response were followed by 29.3 per cent of the respondents who stated that they recieved training a few times a year.

Table 5.12. indicates the frequency of training offered by the insurers to the producers. One respondent mentioned receiving training on new product introductions.

Table 5.12. Training Frequency for Life Insurance Agents

Training Frequency	No.	%
More than once a month	7	17.1
Once a Month	5	12.2
Upon demand	16	39.0
A few times a year	12	29.3
Other	1	2.4

The most common type of training is meeting on company premises. Table 5.13. presents the type of training producers get. Two agents responded as all categories.

Table 5.13. Type of Training Offered to the Agents

Training	No.	%
Written Material	9	20.5
Meeting at insurance company	35	79.5
Meeting at agency	19	43.2
Meeting at different resort	13	29.5
Other	2	4.5

Frequency of communication with the insurer and reasons for communication:

The findings show that agents prefer to communicate through telephone to writing. Table 5.14. indicates that frequency of phone calls is higher than written communication.

The percentage of respondents mentioning policy errors as the first reason for communicating with the insurer was found as 48.8. The second reason for communication were commission errors. The third reason was requests for various types of support. Table 5.15. indicates the reasons for communication in the order of frequency. Two agents replied that they visited the insurer to socialize, and one respondent explained the reason for contact as policyholder complaints.

Table 5.14. Frequency of Written Versus Telephone Communication with the Insurer

Written	No.	%
Every day	4	12.1
3 to 4 times a week	7	21.2
1 to 2 times a week	13	39.4
A few times each month	4	12.1
Once a month	5	15.2
Total	33	100.0
=====		
Telephone	No.	%
Every day	13	34.2
3 to 4 times a week	9	23.7
1 to 2 times a week	9	23.7
A few times each month	6	15.8
Once a month	1	2.6
Total	38	100.0

Table 5.15. Reasons for Communicating with the Insurer

	1.		2.		3.	
Reasons	no.	%	no.	%	no.	%
Policy errors :	21	48.8	2	5.6	3	10.0
Commission errors :	6	14.0	13	36.1	5	16.7
Product information :	3	7.0	8	22.2	5	16.7
New company policies :	5	11.6	4	11.1	5	16.7
Support request :	4	9.3	8	22.2	8	26.7
Training request :	2	4.7	1	2.0	3	10.0
Other :	2	4.7	0	0.0	1	3.3
Total cases	43	100.0	36	100.0	30	100.0

Support expected from the insurer:

The findings indicate that the support services the agents expect from the insurer the most are brochures/advertisement, training, marketing training, and information on the activities of the competitors. Table 5.16. presents the distribution of responses to the support services expected. One agent mentioned expecting goodwill and sympathy.

Table 5.16. Support Services Expected from the Insurer

Type of Support	No.	%
Brochure/advertisement	30	68.2
Training	25	56.8
Marketing training	20	45.5
Information on competitors	19	43.2
EDP	14	31.8
Advise on agency management	14	31.8
Advise on financial issues	7	15.9
Advise on legal issues	6	13.6
Other	1	2.3

Problems of producers regarding the insurer:

The per cent of producers who did not have any problems regarding the insurer was 31.8. The most common problems were delay in commission payments, inadequate training, errors and delays in policy preparation. Table 5.17. summarizes the findings related to problems of producers regarding insurers.

Table 5.17. Problems of Producers Regarding the Insurer:

Problems	No.	%
Delay in commission payments	13	29.5
Inadequate training services	11	25.0
Error in the preparation of the policies	10	22.7
Delay in the preparation of the policies	8	18.2
not getting solutions to special requests	6	13.6
not getting answers to questions	5	11.4
Inability to contact a manager	1	2.3
Managerial problems	1	2.3
Other	1	2.3
No problem	14	31.8

5.2.5. Producer's Criteria in Selecting a Life Insurance Company

Agents consider confidence in an insurer and the commission rates as two most important factors in choosing an insurance company. Table 5.18. presents the distribution for the criteria for selecting an insurer.

Table 5.18. Producer's Criteria for Selecting an Insurer

Criteria	No.	%
Confidence in insurance company	36	81.8
Commission rates	20	45.5
Solving consumer problems effectively	12	27.3
Policy production without errors/delays	11	25.0
The financial/managerial situation of the insurer	11	25.0
The image of the insurance company	10	22.7
The position of the insurance company in the sector	7	15.9
Period the company leaves the premiums to the agent	1	2.3
Other	1	2.3

5.2.6. Prospecting Methods Used by the Producers

The most common prospecting method used by life insurance companies was found as using own social circle. About 63.6 per cent of all respondents mentioned using own social circle for prospecting. Other prospecting methods are shown on Table 5.19. The percentage of the sample who used all the methods was 15.7.

Table 5.19. Prospecting Methods Used by the Producers

Prospecting Methods	No.	%
Own social circle	28	63.6
Referrals from policyholders	24	54.5
Colleagues from work	22	50.0
Meetings at policyholders homes	9	20.5
Randomly	3	6.8
All	7	15.9
Other	2	4.5

5.2.7. Producer's Perception of Consumer Motivations in Purchasing Life Insurance

The agents were asked to state three reasons why consumers bought life insurance. Most strikingly 21 agents were unable to mention a third motivation for purchasing life insurance.

Assurance for death and retirement income was perceived by the agents to be the the important consumer motivations to purchase life insurance. The third reason was mentioned by 30.4 per cent of the respondents as "possibility to save". All responses classified as "other" were unclear responses. Some examples are, "it is a modern thing to purchase insurance", "for a better living", "health care", "good price", and various specific product names. The low response rate and the frequency of respondents giving unclear responses to the third reason why consumers purchase life insurance is important. Table 5.20. summarizes responses related to perceptions of consumer motivations in purchasing insurance.

5.2.8. Producer's Perception of Consumer Objections to Life Insurance

Producers perceive inconfidence in insurers, loss of policy value due to inflation and not knowing anything about insurance as the three major reasons for consumer objection to insurance. Agent's perceived consumer objections to life insurance is presented in Table 5.21.

5.2.9. Producer's Perception of Consumer Attitude Toward Life Insurance

Majority of the agents believe that the consumers have a positive attitude toward life insurance. The per cent of respondents who believed that the consumers have a positive

Table 5.20. Producer's Perception of Consumer Motivations in Purchasing Life Insurance

	1.		2.		3.	
Motivation	no.	%	no.	%	no.	%
Assurance for death	16	38.1	11	34.4	5	21.7
Assurance for disability	0	0.0	2	4.5	4	17.4
Retirement income	16	38.1	8	18.2	2	8.7
Possibility to save	7	16.7	5	11.4	7	30.4
Loans on policies	0	0.0	1	2.3	1	4.3
Other	3	7.1	5	11.4	4	17.4
Total cases	42	100.0	32	100.0	23	100.0

Table 5.21. Producer's Perceptions of Consumer Objections to Life Insurance

	1.		2.		3.	
Objections	no.	%	no.	%	no.	%
Inconfidence	19	43.2	8	20.0	9	24.3
Loss in policy value	14	31.8	15	37.5	4	10.8
Unawareness	5	11.5	13	32.5	12	32.4
Formalities/complexity	0	0.0	0	0.0	2	5.4
Low rate of return	5	11.5	5	10.0	5	13.5
Inadequate policies	0	0.0	0	0.0	5	13.5
Other	1	2.3	0	0.0	0	0.0
Total cases	44	100.0	40	100.0	37	100.0

attitude toward life insurance was 58.1. Those who perceived consumer attitude to be negative consisted 41.9 per cent of the sample (Table 5.22).

Table 5.22. Producer's Perception of Consumer Attitude Toward Life Insurance

Attitudes	No.	%
Very positive	1	2.3
Positive	24	55.8
Negative	17	39.6
Very Negative	1	2.3
Total	43	100.0

Agents were asked to evaluate in terms of outcome alternatives on what can be done to improve consumer attitude towards life insurance. The agents believe that state support is the most effective factor in improving consumer attitude. The per cent of respondents stating that state support is very important was 43.2. Improved after sales service was mentioned by 38.2 per cent of the agents (Table 5.23).

No relationship was found between agents' perception of consumer attitude toward life insurance and producer demographics.

Table 5.23. Ways of Improving Consumer Attitude Toward Life Insurance

Means to Improve Attitude	No.	%
Support from the State	19	43.2
Aftersales service	17	38.6
Developing public relations	11	25.0
Control and licensing of agents	11	25.0
Speed in claims handling	10	22.7
Sectoral advertising	9	20.5

5.2.10. Producers Understanding of Marketing

Majority of the respondents, 86.4 per cent wrote a definition of marketing, in response to an open ended question.

Most of the responses emphasized sales in their definition of marketing. One agent noted "sales, sales, sales", while another stated "marketing is selling something to a consumer who was not planning to buy". Promotion, attracting consumer interest, persuasion, product were other aspects mentioned in the majority of the definitions. Consumers needs and their satisfaction was evident in only very few definitions. (Table 5.24).

Table 5.24. Producers Understanding of Marketing

Definition of Marketing	No.	%
Definition	38	86.4
No definition	6	13.6
Total	44	100.0

5.2.11. Producer's Expectations Regarding the Future of Life Insurance Sector

With few exceptions, life insurance agents have a positive outlook to the future of the life insurance sector. Those stated that they expected a very positive future was 25.6 per cent of the sample. Those who expected the future to be positive was 62.8 per cent (Table 5.25). Chi-square analysis produced no relationship between expectations regarding the future of the life insurance sector and demographic variables or perception of consumer attitude toward life insurance. The hypothesis was that the younger and higher educated agents would have more positive expectations of future of the life insurance sector. The hypothesis was that the agents who had positive perceptions of consumer attitude toward life insurance would also have positive expectations regarding the future of the sector.

Table 5.25. Producers' Future Expectations Regarding the Life Insurance Sector

Future Expectations	No.	%
Very positive	11	25.6
Positive	27	62.8
Negative	3	7.0
Very Negative	2	4.7
Total	43	100.0

5.2.12. Respondent Characteristics - Producers

Demographic characteristics of the sample are summarized in

Table 5.26. There were 37 male and 7 female respondents.

The mean age for the sample was 31 - 40 years.

Sixty one per cent of the sample were university graduates.

The percentage of respondents who were married was 85.4.

Majority of the married respondents had been married for more than 16 years. The mode for the number of children was 2.

Majority of the agents were not members to social clubs, although it would be helpful for their job. Only twenty five per cent of the agents were members to social clubs.

Table 5.26 Respondent Characteristics - Producers

Sex	No.	%
Male	37	84.0
Female	7	16.0
Age	No.	%
below 25	4	9.5
26 - 30	10	23.8
31 - 35	5	11.9
36 - 40	9	21.4
41 - 45	11	26.2
46 - 50	2	4.8
51 - 55	0	0.0
56 and above	1	2.4
Education	No.	%
Elementary School	0	0.0
Middle School	1	2.4
High School	12	29.3
University	25	61.0
Graduate Degrees	2	4.9
Other	1	2.4
Marital Status	No.	%
Single	6	14.6
Married	35	85.4
Divorced/widowed	0	0.0
Number of years married:	No.	%
Less than 1 year	1	3.2
1 to 3 years	2	6.5
4 to 6 years	5	16.1
7 to 10 years	5	16.1
11 to 15 years	7	22.6
more than 16 years	11	35.5

Number of children:	No.	%
0	19	43.2
1	7	15.9
2	2	4.5
3	1	2.3
6	1	2.3

Number of club memberships	No.	%
Non	33	75.0
1	7	15.9
2	2	4.5
3	1	2.3
6	1	2.3

5.2.13. Summary of the Findings Related to the Producer Survey

The statistics indicate high turnover among producers. The findings of the survey verify it. The period the producers in the survey stayed in business is quite short.

The agents do not receive regular and frequent training. Not all agents are informed about the benefits of life insurance and what it offers to the consumer.

The agents have a positive outlook to the future of the sector. Unlike the managers of the insurers, they perceive the consumer attitude toward life insurance to be positive. The agents believe that the attitude may be improved by support from the state and improved after sales service.

The producer's main source of prospective clients is the social circle. It is the author's observation that the general belief among the insurers is that once this source for prospects is depleted the agent runs out of business.

Producer considers retirement and assurance for death to be the basic consumer motivations in purchasing life insurance. The producers consider the most frequently encountered consumer objections to life insurance as the inconfidence in life insurance companies, loss of policy value due to inflation and not being aware of life insurance.

In selecting an insurer, the producers consider confidence in the insurer and commission rates. The producers contact with the insurer most frequently for errors/delays in policies and errors/delays in commissions. These are also recited as the major problems of producers related to the insurers.

Agents mentioned brochures, training and marketing support as the support services they expect from insurance companies.

5.3. Findings Regarding the Consumers

In this part findings related to the consumer survey will be explained. Findings regarding respondent characteristics, consumer awareness regarding life insurance, ownership of insurance, reasons of purchasing/not purchasing life insurance, factors affecting the purchasing decision, conditions to purchase life insurance, sources of information regarding life insurance, preferred mode of premium payment and point of sale, saving motives and various attitudinal variables are presented. The sample consisted of 383 respondents

5.3.1. Respondent Characteristics

Sex:

The sample consisted 56.3 per cent of male and 43.7 per cent female respondents.

Age:

The sample consisted of respondents mostly in the younger age brackets. The percentage of respondents below 40 is 74.8. The mean age category was 3.298 which falls into the 31-40 age bracket (Table 5.27).

Marital Status and Children:

Majority of the sample consisted of married respondents. While 56.8 per cent of the respondents were married, 38.7 per cent were single and 4.5 per cent were widowed.

Table 5.27. Ages of the Respondents

Value	Age	No.	%
1	25 and younger	85	23.0
2	26 - 30	80	21.7
3	31 - 35	61	16.5
4	36 - 40	50	13.6
5	41 - 45	32	8.7
6	46 - 50	20	5.4
7	51 - 55	19	5.1
8	56 and above	22	6.0
Total		369	100.0

The mean distribution of number of years married is less than five. The mode for the number of children is two.

Number of persons and working persons in the household:

The mode for number of persons in the household was found as four. The number of working people in the household was found as two.

Level of Education:

University graduates made up 51.8 per cent of the sample. The mean and the mode was also university graduates. Table 5.28 shows the level of education of the sample.

Level of income:

The mean income level is between 10 - 19 million TL per month. The mode is above 20 million TL per month. Net monthly income of the respondents is shown on Table 5.29.

Table 5.28. Education Level of the Respondents

Value	Education Level	No.	%
2	Elementary school graduate	12	3.2
3	Middle school graduate	24	6.5
4	High school graduate	107	28.8
5	University graduate	192	51.8
6	Undergraduate degrees	36	9.7
	Total	371	100.0

Table 5.29. Net Monthly Income of the Respondents

Value	Income Level (000,000 TL)	No.	%
1	Less than 2	1	.3
2	2 - 3	6	1.6
3	4 - 6	20	5.2
4	7 - 9	66	17.2
5	10 - 14	45	11.7
6	15 - 19	46	12.0
7	Above 20	175	45.7
	Toplam	359	100.0

Employment:

The percentage of respondents working full-time is 80.5.

The percentage of people not working, retired and working part-time are, 10.7, 5.5. and 3.3 per cent, respectively .

The occupational distribution of the sample is shown on Table

5.30. Other category includes officers, artists, and etc.

Table 5.30. Occupational Distribution of the Respondents

Occupational Category	No.	%
Managers	33	9.3
Small Business Owner	23	6.5
House Wife	27	7.6
Office personnel	223	62.8
Professional	10	2.8
Student	15	4.2
Retired	16	4.5
Other	8	2.3
Total	355	100.0

Chi-square analysis was made between the demographic variables and awareness of life insurance, the perceived benefits of life insurance, life insurance ownership, reasons for purchasing life insurance, reasons for not purchasing life insurance, criteria for selecting an insurer, saving behavior, saving reasons, and the attitudinal variables. The significant relationships and tables will be presented at relevant parts of the text.

5.3.2. Consumers' Level of Awareness Regarding Insurance

When asked the types of insurance they recall the majority of the respondents mentioned life insurance, followed by car and home insurance. Table 5.31. presents the findings related to this question.

Other types of insurance the respondents recalled were mostly social security and institutional insurance types, such as all risk insurance or transportation insurance. No significant relationship was found between life insurance awareness and demographic variables.

Table 5.31. Number of Respondents Recalling Various Types of Insurance

Type of Insurance	No.	%
Life Insurance	302	78.9
Home Insurance	222	58.0
Car Insurance	188	49.1
Health Insurance	171	44.6
Accidental Insurance	90	23.5
Mandatory Traffic Insurance	55	14.4
Other	63	16.4
Number of respondents: 383		

5.3.3. Insurance Ownership of the Consumers

Frequency of the respondents owning various types of insurance is shown on Table 5.32. Life insurance is the most commonly owned type of insurance followed by car insurance and home insurance, respectively. Responses in the other category consisted of social security, office insurance, and insurance for electrical appliances.

Life insurance ownership is significantly related to attitude toward new products, awareness of life insurance

attitude toward fate, saving behavior and work status.

Table 5.32. Insurance Ownership Among Respondents

Type of Insurance	No	%
Life Insurance	135	35.2
Car Insurance	107	27.9
Home Insurance	96	25.1
Health Insurance	69	18.0
Mandatory Traffic Insurance	33	8.6
Accidental Insurance	9	2.3
Other	93	23.7

Number of respondents: 383

A significant relationship was found between life insurance ownership and saving behavior. Table 5.33. indicates that a greater proportion of life insurance owners save when compared to non-owners.

A significant relationship was found between life insurance ownership and attitude towards new products. Table 5.34. indicates that life insurance owners have a more positive attitude toward trying new products before others, compared to nonowners. Almost 42 per cent of life insurance owners have positive attitude toward new products, while only 35.3 per cent of nonowners have a positive attitude.

Table 5.35 indicates that 74.6 per cent of the non owners partially or totally agree that their awareness of life

insurance is inadequate. A significant relationship was found between life insurance ownership and awareness regarding life insurance. It is surprising to observe that a considerable proportion of life insurance owners agree to not being adequately knowledgeable about life insurance.

A significant relationship was found between life insurance ownership and attitude toward fate. Table 5.36. indicates that 46 per cent of life insurance owners believe in fate while only 33.9 per cent of nonowners believe in fate. This is contrary to the authors expectations.

Table 5.33. Relationship between Life Insurance Ownership and Saving Behavior

Count Column Percent Row Percent Total Percent	NONOWNER	OWNER	Row Total
EXPENSES > INCOME	44 17.9 67.7 11.6	21 15.8 32.3 5.5	65 17.2
EXPENSES = INCOME	91 37.0 72.2 24.0	35 26.3 27.8 9.2	126 33.2
EXPENSES < INCOME	111 45.1 59.0 29.3	77 57.9 41.0 20.3	188 49.6
Column Total	246 64.9	133 35.1	379 100.0

Significance level: 0.0493
Chi-square : 6.02016
Degrees of freedom: 2
Cramer's V : .12603

Table 5.34. Relationship between Life Insurance Ownership
and Attitude Toward New Products

"I sample new products before my friends".

Count Column Percent Row Percent Total Percent	NONOWNER	OWNER	Row Total
TOTALLY AGREE	14 6.0 48.3 3.9	15 12.1 51.7 4.2	29 8.1
PARTIALLY AGREE	68 29.3 57.6 19.1	50 40.3 42.4 14.0	118 33.1
PARTIALLY DISAGREE	76 32.8 69.1 21.3	34 27.4 30.9 9.6	110 30.9
TOTALLY DISAGREE	74 31.9 74.7 20.8	25 20.2 25.3 7.0	99 27.8
Column Total	232 65.2	124 34.8	

Significance level: 0.0100
Chi-square : 11.34964
Degrees of freedom: 3
Cramer's V : .17855

Table 5.35. Relationship Between Life Insurance Ownership
and Awareness of Life Insurance

"My knowledge about life insurance is inadequate".

Count Column Percent Row Percent Total Percent	NONOWNER	OWNER	Row Total
TOTALLY AGREE	76 32.8 77.6 21.1	22 17.2 22.4 6.1	98 27.2
PARTIALLY AGREE	97 41.8 58.8 26.9	68 53.1 41.2 18.9	165 45.8
PARTIALLY DISAGREE	39 16.8 67.2 10.8	19 14.8 32.8 5.3	58 16.1
TOTALLY DISAGREE	20 8.6 51.3 5.6	19 14.8 48.7 5.3	39 10.8
Column Total	232 64.4	128 35.6	

Significance level: 0.0051
Chi-square : 12.79789
Degrees of freedom: 3
Cramer's V : .18855

Table 5.36. Relationship Between Life Insurance Ownership
and Attitude Toward Fate

"Changing the future is not in peoples hands"

Count Column Percent Row Percent Total Percent	NONOWNER	OWNER	Row Total
TOTALLY AGREE	35 14.8 66.0 9.7	18 14.3 34.0 5.0	53 14.5
PARTIALLY AGREE	45 19.1 52.9 12.4	40 31.7 47.1 11.0	85 23.5
PARTIALLY DISAGREE	94 39.8 73.4 26.0	34 27.0 26.6 9.4	128 36.4
TOTALLY DISAGREE	62 26.3 64.6 17.1	34 27.0 35.4 9.4	96 26.6
Column Total	236 65.2	126 34.8 143	362 100.0

Significance level: 0.0234
Chi-square : 9.48941
Degrees of freedom: 3
Cramer's V : .16191

A significant relationship was found between life insurance ownership and work status. Table 5.37 indicates that 89.2 of life insurance owners work full time, while the ratio is 76.7 for nonowners. This finding also shows that the insurers are targeting the right consumer group.

Table 5.37 Relationship Between Life Insurance Ownership and Work Status

Count Column Percent Row Percent Total Percent	NONOWNER	OWNER	Row Total
DOES NOT WORK	29 12.3 74.4 7.9	10 7.7 25.6 2.7	39 10.7
RETIRED	17 7.2 94.4 4.6	1 .8 5.6 .3	18 4.9
WORKS FULL TIME	181 76.7 60.9 49.5	116 89.2 39.1 31.7	297 81.1
WORKS PART TIME	9 3.8 75.0 2.5	3 2.3 25.0 .8	12 3.3
Column Total	236 64.5	130 35.5	366 100.0

Significance level: 0.0122
Chi-square : 10.92078
Degrees of freedom: 3
Cramer's V : .17274

5.3.4. Perceived Benefits of Life Insurance

The respondent were asked to state three basic benefits of life insurance in the order of importance. " family protection" was mentioned by 60.5 per cent of the respondents as the primary benefit of life insurance. "Assurance for

health care costs" was the benefit mentioned by 25.4 per cent of the respondents as the second benefit. Life insurance policies do not entail security for health care costs. There is a lot of marketing activity to sell health insurance policies. The author believes that the consumer is confused about life and health insurance products. "Assurance in case of disability" was mentioned by the 26.5 of respondents as the third benefit. Table 5.38. presents the three most frequently mentioned perceived benefits of life Insurance.

No significant relationship was found between perceived benefits of life insurance and demographics and attitudinal variables.

5.3.5. Reasons for Purchasing Life Insurance

Life insurance owners were asked to state their reasons for purchasing life insurance in the order of importance. Sixty six per cent of the respondents marked "Future family protection" as the primary reason for the purchase.

The second reason was stated by 47.6 per cent of the respondents as "retirement income". The third reason was stated by 42 per cent of the population as "Possibility to save". The responses are summarized in Table 5.39.

Other responses were "peace of mind", mistrust of the social security system, and - mistakenly- health care. Two respondents claimed that life insurance was not beneficial.

Table 5.38. Perceived Benefits of Life Insurance

Benefits	1.		2.		3.	
	no.	%	no.	%	no.	%
Protection of family :	224	60.5	48	13.9	28	8.6
Saving :	16	4.2	33	9.5	34	10.5
Health Care :	48	13.0	88	25.4	52	16.0
Retirement Lumpsum :	35	9.5	66	19.1	56	17.2
Highest Rate of Return:	2	.5	7	2.0	6	1.8
Continuous Income :	20	5.4	36	10.4	48	14.8
Disability Assurance :	21	5.7	61	17.6	86	26.5
Tax Advantage :	2	.5	6	1.7	14	4.3
Other :	2	.5	1	.3	1	.3
Total cases	370	100.0	346	100.0	325	100.0

Table 5.39. Reasons for Purchasing Life Insurance

Benefits	1.		2.		3.	
	no.	%	no.	%	no.	%
Protection of family :	77	60.6	13	12.6	13	16.0
To Save :	7	5.5	28	27.2	34	42.0
Retirement Income :	27	21.3	49	47.6	16	19.8
Other :	16	12.6	13	12.6	18	22.2
Total cases	127	100.0	103	100.0	81	100.0

5.3.6. Factors Affecting the Purchase Decision

About 50 per cent of the life insurance owners decided they need life insurance. This was the major factor in the purchase decision. Table 5.40. presents the factors affecting life insurance purchase decision.

Other factors mentioned were mandatory credit life insurance imposed by credit lending banks and group insurance provided by employer.

Table 5.40. Factors Affecting the Purchase Decision

Factor	No.	%
I decided I needed it	57	50.1
Relatives/friends persuaded	28	19.7
Agent's proposal	27	19.0
Advertisement	14	9.9
Other	16	11.3
Total	142	100.0

5.3.7. Reasons for Not Purchasing Life Insurance

The respondents not owning life insurance were asked to mark three reasons in the order of importance for not purchasing life insurance.

The first reason as declared by the 31.5 per cent of the respondents was that they were not informed about life insurance. This was followed by the 18.5 per cent of respondents who stated that they did not trust insurance companies. The third reason was high premiums, mentioned by 13.7 per cent of the respondents.

The second reason mentioned by 25 per cent of respondents was low rate of return on life insurance investments. Loss of value of policies, inadequate policies, and too many

formalities were mentioned respectively by 18.2, 11.4 11.4 per cent of the respondents.

Table 5.41 presents the consumer's objections to life insurance. The response rate for this question is low. The author believes that this is related to low awareness regarding life insurance, as the rate of responses high for other questions. Other responses where "I do not believe in life insurance", "this country is unstable and insecure".

Table 5.41. Reasons for Not Buying Life Insurance

	1.		2.		3.	
	no.	%	no.	%	no.	%
Benefits						
I am not informed	39	31.5	8	9.1	6	9.0
I do not need it	8	6.5	6	6.8	1	1.5
Premiums are to high	17	13.7	9	10.2	12	17.9
Too many formalities	3	2.4	10	11.4	7	10.4
Low rate of return	12	9.7	22	25.0	10	14.9
Loss of policy value	11	8.9	16	18.2	11	16.4
Don't like policies	4	3.2	4	4.5	4	6.0
Don't trust insurers	23	18.5	10	11.4	14	20.9
Other	7	5.6	3	3.4	2	3.0
Total cases	124	100.0	88	100.0	67	100.0

5.3.8. The Changes Required by Nonowners in Order to Buy Life Insurance

The most important change required by the nonowners of life insurance to buy life insurance was stated as increase in income by 30.5 per cent of the sample. The per cent of

respondents stating that "I will buy insurance as my confidence in life insurance companies increases" was 26.6 per cent (Table 5.42). Other responses were "if the economy improves", "if transactions are made in foreign currency", and "never".

Table 5.42. The Changes Required by Nonowners in Order to Buy Life Insurance

	1.		2.		3.	
Benefits	no.	%	no.	%	no.	%
As I grow older	25	19.5	13	13.3	14	25.5
As my income increases	39	30.5	19	19.4	11	20.0
Right service is offered	26	20.3	40	40.8	11	20.0
Increase in confidence	34	26.6	23	23.5	17	30.9
Other	2	.5	3	3.1	2	3.6
Never	2	.5	0	0.0	0	0.0
Total cases	128	100.0	98	100.0	55	100.0

The second required change was "when the right service is offered to me" mentioned by 40.8 per cent of respondents.

"Increase in confidence" was mentioned as the second requirement to buy insurance by 23.5 per cent of the respondents".

The third requirement was mentioned by 30.9 per cent of the respondents again, as "increase in confidence".

5.3.9. Criteria in Choosing a Life Insurer

Table 5.43. summarizes consumer's criteria in selecting a life insurance company. About 70 per cent of respondents stated as their first criteria "strong, dependable company". Affiliation with a bank and traditional/old company was mentioned respectively by 9.3 and 8.5 per cent of the respondents as the primary criteria.

Second criteria was stated by 23.5 per cent of the respondents as an affiliation with a bank. Traditional/old company and dependable investments were mentioned respectively by 18.5 and 17.6 per cent of the respondents as second criteria.

The third criteria was stated by 23.6 per cent of the respondents as dependable investments. Modern company and a state share in the capital was mentioned as the third criteria by 16.0 and 14.2 of the respondents.

Word-of-mouth, advertisement, products, salespersons have less effect in selecting a life insurance company. Other criteria mentioned were timely payments of claims, reinsurers, ease in premium collection procedure.

5.3.10. Preferred Mode of Premium Payment

Direct payment from bank account was marked by 46.2 per cent of the respondents as the preferred mode for premium payment.

Table 5.43. Consumer Criteria in Choosing a Life Insurer

	1.		2.		3.	
Benefits	no.	%	no.	%	no.	%
Strong/dependable co.	246	69.5	50	14.7	10	3.1
Bank affiliation	33	9.3	80	23.5	37	11.4
Modern	4	1.1	23	6.7	52	16.0
Traditional/old co.	30	8.5	63	18.5	46	14.2
State share in capital	17	4.8	35	10.3	25	7.7
Dependable investments	14	3.9	60	17.6	77	23.7
Word-of-mouth	6	1.7	13	3.8	35	10.8
Products	2	0.6	4	1.2	7	2.1
Advertisement	1	0.2	1	.2	14	4.3
Sales persons	0	0.2	8	2.3	20	6.1
Other	1	0.2	4	1.2	2	.6
Total cases	354	100.0	341	100.0	325	100.0

Credit card and payment through automatic teller machines, were respectively marked by 29.2 and 24.3 per cent of the respondents, as preferred mode of payment. Other responses were direct debit from salary, a premium collector sent by the insurer (Table 5.44).

Table 5.44. Preferred Mode of Premium Payment

Premium Payment Mode	No.	%
Direct payment from bank account	177	46.2
Credit Card	112	29.2
Through automatic teller machine	93	24.3
Postal cheque	45	11.7
Cheque	14	3.7
Going to insurer or agent	12	3.1
Other	12	3.1

Number of respondents: 383

5.3.11. Preferred Point of Sale

Table 5.45. indicates that 57.2 per cent of the population prefers to purchase life insurance from the insurance company. Bank branches and insurance agencies are marked by respectively 18.3 and 12.3 per cent of the sample. Other responses were "somewhere where I can compare the services of insurance companies", and does not matter.

Table 5.45. Preferred Point of Sale

Preferred Point of Sale	No.	%
From insurance company	219	57.2
Bank branch	70	18.3
Insurance Agency	47	12.3
Sales Rep. visiting home/office	46	12.0
Through mail	14	3.7
Other	5	1.3
Number of respondents: 383		

5.3.12. Sources of Information Regarding Life Insurance

Consumers receive information mainly from insurance agencies, friends and family, advertisements, and insurance company. Press, brochures and bank branches are also mentioned. Table 5.46. presents the findings related to sources of information. Other responses concentrated around receiving information from the employer regarding group insurance plans.

Table 5.46. Sources of Information Regarding Life Insurance

Sources of Information	No.	%
Insurance Agency	128	33.4
Friends/family	126	32.9
Advertisements	126	32.9
Insurance Company	111	29.0
Press	82	21.4
Brochures	68	17.8
Television	40	10.4
Bank Branches	18	4.7
Radio	9	2.3
Other	9	2.4

Number of respondents: 383

5.3.13. Saving Behavior of the Respondents

The findings showed that 49.6 per cent of the respondents were able to make savings. The per cent of respondents who had a income equal to expenses was 33.2 per cent. Around 17.2 per cent of the respondents spent more than their income.

Saving behavior of the respondents will be analyzed under the subtitles: Reasons for Saving, Saving Tools Used, and preference for saving tools.

Reasons for Saving:

The respondents were asked to mark in the order of importance three reasons as to why they saved. The first reason to save was found to be for sickness and disability. Around 36 per cent of the respondents marked sickness and disability.

Saving to buy a house/car/land was marked by 27.4 per cent of the respondents as the first reason to save.

Sickness/disability, to buy a house/car/land and children's education was mentioned respectively by 27.3, 22.9 and 21.2 respectively, as the second reason to save.

Old age was mentioned by 42.9 per cent of the respondents as the third reason to save. Table 5.47 presents the findings regarding reasons to save.

Table 5.47. Reasons for Saving

	1.		2.		3.	
Reasons for saving	no.	%	no.	%	no.	%
Sickness/Disability	108	36.1	63	27.3	34	16.6
To buy house/car/land	82	27.4	53	22.9	28	13.7
Children's education	31	10.4	49	21.2	29	14.1
Business for Children	5	1.7	8	3.5	9	4.4
Children's marriage	2	.7	7	3.0	7	3.4
Old age	35	11.7	45	19.5	88	42.9
Other	35	11.7	6	2.6	9	4.4
Marriage	1	.3	0	0.0	1	.5
Total cases	231	100.0	231	100.0	325	100.0

Saving Tools Used

Foreign exchange was used by 56.1 per cent of the respondents as a saving tool. This is followed by real estate and time deposits, 19.1 and 17.2 per cent respectively of the respondents. Table 5.48 summarizes uses of various saving

tools. It is interesting to note here that only 22.2 (30/135) per cent of life insurance owners consider their life insurance policies as a saving tool.

Table 5.48. Saving Tools Used

Saving Tools	No.	%
Foreign Exchange	215	56.1
Real Estate	73	19.1
Time Deposit	66	17.2
Stocks	47	12.3
Gold	47	12.3
State Bonds	43	11.2
Life Insurance	30	7.8
Other	11	2.9
Bonds	8	2.1

Number of respondents: 383

Preference for Saving Tools:

Foreign exchange was found as the first saving choice for 38.5 per cent of the respondents, followed by real estate and time deposits. Preference for saving tools is presented in Table 5.49.

Table 5.49. Preference for Saving Tools

Preference	1.		2.		3.	
Saving Tools	no.	%	no.	%	no.	%
Time Deposits	46	14.8	52	18.1	28	10.4
Stocks	20	6.5	40	13.9	33	12.3
Bonds	5	1.6	4	1.4	13	4.8
State Bonds	28	9.0	27	9.4	22	8.2
Life Insurance	11	3.5	13	4.5	11	4.1
Gold	17	5.5	29	10.1	54	20.1
Foreign Exchange	119	38.5	66	22.9	50	18.6
Real Estate	63	20.3	54	18.7	55	20.4
Other	1	.3	3	1.0	3	1.1
	310	100.0	288	100.0	269	100.0

Saving behavior was found to be significantly related to Attitude toward risk, attitude toward change, and attitude toward life insurance products.

The respondents who have negative savings have a more negative attitude toward life insurance products. Sixty nine per cent of respondents who are able to save and 64.4 per cent of respondents whose expenses are equal to spending have negative attitude toward life insurance. Almost 82 per cent of respondents who spend more than they earn have negative attitudes toward life insurance products.

(Table 5.50)

Table 5.50. Relationship between Saving and Attitude
Toward Life Insurance Products

"The proceeds of a life insurance policy is unclear"

Count Column Percent Row Percent Total Percent	Expenses> Income	Expenses= Income	Expenses< Income	
TOTALLY AGREE	21 35.0 22.6 6.0	33 28.0 35.5 9.4	39 22.4 41.9 11.1	93 26.4
PARTIALLY AGREE	28 46.7 18.4 8.0	43 36.4 28.3 12.2	81 46.6 53.3 23.0	152 43.2
PARTIALLY DISAGREE	7 11.7 8.9 2.0	35 29.7 44.3 9.9	37 21.3 46.8 10.5	79 22.4
TOTALLY DISAGREE	4 6.7 14.3 1.1	7 5.9 25.0 2.0	17 9.8 60.7 4.8	28 8.0
Column Total	60 17.0	118 33.5	174 49.4	

Significance level: 0.0596
Chi-square : 12.10813
Degrees of freedom: 6
Cramer's V : .13115

Of the respondents who made savings 97.7 per cent were against change, while 94.1 per cent of those who had expenses equal to income and 81.7 per cent of the respondents who spent more than earnings were against change. Table 5.51 presents the relationship between saving and attitude toward change.

Table 5.51. Relationship between Saving and Attitude
Toward Change

"I am very careful when I am making important changes in my
life".

Count Column Percent Row Percent Total Percent	Expenses> Income	Expenses= Income	Expenses< Income	
TOTALLY AGREE	39 60.0 15.4 11.0	88 73.3 34.6 24.8	127 72.6 50.0 35.8	254 71.5
PARTIALLY AGREE	13 21.7 15.9 3.7	25 20.8 30.5 7.0	44 25.1 53.7 12.4	82 23.1
PARTIALLY DISAGREE	7 11.7 38.9 2.0	7 5.8 38.9 2.0	4 2.3 22.2 1.1	18 5.1
TOTALLY DISAGREE	1 1.7 100.0 .3			1 .3
Column Total	60 16.9	120 33.8	175 49.3	355 100.0

Significance level: 0.0301

Chi-square : 13.95465

Degrees of freedom: 6

Empty cells : 33.3 *

* Cell frequency is low and findings should be evaluated with
this in mind.

Cramer's V : .14019

Most of the sample consists of risk averse respondents.

Those with no saving are more risk taker. Thirty per cent of
160

respondents with no savings disagreed to the statement that investing in the stock exchange is risky, while the percentages for savers and negative savers were 19.2, and 19.8 respectively.

Table 5.51. Relationship between Saving and Attitude Toward Risk

"Investing in the stock exchange is very risky".

Count Column Percent Row Percent Total Percent	Expenses> Income	Expenses= Income	Expenses< Income	
TOTALLY AGREE	27 43.5 17.5 7.4	44 36.7 28.6 12.1	83 45.6 53.9 22.8	154 42.3
PARTIALLY AGREE	24 38.7 18.8 6.6	40 33.3 31.3 11.0	64 35.2 50.0 17.6	128 35.2
PARTIALLY DISAGREE	6 9.7 8.8 1.6	31 25.8 45.6 8.5	31 17.0 45.6 8.5	68 18.7
TOTALLY DISAGREE	5 8.1 35.7 1.4	5 4.2 35.7 1.4	4 2.2 28.6 1.1	14 3.8
Column Total	62 17.0	120 33.0	182 50.0	364 100.0

Significance level: 0.0586
 Chi-square : 12.15593
 Degrees of freedom: 6
 Cramer's V : .12922

5.3.14. Findings Regarding Attitudinal Variables

The findings regarding the attitudes of the sample will be explained in this part. Table 5.53. summarizes the findings related to the attitudinal variables. Chi-square analysis was made to observe the relationship between the attitudinal variables and demographics, saving behavior, and perceived benefits of life insurance. The significant tables are presented in the previous sections.

Openness to new ideas:

Although the sample consists of mostly young people of high levels of education 61.5 per cent of the people were not open to new ideas.

Attitude Toward saving:

Sixty three per cent of the sample have a positive attitude toward saving.

Trusting institutions:

A great proportion of the sample mistrust all institutions. Those that trust institutions consisted of only 1.7 per cent of the sample.

Attitude toward insurance companies:

Those having very negative attitude toward insurance companies was 22.9 per cent. Majority of the sample, 48.6 per cent mistrust insurance companies.

Attitude toward new products:

Most of the population are against sampling new products before their friends. The proportion of the sample having this view is 58.7 per cent of the sample.

Knowledge regarding life insurance:

Only 27.3 per cent of the sample replied that they had knowledge regarding life insurance. This ratio is even lower than the proportion of the sample owning life insurance.

Attitude toward risk:

The percentage of the sample stating that it was risky to invest in the stock exchange was 74.2 per cent. Another finding leading to the view that the sample is conservative and risk averse.

Attitude toward fate:

Those who believe in fate made up 38.1 per cent of the sample. The remaining 61.9 per cent stated that a person can change his/her future.

Attitude toward life insurance sellers:

An important part of the sample, 68.3 per cent, believe there is a chance of being misled while buying life insurance.

Attitude toward trusting other people:

To the very blunt statement of "I trust people" 47.5 per cent marked "Partially Agree", while 18.1 per cent replied "Totally Agree".

Attitude toward change:

A surprisingly high proportion of the sample, 94.7 per cent would be very careful when making important changes in their lives.

Attitude toward life insurance products:

Majority of the sample find the offerings of a life insurance policy unclear.

Table 5.53. Attitudinal Variables of the Consumer Sample

Opinion	Totally Agree	Partially Agree	Partially Disagree	Totally Disagree
The most correct opinion is one which has been proved.	:no. 222	128	23	8
	: % 61.5	29.9	6.4	2.2
I can not suppress my spending today, to save for future.	:no. 50	83	123	103
	: % 13.9	23.1	34.3	28.7
You have to be careful when doing business with any institution	:no. 308	47	5	1
	: % 85.3	13.0	1.4	.3
Insurance companies create problems not pay the money you deserve.	:no. 82	174	83	19
	: % 22.9	48.6	23.2	5.3
I sample a new product before my friends.	:no. 29	118	110	99
	: % 8.1	33.1	30.9	27.8
My knowledge about life insurance is inadequate.	:no. 98	165	58	39
	: % 27.2	45.8	16.1	10.8

Opinion		Totally Agree	Partially Agree	Partially Disagree	Totally Disagree
Investing in the stock exchange is very risky	:no.	155	129	68	14
	:%	40.5	33.7	17.8	3.7
Changing the future is in peoples hands.	:no.	53	85	128	96
	:%	14.6	23.5	35.4	26.5
There is a possibility of being misled while buying life insurance.	:no.	72	173	79	35
	:%	20.1	48.2	22.0	9.7
I trust people.	:no.	65	171	83	41
	:%	18.1	47.5	23.1	11.4
I am very careful when making important changes in my life	:no.	256	82	18	1
	:%	71.7	23.0	5.0	.3
What life insurance has to offer in the future is unclear.	:no.	94	153	79	28
	:%	26.6	43.2	22.3	7.9

5.3.15. Future Security Sources of Respondents

The majority of the sample have social security. Assurance due to social security was mentioned by 71.3 per cent of the respondents . This was followed by real estate and life insurance policies, respectively marked by 33.7 and 25.3 per cent of the respondents. Table 5.54. shows the sources of future security the respondents own.

Table 5.54. Future Security Sources

Future Security	No.	%
Social Security	273	71.3
State Pension	40	10.4
Bagkur	11	2.9
Widow/orphan salary	2	.5
Real Estate	129	33.7
Life Insurance	97	25.3
Other	22	5.7
Number of respondents: 383		

5.3.16. Summary of Findings Related to the Consumer Survey

The sample, although it did fit the insurer's requirements of target consumers, was too homogeneous in terms of both demographic and attitudinal variables for hypothesis testing

The sample surveyed was found to be in compliance with the target market of the insurers: young, married, highly educated, high income earner and working full time.

The attitudes of the majority of the sample were:

- . mistrusts institutions
- . mistrusts life insurance companies
- . mistrusts other people
- . mistrusts life insurance sellers
- . mistrusts life insurance policies
- . is not aware of life insurance

- . believes in fate
- . not open to change
- . does not try new products before others
- . is risk averter

Life insurance was the type of insurance most frequently recalled by the respondents. About one third of the sample owned life insurance. Life insurance ownership was related to saving, attitude toward new products, awareness of life insurance, belief in fate and work status.

Although life insurance agents perceive retirement income and life assurance to be of equal importance in consumer decision making in buying life insurance, the consumer survey clearly points out that the consumer buys life insurance to protect family against untimely death of the breadwinner. Retirement income and saving through life insurance have a secondary role in consumers buying decision.

Majority of the sample declared that they bought life insurance as they felt the need for it.

The respondents who do not own life insurance claim this is due to not knowing enough about life insurance and mistrusting life insurance companies.

The respondents state that they would buy life insurance, if their salary and their confidence in the life insurance sector increases.

Consumers primary criteria in selecting a life insurer is trustworthiness, followed by affiliation with a bank.

Consumers prefer to make their premium payments by direct debitting of their bank account. They prefer to buy life insurance from insurance company or a bank branch.

The consumer mostly receives information regarding life insurance from insurance agents, friends/family, and advertisements.

Since life insurance is considered a saving tool saving behavior of the sample was analyzed. About half of the sample were able to make savings. Sickness/Disability was the primary reason for saving, followed by buying a house/ car/land, and old age. Significant relationship was found between saving behavior and attitude toward risk, attitude toward change, and attitude toward life insurance product.

Majority of the sample prefer foreign exchange as a saving tool.

Majority of the sample have social security as the future source of security.

CHAPTER VI. CONCLUSIONS AND IMPLICATIONS

This chapter covers the conclusions reached by the findings and reflects on the implications for the related parties.

The main objective of the research was to make an assessment of the present situation of life insurance marketing in Turkey, based on secondary and primary data gathered by the three field surveys. The aim was to find the major problem areas within the sector and suggest ways for the improvement of the marketing activities and strategies of Turkish life insurance industry, to provide a literature review and form the basis for further research.

The research has reached its objective of defining the problem areas and has indicated the answers. The conclusions and the implications will be presented for insurance companies, the consumers, the state and the marketing literature, respectively.

6.1. Conclusions and Implications Regarding Life Insurers

The conclusions and implications regarding the insurers are presented in terms of product, distribution, promotion, price, people, and physical evidence strategies.

Product Strategies:

Information of the buyers and sellers are different regarding the motives for purchase and price. Life insurance market

suffers from ignorance concerning the product and price offerings (Fields, 1988). The consumer perceives life insurance policies to be expensive. This points out the consumer ignorance. The premiums are flexible and there is a premium appropriate for every consumer's budget.

Consumer's expectations of a life insurance policy is different from the agent's and insurer's views. Consumer buys life insurance for assurance against untimely death. The perception of the agents and insurers are that consumer's basic motivation is to "get something out of the policy during his/her life time". This may have been true for the group of consumer's life insurance that has been sold until now. The targeted group of consumer, that is urban, sophisticated, highly educated, with high income views life insurance basically as a source of protection.

This is confirmed by the saving motives of the sample. The sample saves for unexpected events like sickness and disability. The sample is educated enough to be aware of the risks the life carries.

Foreign exchange linked insurance policies must be developed by companies and must be actively marketed. This way the companies can have a competitor to the consumers most preferred saving tool, foreign exchange. Consumers rate foreign exchange as their preferred saving tool. This finding has important implications for product design. Few

insurance companies have foreign exchange linked policies. Foreign exchange linked policies may be preferred by the consumer and most probably provide to be a safer investment as the policy will retain its value. Loss of policy value was mentioned by the agents as one of the most important consumer objections to life insurance. This further emphasizes the importance of linking policy values to stronger currencies.

The product strategies must reflect the realities of the Turkish economy. Economical products that are inflation proof are needed. New policies must be developed to serve the new markets resulting from social and demographic changes.

Examples to economical plans are group policies. Group policies with no employer contribution are called "Cafeteria Plans". The author believes there is a large market for group policies and cafeteria plans in Turkey. Group insurance is growing faster than individual lines. The insurance companies should establish specialized sales forces for corporate sales.

Term policies and sickness and accidental disability benefits must be marketed actively. These are both relatively very inexpensive, compared to policies with a saving component. These also seem to be what the target market expects from a life insurance policy.

Products should provide the policyholder maximum benefit. This is possible only through reducing costs through more efficient organization and sophisticated automation systems.

New, upto date mortality tables should be used. Negative practices such as late charging of interest on policies, free investment period for life funds, partial interest payment on early cancellation of the policy must be left behind.

Distribution Strategies:

Bank Branches: Consumer prefers to purchase life insurance from insurance companies and bank branches. This is an important finding. The consumer is planning to reduce uncertainty by buying from an institution. The bank branches are agents of the insurance companies and keep their brochures on the desks. The majority of the bank branches are not prepared to sell this complex product. The training given to the bank office is limited and infrequent. The insurer does not perceive bank branches as an important channel of distribution. The insurers should give more support and motivation, in order to develop banks as a distribution channel.

Cross marketing between the bank and the insurance company must be definitely increased. Both group policies and individual policies can be sold through cooperation. It should be made worthwhile for the banks to cooperate. The

efforts towards this collaboration should come from the insurance companies. With persistent follow up, bank branches can become important distribution channels in Turkey. With their wide geographical distribution, bank branches can become easily the first point an individual will look for a life insurance product.

Agents : Agents are an important part of the life insurance system in Turkey. They produce the greater part of life insurance premium. They should be given the importance they deserve. The insurers should not attribute sectorial problems to the agents. It is in the hands of the insurance companies to recruit or create agencies and terminate the contracts of the agencies that are not satisfactory. The insurance companies can draw qualified people into this occupation and create the sales force that is suitable.

The companies should draw an agency profile. The new agents should be chosen in line with this profile and the existing ones should be raised to the standards of the profile or must be terminated. The agent the insurer needs must be able to communicate with the sophisticated target consumer. The agent must be thoroughly knowledgeable about the product and technical matters. The agent must be able to compare life insurance with other investment tools and other security sources. The agent must be fully aware of the activities of the competitors, the changes in the market and the underlying reasons. Only with competent agents the insurance sector can

develop.

The agents are presently not getting the necessary training. In a world where mandatory continuous agent training is discussed most of the agents in Turkey get infrequent and low quality training. Training must not be considered a bonus but an inseperable part of the business. Not much can be expected from agents with the level of training as it is. Training must be given by qualified people on a regular basis. Training is the support service that the agent expect the most from the insurer. It also appears as one of the agent's problems related to the insurer.

Agents should be trained continuously, and not only on new products or technical issues. They should be trained on sales techniques, prospecting, agency management, recruiting, competitors and changes in the market.

Agents have problems recruiting and keeping sales persons. The sales persons must be given a legal status. The change in the commission system seems inevitable to the author. The sales persons and the agents presently have nothing to gain from the persistency of the policy. The commissions should be spread onto more years. The sales person presently receives commissions only for the first year.

The agents should also be trained on prospecting. The social circle is the agent's primary source presently. Agents must know how to extend the number of prospects continuously.

He should be well versed on consumer expectations and how to meet them with the available products.

Mismanagement of agents depletes the company resources and reduces the market, deteriorates the sectorial image. Agency control systems must be developed. There must be an orderly communication among companies for fraudulent agents. Agents must be monitored closely for the quality of their service.

Licensing of the agencies would solve many of the problems inherent in the Turkish life insurance sector. This is a long term solution.

The companies should retain the best of their agents and give them more time and resources. There can be less number of agents, offering service with higher quality.

Agents have a positive outlook towards the future of the life insurance market. They believe that the support from the state is the major factor that will improve the consumer attitudes. They also believe that improvement of after sales service will improve consumer attitude.

Direct sales force: Life insurance agents are the most important distribution channel. The implications regarding agents and banks were stated above. Another distribution channel is the direct sales force. Direct sales force is an important investment.

Direct sales teams are easy to control. It is worth investing in as it has none of the problems of the agency system. The insurer knows who sells the policies. More investment can be made in training the direct sales force. The sales person perceives the job as full time occupation and unites his/her career goals with those of the company. The direct sales forces will create more confidence on consumer's part.

Promotion Strategies:

Life insurance is the first type of insurance the consumer recalls. Consumer does not have much knowledge other than the existence of life insurance. Even most of the owners of the product stated they did not know much about life insurance.

The consumer can not be expected to search actively for information regarding life insurance. All over the world it is the seller that brings the sales proposal to the consumer.

The problem is more than low awareness. The consumer mistrusts life insurance companies, life insurance sellers and life insurance policies. The insurer is aware of this. Nearly unanimously the executives of the insurers believe that consumers' have negative attitude toward life insurers and life insurance product. Unlike the executives agents perceive the consumers to have mostly a positive attitude toward life insurance. This is because with a certain amount

of solicitation they are able to convince the consumer and sell the policies.

Consumers' reasons for not purchasing life insurance are stated as not knowing about insurance and not having confidence in life insurance companies. Nearly all buyers stated that they would buy life insurance if certain things change. The changes in life insurance the consumer requires in order to purchase life insurance are: increase in their knowledge of life insurance and increase in their confidence for life insurance companies.

Consumer's primary criteria in choosing an insurance company was trustworthiness and affiliation with a bank. The companies should work on creating a trustworthy image.

Two of the agents' most important criteria for selecting a life insurer is trustworthiness and commission rates.

Insurers have to work on their image with respect to the agent also.

Consumer ignorance was obvious to both the agents and the insurers. This points out that, there is much to do for the insurance companies. The industry should regularly conduct public opinion surveys, update them and closely monitor public attitude. Efforts to communicate with the public must be extended. Companies should set up departments dealing with consumer affairs and disseminate consumer information. A control system must be established to assure intermediary

competence and morality.

Life insurance companies should try to reach opinion leaders and form various forms of chains between themselves and the consumers. They should emphasize being socially responsible institutions. All complaints must be handled fairly.

The consumers' sources of information are basically the agents, family/friends and advertisements.

The insurers should reinforce marketing activities by advertising. Advertising will help improve consumer attitudes and will have indirect impact on sales. Advertising also motivates the agents and the sales force.

Price Strategies:

The companies should reduce administrative costs through more efficient organization. Premium payment must be made consumer friendly. Postal cheques that are presently being used are inefficient. The insurers are also complaining of a collection problem. The consumer's preference is direct debiting from bank account. The first insurer to implement this has a lot to gain. Few insurers utilize credit cards for collection.

Place Strategies:

The consumers preference for point of sale are insurance companies and bank branches. This indicates that the

consumer is seeking a trustworthy institution to purchase life insurance. Companies could standardize the offices of their agents to create a dependable image.

Two of the more frequent problems of the agencies regarding insurers is errors/delays in policies and errors/delays in commission payments. This clearly points to inefficiency of operations and automation. The insurance companies have certainly not reached the level of banks in automation. They should invest in upgrading their automation systems to improve policyholder services.

The target market :

The target market of most life insurance companies is the urban, educated consumers working full time. It is clear that policies sold with low premium and coverage in rural areas have high cancellation rates. The new target market consists of sophisticated consumers of high earning power, which means policies of considerable value and importance for both the policyholder and the agent.

There is also a large rural market in Turkey. Closely controlled sales are necessary in this area to reduce fraud. Special training should be given to agents targeting the rural areas, in order to inform the consumer of the benefits of the insurance policy, properly.

Marketing Orientation in Turkish Life Insurance Companies:

The majority of insurance companies are not marketing oriented. They are closed to the outer world in this sense. They are slow in responding to market changes. Changes in the consumers does not seem to affect their strategies. Most do not even have a marketing department and consider marketing a major company function. They do not have written marketing objectives. The executives since they do not consider marketing as an important function, are unclear about marketing and marketing mix strategies. This may easily lead to waste in time and resources.

The insurers can not keep up with the rapid pace and they can not adapt their organization to change easily. The insurers must gain a marketing outlook not to be left behind in competition. Small but highly flexible companies have entered the market having a totally different understanding and competitive products.

...

In 1990 the author had interviewed nine highly recognized executives of the life insurance sector with the aim of understanding the view point of the insurers and their concerns. They were each asked what questions they would ask if they were carrying out a survey regarding life insurance marketing. Now comparing all their questions with the marketing audit model used in the study the, author

believes that they will all find answers to their questions in this dissertation.

A research carried out on 1973 clearly indicates the same sectorial problems that were in existence then (Borak, 1973). The answers are relatively easy to find. However, something more than answers is required to realize changes in the sector. Most of the executives in the sector are aware of the profits the virgin market can offer, but with the present organization and understanding few companies are out to get the fruits.

Some of the larger companies are dedicated to protecting the status quo, and lobby against any change. They are highly immobile. Most of the other companies suffice with what they have. These companies should reorganize as soon as possible not to loose ground to the few pioneers of the sector who may one day be the largest companies in the sector.

6.2. Conclusions and Implications Regarding the Consumers

It is the consumers responsibility to gather sufficient information at the time of purchase and during the usage of the service. The consumer should be more careful while selecting the company and the type of life insurance policy. The consumer should carefully read contract conditions, general conditions and policy wording. The consumer should maintain the policy up-to-date by adjusting the premium at

least at a rate equal to the rate of inflation.

The policyholder should direct all questions and complaints to the insurance companies and demand prompt answers.

6.3. Conclusions and Implications Regarding the State

The insurance companies and their effect on the economy and the public is important. The state should be made to understand the importance of the activities of life insurance companies and the effect of these activities on the consumers and the economy through organized lobbying activity of the insurance companies.

The unsolved problems of the sector related to legal and tax issues are important. The state should establish the legal framework for the life insurance sector. Tax issues also should be resolved: the ceiling for tax advantage and inheritance tax should be removed. The tax deductibility for corporate clients should be clarified.

The state should increase the number of investment options allowed to the insurance companies. With higher rates of return the insurance companies will attract more policyholders.

Public education is another task the state should support. Classes on insurance can be taught at high school and college levels. Adult education should also be considered.

Insurance sales persons should be given legal status. This way they can be taxed and some of the control issues could be resolved. Licensing must be implemented for all life insurance sellers.

The state must establish a committee for research to increase the level of knowhow in the life insurance sector. The state must assist the development of mortality tables based on Turkish statistics.

The state should improve communications with insurers. In the end, the interests of life insurance companies and the state go hand in hand. The regulatory bodies must encourage innovation, competition and eliminate cumbersome formalities.

6.4. Conclusions and Implications for Further Research

Few relations were found between the demographic and attitudinal variables and other variables, as the sample turned out to be quite homogeneous with respect to demographic and attitudinal variables. The consumers surveyed were mostly people working full time in respectable business institutions, who were educated, mostly married and who earned high salaries. This is also the group of consumers the insurers are targeting at the moment.

The attitudes of the sample was found to be negative toward

life insurers, intermediaries and products. This supports the existing literature life insurance marketing (Shalker, 1980 ; Christiansen, 1988).

The sample did not trust people and institutions. This finding agrees with the findings of TUSIAD, 1991 regarding the values of the Turkish society.

Life insurance ownership was found to be significantly related to attitude toward new products. Life insurance owners have more positive attitude toward new products. It was also found that life insurance ownership is related to life insurance knowledge.

The consumers who are able to save are more inclined to purchase life insurance policies. Consumers who are full time employed have more tendency to purchase life insurance. This supports the findings of Ferber and Lee, (1980). The respondents who are able to save were also found to be more open to life insurance products and change.

The finding that consumers prefer to purchase life insurance policies from bank branches and they prefer insurers which are affiliated with banks is in agreement with the views of Hollman and Murrey, (1984 and with the example of the West.

The life insurance companies must assume a global marketing understanding. As Europe will become one large market soon, the state and the insurers should begin considering the

changes in marketing strategies and legal framework this change will bring.

It would be for the benefit of the life insurance sector and marketing literature to research the following areas:

- . The effect of change in values on life insurance marketing
- . The effect of life styles and personality characteristics on life insurance buying
- . The expected effects of entering EC for the Turkish insurers.
- . Formal education and adult education on life insurance marketing,
- . Agency system vs. direct marketing sales force in Turkish life insurance companies
- . Reasons for life insurance policy lapses in the Turkish life insurance sectors and possible remedies
- . Agency management in Turkish life insurance sector and suggestions for improvement
- . Group life and health insurance marketing sales in Turkish life insurance companies
- . Effectiveness of various distribution channels in the Turkish life insurance sector
- . The discrepancy between the desired and the actual image of the Turkish life insurance companies
- . The quality of service in the insurance sector in Turkey
- . New product management in Turkish life insurance companies
- . Effectiveness of various types of motivation techniques on insurance sales force
- . Public relations in insurance companies
- . Effect of international partnerships in company culture in Turkish life insurance companies
- . Public education in insurance
- . Management styles in insurance companies in Turkey

Insurers must make it easy to purchase life insurance, and the adopt the philosophy that the services should be bought, rather than sold, as a starting point" (Borak).



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APPENDIX 1 INSURER QUESTIONNAIRE

Company name : _____
Name of manager : _____
Position : _____

1. What are the factors that hindered the development of the life insurance sector in Turkey ?
2. What are the main problems of the life insurance sector in our country ?
3. What are the advantages of the life insurance companies in Turkey ?
4. In what ways can the state aid the growth of the life insurance sector ?
5. What is the role of marketing in the development of life insurance sector ?
6. What is the major marketing objective of your company ?
7. Is this goal clearly communicated to all employees and agents of your company ?
8. Has there been a change in the marketing orientation of your company in the recent years ? What were the reasons behind this change ?
9. How many people work in the marketing department of your company ? What is the position of the person responsible of the department and who does he report to ? Could you give detailed information on the organization of the marketing department ?
10. Are there numerically stated marketing targets in your company ?
11. What is the target market of your company in terms of life insurance ?
12. How many different life insurance products does your company have ?
13. Are there any life insurance products that you are planning to withdraw from the market ?
14. Are you planning on introducing new life insurance products in the near future ?
15. What is/are the departments/persons responsible for developing new products ?

16. Does your company makes/has made market research ?
17. Which sales channels does your company use ? Are you planning to use new sales channels in the near future ?
18. What department is responsible for relations with the agents ? To whom does this department reports ?
19. Could you explain the training program applied to agents? What is the department/person responsible for their training?
20. In your opinion what are the major problems of the sector related to the agents ?
21. How do you think that the agents evaluate your company ?
 --Very Positive --Positive --Negative --Very Negative
22. What support services does your company provide the agents ?
23. What are your promotion strategies ?
24. Which medias did you use last year ?
25. Does your company make use of publicity ? How ?
26. How does your company manage public relations ?
27. Does your company make effectiveness tests for advertisements ?
28. What is the attitude of the consumers toward life insurance products ?
 --Very positive --Positive --Negative --Very Negative
- Insurance companies ?
 --Very positive --Positive --Negative --Very Negative
29. What do you think are the major problems of the sector related to the consumer ?
30. To what degree is your company automated ?
31. Does your company have any international alliance other than reinsurance ?
32. Sex: -- Female --Male

33. Age: -- 25 - 30 -- 51 - 55
 -- 31 - 35 -- 56 - 60
 -- 36 - 40 -- 61 - 65
 -- 41 - 45 -- 66 - 70
 -- 46 - 50 -- 70 and above

34. For how many years have you worked in the insurance sector ?

35. Which foreign languages do you know ?



ŞİRKET ANKETİ

Şirketin Adı : _____
Yöneticinin Adı : _____
Görevi : _____

1. Sizce Türkiye'de hayat sigortası sektörünün yeterince gelişmemiş olmasının en önemli nedenleri nelerdir ?

2. Sizce ülkemizde hayat sigortası sektörünün en önemli sorunları nelerdir ?

3. Sizce ülkemizde hayat sigortası firmaları için en önemli avantajlar nelerdir ?

4. Sizce devlet hayat sigortası sektörünün gelişmesine ne gibi katkılarda bulunabilir ?

5. Sizce pazarlamanın hayat sigortası sektörünün gelişmesinde rolü nedir ?

6. Şirketinizin temel pazarlama hedefi nedir ?

7. Sizce bu hedef tüm çalışanlarınıza ve acentelerinize açıklıkla iletilmiş durumda mı ?

8. Son yıllarda şirketinizin pazarlama yaklaşımında önemli bir değişiklik oldu mu ? Bunun nedenleri nelerdi ?

9. Şirketinizde pazarlama bölümünde kaç kişi çalışıyor ? Bu bölümdeki en tepe yönetici kim, kime bağlı ? Organizasyon yapısı konusunda bilgi verir misiniz ?

10. Şirketinizde rakamsal olarak belirtilmiş pazarlama hedefleri varmı ?

11. Hitap ettiğiniz pazar nedir ?

12. Kaç değişik hayat sigortası ürününüz var ?

13. Pazardan çekmeyi planladığınız ne gibi ürünleriniz var ?
14. Yakın gelecekte ürün dizinize yeni hayat sigortası ürünleri eklemeyi düşünüyor musunuz ?
15. Yeni Üründen sorumlu birimler hangileridir ?
16. Pazar araştırması yapıyor musunuz ?
17. Hangi satış kanallarını kullanmaktasınız ? Yeni satış kanalları kullanmayı hedefliyor musunuz ?
18. Şirketiniz bünyesinde acente ilişkilerinden sorumlu birim nedir ? Kime bağlı çalışmaktadır ?
19. Acentelere uyguladığınız eğitim programını anlatır mısınız ? Acente eğitiminden sorumlu kişi ya da birim nedir ?
20. Sizce sektörün acentelerle ilgili en önemli sorunları nelerdir ?
21. Sizce acenteleriniz şirketinizi nasıl değerlendiriyorlar ?
-- Çok Olumlu -- Olumlu -- Olumsuz -- Çok Olumsuz
22. Acentelerinize ne gibi destek hizmetler sağlıyorsunuz ?
23. Reklam hedefleriniz nelerdir ?
24. Hangi medyaları kullandınız ?
25. Parasız tanıtım olanaklarından yararlanıyor musunuz ? Ne gibi ?
26. Halkla ilişkiler faaliyetlerini nasıl yürütüyor sunuz ?
27. Reklamlar için etkinlik çalışmaları yaptırıyor musunuz ?

28. Sizce tüketicilerin hayat sigortası ürünlerine karşı tutumları nedir ?

-- Çok Olumlu -- Olumlu -- Olumsuz -- Çok Olumsuz

Sigorta Şirketlerine karşı ?

-- Çok Olumlu -- Olumlu -- Olumsuz -- Çok Olumsuz

29. Sizce sektörün tüketicilerle ilgili en önemli sorunları nelerdir?

30. Şirketiniz ne derece otomasyona geçmiştir ?

-- Tüm poliçe kayıtları
-- Tüm sigorta teklifleri
-- Tüm teknik çalışmalar
-- Tüm acentelik işlemleri
-- Tam bir entegrasyon

31. Şirketinizin reasürans dışında başka bir uluslararası bağlantısı var mı ?

* Cinsiyet : -- Kadın -- Erkek

* Yaş : -- 25-30 -- 46-50
-- 30-35 -- 51-55
-- 36-40 -- 56-60
-- 41-45 -- 61-65
-- 66-70
-- 71 ve üstü

* Kaç yıldır sektörde çalışıyorsunuz ?

* Hangi yabancı dilleri biliyorsunuz ?

ŞİRKET ANKETİ

Şirketin Adı : _____
Yöneticinin Adı : _____
Görevi : _____

1. Sizce Türkiye'de hayat sigortası sektörünün yeterince gelişmemiş olmasının en önemli nedenleri nelerdir ?

2. Sizce ülkemizde hayat sigortası sektörünün en önemli sorunları nelerdir ?

3. Sizce ülkemizde hayat sigortası firmaları için en önemli avantajlar nelerdir ?

4. Sizce devlet hayat sigortası sektörünün gelişmesine ne gibi katkılarda bulunabilir ?

5. Sizce pazarlamanın hayat sigortası sektörünün gelişmesinde rolü nedir ?

6. Şirketinizin temel pazarlama hedefi nedir ?

7. Sizce bu hedef tüm çalışanlarınıza ve acentelerinize açıklıkla iletilmiş durumda mı ?

8. Son yıllarda şirketinizin pazarlama yaklaşımında önemli bir değişiklik oldu mu ? Bunun nedenleri nelerdi ?

9. Şirketinizde pazarlama bölümünde kaç kişi çalışıyor ? Bu bölümdeki en tepe yönetici kim, kime bağlı ? Organizasyon yapısı konusunda bilgi verir misiniz ?

10. Şirketinizde rakamsal olarak belirtilmiş pazarlama hedefleri varmı ?

11. Hitap ettiğiniz pazar nedir ?

12. Kaç değişik hayat sigortası ürününüz var ?

28. Sizce tüketicilerin hayat sigortası ürünlerine karşı tutumları nedir ?

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-- Tüm sigorta teklifleri
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13. Pazardan çekmeyi planladığınız ne gibi ürünleriniz var ?
14. Yakın gelecekte ürün dizinize yeni hayat sigortası ürünleri eklemeyi düşünüyor musunuz ?
15. Yeni Üründen sorumlu birimler hangileridir ?
16. Pazar araştırması yapıyor musunuz ?
17. Hangi satış kanallarını kullanmaktasınız ? Yeni satış kanalları kullanmayı hedefliyor musunuz ?
18. Şirketiniz bünyesinde acente ilişkilerinden sorumlu birim nedir ? Kime bağlı çalışmaktadır ?
19. Acentelere uyguladığınız eğitim programını anlatır mısınız ? Acente eğitiminden sorumlu kişi ya da birim nedir ?
20. Sizce sektörün acentelerle ilgili en önemli sorunları nelerdir ?
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23. Reklam hedefleriniz nelerdir ?
24. Hangi medyaları kullandınız ?
25. Parasız tanıtım olanaklarından yararlanıyor musunuz ? Ne gibi ?
26. Halkla ilişkiler faaliyetlerini nasıl yürütüyor sunuz ?
27. Reklamlar için etkinlik çalışmaları yaptırıyor musunuz ?

ŞİRKET ANKETİ

Şirketin Adı : _____
Yöneticinin Adı : _____
Görevi : _____

1. Sizce Türkiye'de hayat sigortası sektörünün yeterince gelişmemiş olmasının en önemli nedenleri nelerdir ?

2. Sizce ülkemizde hayat sigortası sektörünün en önemli sorunları nelerdir ?

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4. Sizce devlet hayat sigortası sektörünün gelişmesine ne gibi katkılarda bulunabilir ?

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15. Yeni Üründen sorumlu birimler hangileridir ?
16. Pazar araştırması yapıyor musunuz ?
17. Hangi satış kanallarını kullanmaktasınız ? Yeni satış kanalları kullanmayı hedefliyor musunuz ?
18. Şirketiniz bünyesinde acente ilişkilerinden sorumlu birim nedir ? Kime bağlı çalışmaktadır ?
19. Acentelere uyguladığınız eğitim programını anlatır mısınız ? Acente eğitiminden sorumlu kişi ya da birim nedir ?
20. Sizce sektörün acentelerle ilgili en önemli sorunları nelerdir ?
21. Sizce acenteleriniz şirketinizi nasıl değerlendiriyorlar ?
-- Çok Olumlu -- Olumlu -- Olumsuz -- Çok Olumsuz
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Sigorta Şirketlerine karşı ?

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29. Sizce sektörün tüketicilerle ilgili en önemli sorunları nelerdir?

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-- Tüm poliçe kayıtları
-- Tüm sigorta teklifleri
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31. Şirketinizin reasürans dışında başka bir uluslararası bağlantısı varmı ?

* Cinsiyet : -- Kadın -- Erkek

* Yaş : -- 25-30 -- 46-50
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-- 66-70
-- 71 ve üstü

* Kaç yıldır sektörde çalışıyorsunuz ?

* Hangi yabancı dilleri biliyorsunuz ?

APPENDIX 2 PRODUCER QUESTIONNAIRE

Name of the Agency :.....

Full Name of the Person
filling the questionnaire :.....

Position in the Agency :.....

Date Agency was found :.....

Lines of business : -- Life -- Non-life

Insurers represented
presently :.....

Other business activities :.....

1. For how many years have you been working as an agent ?

2. What are the three things you like most about your job ?
Show with an (x).

- Serving the society
- Income in right proportion with effort
- Life long employment possibility
- Independence
- Prestige in society
- Other (Please explain:.....)

3. What types of insurance you or your family own ?

- Life insurance
- Home insurance
- Office insurance
- Car insurance
- Accident Insurance
- Health Insurance
- Other (Please explain:.....)

4. How does the insurance company you represent markets its products?

- Agency force
- Direct sales force
- Mail
- TV
- Other (Please explain:.....)

5. How frequently does the insurance company you represent offer training to your agency ?

- More than once a month
- Once a month
- When we request
- A few times each year
- Other (Please explain:.....)

6. How the training programs are carried out ?
Show using an (x).

- written material from insurance company
- meeting at insurance company premises
- meeting at agency with the managers of the insurer
- meeting at a different location (such as a hotel)
- Other (Please explain:.....)

7. How frequently you communicate with the insurance company
Show by an (x) in both columns.

WRITTEN

TELEPHONE

- | | |
|---------------------------|----|
| -- Every day | -- |
| -- 3-4 times a week | -- |
| -- 1-2 times a week | -- |
| -- a few times each month | -- |
| -- less than once a month | -- |

8. Rank in order of frequency the reasons for contacting the insurance company. (1: most frequently, 2: frequently, 3: less frequently)

- Policy errors/delays
- Problems related to the commissions and balances
- Problems related with the policy
- Questions related to new
- Requests for support (brochures, application forms)
- Training requests
- Other (Please explain:.....)

9. What services do you expect from the insurance company that you work in the life branch ?

- Training
- Brochure and promotion
- Computer support
- Advise on legal issues
- Advise on financial issues
- Information on agency organization and management
- Information on competitors and the market
- Information on marketing and sales techniques
- Other (Please explain:.....)

10. What are the problems you regarding the life insurance company you represent ? Show by an (x).

- Delay in commission payments
- Inability to contact a manager
- Inadequate training services
- Delay in the preparation of the policies
- Error in the preparation of the polsies
- not getting answers to questions
- not getting solutions to special requests
- Other (Please explain:.....)

11. What are the factors that the agents have to consider in choosing an insurance company to work with ? (Rank as 1: most important, 2:very important, 3:important)

- Confidence in the insurance company
- Commission rates
- Period the company leaves the premiums to the agent
- Policy production without errors/delays
- Solving the applications of policyholders effectively
- The financial/managerial situation of the insurance company
- The image of the insurance company
- The position of the insurance company in the sector
- Other (Please explain:.....)

12. How do you determine your potential clients. Show by an (x).

- Referrals from policyholders
- Own social circle
- Work environment
- Randomly
- meetings at policyholders homes
- All
- Other (Please explain:.....)

13. Please state in the order of importance, to what needs of your clients does the life insurance policy you sell applies.

- 1.....
- 2.....
- 3.....

14. What are the three most common objections you meet from your clients in buying life insurance. Rank in the order of frequency as 1: Most Frequently, 2:Very Frequently, 3:Frequently.

- Inconfidence in insurance companies
- policies loose in value due to inflation
- Consumers do not know anything about insurance
- The policies are to complicated and confusing
- Policies are inadequate
- Other (Please explain:.....)

15. How do you define the consumer attitude towards life insurance ?

- Very positive -- Positive -- Negative -- Very Negative

16. Evaluate in terms of outcome alternatives on what can be done to improve consumer attitude towards life insurance.

1:Most Effective, 2: Very Effective, 3: Effective, 4:Ineffective)

- Aftersales service
- Support from the State (tax advantage, education, etc.)
- Sectoral advertising
- Speed in claims handling
- Developing public relations
- Control and licensing of agents
- Other (Please explain:.....)

17. Please define marketing.

.....
.....
.....

18. What are your expectations regarding the future of life insurance ?

- Very Positive -- Positive -- Negative -- Very Negative

Sex: --- Male --- Female

Age: -- below 25 -- 41 - 45
 -- 26 - 30 -- 46 - 50
 -- 31 - 35 -- 51 - 55
 -- 36 - 40 -- 56 - 60
 -- 61 and above

The last school you graduated from:

-- Elementary School
-- Middle School
-- High School
-- University
-- Graduate Degrees
-- Other (Please explain:.....)

Marital Status:

-- Single
-- Married
-- Divorced/widowed

For the married:

For how many years have you been married ?.....

How many children do you have ?

Please write below, the names of the clubs which you are a member of:

.....
.....
.....

Please use the empty space below for any comments you would like to make regarding the subject of life insurance or the questionnaire.

Thank you for contributing to research by completing this questionnaire.

APPENDIX-2 ACENTE ANKETİ

Acentenin Unvanı:.....

Anketi Dolduran Kişinin Adı, Soyadı:.....

Görevi:.....

Acentenin Kuruluş Tarihi:.....

Acentenin Faaliyet Alanları: --- Hayat --- Hayat Dışı

Çalıştığınız Sigorta Şirketleri:.....

Yan Faaliyetler:.....

1.Kaç yıldır sigorta sektöründe çalışıyorsunuz ?.....

2.İşinizin en çok sevdiğiniz üç yönünü (X) koyarak belirtiniz:

- Toplum yararına bir hizmet sunmak
- Çalışma ile doğru orantılı kazanç
- Yaşam boyu iş imkanı
- Bağımsız çalışma imkanı
- Toplumda prestijli bir yer sağlıyor
- Diğer (Belirtiniz:.....)

3.Kendinizin ya da ailenizin sahip olduğunuz sigortaları (X) koyarak belirtiniz.

- Hayat Sigortası
- Ev Sigortası
- İş Yeri Sigortası
- Kasko Sigortası
- Ferdi Kaza Sigortası
- Sağlık Sigortası
- Diğer (Belirtiniz:.....)

4.Hayat Dalında çalıştığınız sigorta şirketinin ürünlerini nasıl pazarladığını (X) koyarak işaretleyiniz.

- Acenteler kanalıyla
- Kendi satış teşkilatı ile
- Posta ile
- TV ile
- Diğer (Belirtiniz:.....)

10. Hayat dalında çalıştığınız sigorta şirketi ile çalışmalarınızda karşılaştığınız sorunları (X) koyarak işaretleyiniz.

- Dönüşümlerin zamanında ödenmemesi
- İstenilen yetkiliye ulaşamamak
- Yetersiz eğitim hizmetleri
- Poliçelerin hazırlanmasının uzun sürmesi
- Poliçelerin hatalı olarak hazırlanması
- Sorulara cevap alınamaması
- Özel isteklerin zamanında karşılanamaması
- Diğer (Belirtiniz:.....)

11. Sizce Acentelerin hayat dalında şirket seçiminde dikkat etmeleri gereken hususların önemini belirtiniz. (1:En Önemli, 2:Önemli, 3:Daha az önemli, 4:Önemsiz)

- Şirkete güven
- Komisyon oranları
- Pey tulma süresi
- Hatasız-süratli poliçe üretimi
- Sigortalıların başvurularının etkin şekilde çözülmesi
- Sigorta şirketinin mali-yönelisel durumu
- Sigorta şirketinin imajı
- Şirketin sektördeki konumu
- Diğer (Belirtiniz:.....)

12. Potansiyel Müşterilerinizi hangi yöntemlerle belirlediğinizi (X) koyarak belirtiniz.

- Sigortalılardan alınan referanslar
- Sosyal çevre
- İş çevresi
- Rasgele
- Müşterilerin evlerinde yapılan toplantılar
- Hepsi
- Diğer (Belirtiniz:.....)

13. Pazarladığınız hayat sigortası ürünü müşterilerinizin hangi ihtiyaçlarına hitap ediyor, öncelik sırasıyla belirtiniz:

- 1.....
- 2.....
- 3.....

14. Tüketicilerin hayat sigortası almaya karşı çıkmalarının en önemli üç nedenini müşterilerin iliraz sıklığına göre belirtiniz (1:En sık, 2:Sık 3:Daha az sık).

- Sigorta şirketlerine güvensizlik
- Poliçelerin enflasyon nedeniyle değer yitirmesi
- Konuyu bilmemeleri
- Poliçelerin karmaşık olması
- Poliçelerin getirisi'nin düşük olması
- Poliçelerin yetersiz olması
- Diğer (Belirtiniz:.....)

15. Tüketicilerin Hayat Sigortası ile ilgili tutumlarını nasıl tanımlarsınız?

- Çok Olumlu -- Olumlu -- Olumsuz -- Çok Olumsuz

16. Tüketicilerin hayat sigortası ile ilgili tutumlarını daha olumlu hale getirmek için yapılabilecekleri sonuç açısından değerlendiriniz (1: En etkili, 2: Etkili, 3:Daha Az Etkili, 4: Etkisiz).

- Satış Sonrası Hizmet
- Devlet Desteği (Vergi avantajı, eğitim, vs.)
- Sektörel reklamlar
- Hasarların kısa sürede ödenmesi
- Halkla ilişkilerin geliştirilmesi
- Acentelerin lisans alması ve denetimi
- Diğer

17. Sizce "Pazarlama" nedir ?

18. Hayat Sigortalarının geleceği ile ilgili beklentileriniz nedir?

- Çok Olumlu -- Olumlu -- Olumsuz -- Çok Olumsuz

Cinsiyet: -- Erkek -- Kadın

Yaş : -- 25 ve altı -- 41-45
-- 26-30 -- 50-55
-- 31-35 -- 56-60
-- 36-40 -- 61 ve üstü

Mezûn Olduğunuz son eğitim kurumu:

- İlk Öğretim
- Ortaokul
- Lise
- Üniversite
- Lisansüstü
- Diğer (Belirtiniz:.....)

Medeni Haliniz: -- Bekar
-- Evli
-- Dul

Evliiler için : - Kaç yıldır evlisiniz ? :.....
- Kaç çocuğunuz var ? :.....

Üye olduğunuz klüp ve dernekleri belirtiniz:

.....
.....
.....

Anket Formu ile ilgili yorumunuz, ya da konu ile ilgili belirtmek istediğiniz diğer hususlar için aşağıdaki boş yeri kullanınız:

Bu anketi doldurup göndererek doktora çalışmamı desteklediğiniz için teşekkür ederim.

APPENDIX 3 CONSUMER QUESTIONNAIRE

This questionnaire will provide data for a Doctoral Dissertation at the Bogazici University Social Sciences Institute.

1. What are the types insurance that you recall:

.....

.....

.....

2. What types of insurance do you own ?

.....

.....

.....

3. What do you consider the three most important benefits of life insurance. Please evaluate in the order of importance as 1:Most important, 2:Very important, 3:important.

- Assuring the future of my family
- Ability to save
- Health Treatment
- Lump sum for retirement
- Highest rate of return for savings
- Continious income
- Assurance against disability
- Tax advantages
- Other (Please explain:.....)

4. Do you own a life insurance policy ? --- Yes

--- No

Please skip to question 7 if you have answered 'No'.

5. What were the three most important reasons that made you purchase life insurance. Rank in the order of importance as, 1: Most important, 2:Very important, 3:important.

- Assuring the future of my family
- The persistancy of the agent/sales person
- Possibility of saving through life insurance
- Benefiting from the tax advantage
- Retirement income/lumpsum
- Other (Please explain:.....)

6. How did you decide to purchase life insurance ?

- ```
-- Upon agent/sales persons proposal
-- I was affected by the advertisements
-- My friend/family persuaded me
-- I decided I needed it
-- Other (Please explain:.....)
```

7. What are the three most important factors in choosing a life insurance company ? Please rank in the order of importance as, 1:most important, 2:very important, 3:important.

- Strong and thrustable company
- A strong bank or holding company behind the insurance company
- A modern company
- An old and traditional backgroun of the insurance company
- State share in the company
- Investments in low risk effective investment tools
- Things I hear from friends/relatives
- The policies
- The advertisement
- The sales persons
- Other (Please explain:.....)

8. What are three reasons why you do not own a life insurance policy. Rank in the order of importance as 1:most important, 2:very important, 3:important.

- I do not know much about life insurance
- I do not have any dependants/I have enough property
- The premiums are too high
- The procedure is too confusing
- The rate of return is low
- Policy looses value by time
- I do not like the policies
- I do not thrust the life insurance companies
- Other (Please explain:.....)

9. State in the order of importance the change in conditions that would effect you to purchase life insurance. Please rank in order of importance as, 1:most important, 2:very important, 3:important.

- As I grow older
- As my income increases
- When a proper service is offered to me
- As my confidence in the insurance sector increases
- Other (Please explain:.....)

10. How do you think that the life insurance premiums be paid in the most practicle way ?

- Credit Card
- Direct payment from bank account
- Postal cheque
- Going to the insurance company or agent
- With a cash station card
- With a cheque
- Other (Please explain:.....)

11. From where would you have preferred to purchase life insurance ?

- Insurance company
- A sales person visiting me at home
- Insurance agency
- Bank branch
- Through mail
- Other (Please explain:.....)

12. Do you save money ?

- I can not save. I spend more than I earn.
- I can not save. My income is equal to my spending.
- I can save.

13. Please state the three most important reasons for saving money ? Please rank in order of importance as 1:most important, 2:very important, 3:important.

- For sickness and disability
- To buy a house/car/land
- For the education of my children
- To start up a business for my children
- For the marriage of my children
- For when I am old
- Other (Please explain:.....)

14. How do you invest your savings ?

- Time deposits
- Stocks
- Bonds
- State Bonds
- Foreign Currency
- Gold
- Real estate
- Life insurance
- Other (Please explain:.....)

15. From what sources do you receive information regarding life insurance ?

- Insurance companies
- Insurance agency/sales person
- Friends/relatives
- Banks
- Educational shows on TV
- Radio programmes
- News on Press
- Advertisement (TV, Newspapers, radio)
- Brochures mailed to my house
- Other (Please explain:.....)

16. Rank the saving tools shown below in the order of your preference. Mark the first column. Then evaluate them for each criteria as 1: very bad, 2:bad, 3:good, 4:very good.

| YOUR<br>PREFERENCE | SAVING<br>TOOLS                 | LIQUIDITY | PROFITABILITY | RETENTION<br>OF VALUE |
|--------------------|---------------------------------|-----------|---------------|-----------------------|
| ---                | Time deopsits                   | ---       | ---           | ---                   |
| ---                | Stocks                          | ---       | ---           | ---                   |
| ---                | Bonds                           | ---       | ---           | ---                   |
| ---                | State bonds                     | ---       | ---           | ---                   |
| ---                | Life insurance                  | ---       | ---           | ---                   |
| ---                | Gold                            | ---       | ---           | ---                   |
| ---                | Foreign currency                | ---       | ---           | ---                   |
| ---                | Real Estate                     | ---       | ---           | ---                   |
| ---                | Other<br>(Please explain:.....) | ---       | ---           | ---                   |

17. What are the three most important things that you expect from a life insurance policy ? Please rank in the order of importance as 1:most important, 2:very important, 3:important.

- encourages/increases savings
- Security at retirement
- Security of the future of the family
- Possibility of taking loans on your life policy
- Adequate premiums
- Providing security against disability
- The savings should not loose their value
- Few formalities
- Other (Please explain:.....)

18. Please mark your opinion regarding the statements below with an (x).

|                                                                         | Totally<br>Agree | Partially<br>Agree | Partially<br>Disagree | Totally<br>Disagree |
|-------------------------------------------------------------------------|------------------|--------------------|-----------------------|---------------------|
| - The most correct opinion is one which has been proved.                | ----             | ----               | ----                  | ----                |
| - I can not suppress my spending today, to save for future.             | ----             | ----               | ----                  | ----                |
| - You have to be careful when doing business with any institution       | ----             | ----               | ----                  | ----                |
| - Insurance companies create problems not to pay the money you deserve. | ----             | ----               | ----                  | ----                |
| - I sample a new product before my friends                              | ----             | ----               | ----                  | ----                |
| - My knowledge about life insurance is inadequate.                      | ----             | ----               | ----                  | ----                |
| - Investing in the stock exchange is very risky.                        | ----             | ----               | ----                  | ----                |
| - Changing the future is not in peoples hands.                          | ----             | ----               | ----                  | ----                |
| - There is a possibility of being misled while buying life insurance.   | ----             | ----               | ----                  | ----                |
| - I trust people.                                                       | ----             | ----               | ----                  | ----                |
| - I am very careful when making important changes in my life.           | ----             | ----               | ----                  | ----                |
| - What life insurance has to offer in the future is unclear.            | ----             | ----               | ----                  | ----                |

19. Do you have any type of security in the future ?

- Social Security
- State Pension Fund
- Security for Independent Professionals
- Widows/Orphans Salary
- Real estate
- Life insurance
- Other (Please explain:.....)

Sex:        --- Female                    --- Male

Age:        -- below 25                -- 41 - 45

             -- 26 - 30                -- 46 - 50

             -- 31 - 35                -- 51 - 55

             -- 36 - 40                -- 56 and above

Marital Status: Married                Single        Widow/Divorced

                         For how long:---

| <u>Number of Children</u> | <u>Age</u> | <u>Education</u> | <u>Sex</u> |
|---------------------------|------------|------------------|------------|
| .....                     |            |                  |            |
| .....                     |            |                  |            |
| .....                     |            |                  |            |
| .....                     |            |                  |            |

How many people are there in you family, including you ? ....

How many people work in your family, including you ? .....

Education:

- Literate
- Elementary School
- Middle School
- High School
- University
- Graduate

Average monthly income of the family:

- less the 2,000,000
- 2 - 3,999,999 TL
- 4 - 6,999,999 TL
- 7 - 9,999,999 TL
- 10 - 14,999,999 TL
- 15 - 19,999,999 TL
- above 20 million TL

Your Profession:.....

Your Position at work :.....

Work situation:

- does not work
- Retired
- Works full time
- Works part time

Thank you by supporting research by completing this questionnaire.

### APPENDIX-3 TÜKETİCİ ANKETİ

Bu anket Bogaziçi Üniversitesi Sosyal Bilimler Enstitüsü Pazarlama Ana Bilim Dalında bir Doktora Tezi için kaynak teşkil edecektir.

1. İlk anda aklınıza gelen sigorta türlerini belirtiniz:

-----  
-----  
-----

2. Sahip olduğunuz sigorta türleri nelerdir ?

-----  
-----  
-----

3. Sizce hayat sigortasının en önemli üç yararı nedir. Öncelik sırasına göre belirtiniz (1:En Önemli, 2:Önemli, 3:Daha Az Önemli)

- Ailemin geleceğini güvence altına almak.
- Tasarruf yapabilmek
- Tedavi imkanları
- Emeklilikte toplu para
- En yüksek yatırım gelirini sağlama
- Sürekli gelir sağlama
- Sakatlık halinde güvence
- Vergi avantajları
- Diğer (Belirtiniz:\_\_\_\_\_)

4. Hayat Sigortanız: -- Var  
-- Yok (7 numaralı soruya geçiniz)

5. Sizi hayat sigortası almaya iten en önemli 3 nedeni önem sırasına göre belirtiniz (1:En Önemli, 2:Önemli, 3:Daha Az Önemli).

- Ailemin geleceğini güvence altına almak.
- Acentenin-Satış elemanının ısrarı
- Tasarruf yapabilmek
- Vergi avantajından yararlanmak
- Emeklilik geliri-toplu para
- Diğer (Belirtiniz:.....)

6. Hayat Sigortası almaya nasıl karar verdiniz ?

- Acentenin-satış elemanının teklifi sonucu
- Reklamlardan etkilendim
- Arkadaşım-akrabam ikna etti
- İhtiyacım olduğuna karar verdim
- Diğer (Belirtiniz:.....)

7. Sigorta Şirketi seçiminde sizce en önemli 3 husus nedir ?  
(1: En Önemli, 2: Önemli, 3: Daha az Önemli).

- Şirketin sağlam ve güvenilir olması
- Şirketin arkasında güçlü bir banka/holding olması
- Modern bir şirket olması
- Şirketin eski ve köklü bir geçmişli olması
- Devlet ortaklığı olması
- Primlerin güvenilir ve verimli yatırımlarda kullanılması
- Çevreden/yakınlarımdan duyduklarım
- Ürünleri
- Reklamları
- Satış elemanları
- Diğer (Belirtiniz: \_\_\_\_\_)

8. Hayat sigortası sahibi olmamanızın en önemli üç nedenini önem sırasına göre belirtiniz (1: En Önemli, 2: Önemli, 3: daha Az Önemli).

- Hayat Sigortası konusunda pek bilgim yok
- Bana bağımlı kimse yok yeterince mülküm var.
- Primler çok yüksek
- Formalitesi çok yüksek
- Getirisi düşük
- Poliçe değer kaybediyor
- Poliçeleri beğenmiyorum
- Hayat sigortasına- sigortası şirketlerine güvenmiyorum
- Diğer (Belirtiniz)

9. Aşağıdaki koşullardan hangileri gerçekleştiğinde hayat sigortası yaptırmayı düşünürsünüz? Lütfen önem derecesine göre 1: En önemli, 2: Önemli, vb. işaretleyiniz.

- Yaşım ilerledikçe
- Gelirim arttığında
- Kendime uygun bir hizmet sunulduğunda
- Sigorta sektörüne güvenim arttığında
- Diğer (Belirtiniz: \_\_\_\_\_)

10. Hayat Sigortası primleri sizce en pratik olarak nasıl ödenebilir?

- Kredi kartı
- Banka hesabından otomatik ödeme
- Posta çekiyile
- Şirket ya da acenteye giderek
- Bankamatik kartı ile
- Çekle
- Diğer (Belirtiniz: \_\_\_\_\_)

11.Hayat Sigortasını nereden almak isterdiniz?

- Sigorta şirketinden
- Eve gelen bir şirket temsilcisinden
- Sigorta acentesinden
- Banka şubesinden
- Posta ile
- Diğer (Belirtiniz:\_\_\_\_\_)

12.Tasarruf yapıyor musunuz ?

- Tasarruf yapamıyorum. Giderim gelirimden fazla.
- Tasarruf yapamıyorum. Giderim geliriime eşit.
- Tasarruf yapabiliyorum.

13.Tasarruf yapmanızın üç nedenini önem sırasına göre belirtiniz (1:En Önemli, 2:Önemli, 3:Daha Az Önemli)

- Hastalık-Sakatlık için
- Bir ev-araba-arsa alabilmek için
- Çocuklarımin eğitimi için
- Çocuklarıma bir iş kurabilmek için
- Çocuklarımin evlendirebilmek için
- Yaşlılığımin için
- Diğer (Belirtiniz:.....)

14.Tasarruflarınızı ne şekilde değerlendiriyorsunuz ?

- Vadeli banka hesabı
- Hisse senedi
- Tahvil
- Devlet tahvili
- Döviz
- Altın
- Gayri menkul
- Hayat sigortası
- Diğer (Belirtiniz:.....)

15.Hayat sigortası ile ilgili bilgi aldığınız kaynakları belirtiniz:

- Sigorta şirketinden
- Acente-satış elemanı
- Arkadaşlar-Akrabalar
- Bankalar
- TV'de eğitici programlar
- Radyo programları
- Basında yazılar
- Reklamlar (TV, basın, radyo)
- Eve gelen broşürler
- Diğer (Belirtiniz:.....)

16. Aşağıdaki tasarruf yöntemlerini tercih sırasına göre 1'den başlayarak birinci sütunda işaretleyiniz. Tüm tasarruf yöntemlerini yandaki özelliklere göre değerlendiriniz (1:Çok kötü, 2:Kötü, 3:İyi, 4:Çok iyi ).

| TERCİH<br>SIRANIZ | TASARRUF<br>YÖNTEMLERİ       | NAKDE<br>DÖNÜŞTÜRME | KARLILIK | ESNEKLİK | DEĞERİNİ<br>KORUMA |
|-------------------|------------------------------|---------------------|----------|----------|--------------------|
| ---               | Vadeli Hesap                 | ---                 | ---      | ---      | ---                |
| ---               | Hisse Senedi                 | ---                 | ---      | ---      | ---                |
| ---               | Tahvil                       | ---                 | ---      | ---      | ---                |
| ---               | Devlet Tahvili               | ---                 | ---      | ---      | ---                |
| ---               | Hayat Sigortası              | ---                 | ---      | ---      | ---                |
| ---               | Altın                        | ---                 | ---      | ---      | ---                |
| ---               | Döviz                        | ---                 | ---      | ---      | ---                |
| ---               | Gayrimenkul                  | ---                 | ---      | ---      | ---                |
| ---               | Diğer<br>(Belirtiniz: _____) | ---                 | ---      | ---      | ---                |

17. Bir hayat sigortası poliçesinden beklediğiniz en önemli üç şeyi sırasıyla belirtiniz. 1:En önemli, 2:Önemli, 3:Daha az önemli)

- Tasarrufları arttırıcı-teşvik edici
- Emeklilik güvencesi
- Ailenin geleceğini garanti altına alabilmek
- Borç alabilmek
- Primlerin uygun olması
- Kazalara karşı güvence sağlaması
- Sürekli gelir imkanı
- Birikimlerin değerini koruması
- Formalitelerin az olması
- Diğer (Belirtiniz: \_\_\_\_\_)

18. Aşağıdaki cümlelerle ilgili görüşünüzü ilgili kutuya  
çarpı koyarak belirtiniz.

| Tamamen<br>aynı | kısmen<br>aynı | kısmen<br>karşı | Tamamen<br>karşı |
|-----------------|----------------|-----------------|------------------|
|-----------------|----------------|-----------------|------------------|

- En doğru fikir doğruluğu  
kanıtlanmış fikridir.
- Gelecekte gelir elde etmek  
için büyük giderimi kısınamam.
- Herhangi bir kuruluşla iş  
yaparken dikkatli davranılmalı.
- Sigorta şirketleri hakkınız  
olan parayı ödememek için  
bir çok engel çıkarır.
- Yeni bir ürün çıktığında  
tanıdıklarımın önce denetim.
- Hayat sigortaları konusunda  
bilgi yetersiz.
- Borsada yatırım yapmak  
çok risklidir.
- Geleceği değiştirmek  
insanların elinde değildir.
- Hayat sigortası yaptırırken  
kandırılma riski vardır.
- İnsanlara güvenirim.
- Hayatımda büyük değişiklik  
ler yaparken dikkatli davranırım.
- Hayat sigortalarının  
gelecekte ne sağlayacağı belirsiz.

19. Gelecek için maddi güvenceniz var mı ?

- SSK
- Emekli Sandığı
- Bağ-Kur
- Dul/yetim aylığı
- Gayri Menkul
- Hayat Sigortası
- Diğer (Belirtiniz):

Cinsiyet: -- Kadın -- Erkek  
Yaş : -- 25 ve altı -- 41 - 45  
-- 26 - 30 -- 46 - 50  
-- 31 - 35 -- 51 - 55  
-- 36 - 40 -- 56 ve üstü

Medeni Hal: Evli : Bekar : Dul  
Kaç yıldır evlisiniz?:---

Çocuk Sayısı Yaş Eğitim Cinsiyet

Siz dahil ailenizdeki kişi sayısı: ---

Siz dahil ailede çalışan kişi sayısı: ---

Eğitim Durumu: -- Okuryazar  
-- İlkokul  
-- Ortaokul  
-- Lise  
-- Üniversite  
-- Lisansüstü

Ailenin yaklaşık aylık geliri: ---

--2,000,000 ve altı  
--2-3,999,999 TL  
--4-6,999,999 TL  
--7-9,999,999 TL  
--10-14,999,999 TL  
--15-19,999,999 TL  
--20,000,000 ve üstü

Mesleğiniz : . . . . .

Göreviniz : . . . . .

Çalışma Durumu :

- - Çalışmıyor  
- - Emekli  
- - Tam gün çalışıyor  
- - Kısmi zaman çalışıyor

Bu anketi doldurup göndererek araştırmayı desteklediğiniz için teşekkür ederiz.