

### ABSTRACT

IRDA carried out a study of the insurance awareness campaign in rural and urban areas across various states in India to find out the awareness levels in households insured for life and those that are uninsured. Since the insurance sector is still in a nascent stage of development, the insurance industry in India has witnessed negligible growth during the past few years. Keeping this in view, the IRDA launched an insurance awareness campaign with the objective of developing and promoting efficiency in the insurance sector. The campaign carried out by IRDA aimed at creating awareness about the need for insurance amongst the general public as well as policy holders who need to know about their protection coverage, rights and duties about insurable interest, assignment, nomination needs, claim settlement, surrender value and other terms and conditions of the policies.

The study focused on awareness parameters such as life insurance, health insurance and general insurance, as well as the socio-economic characteristics of insured and uninsured households. The study also examined insurance awareness with regard to rights and duties and the grievance and dispute resolution mechanism.

India continues to be an under-insured state compared to middle income countries such as China, Brazil and the developed countries such as United States of America and the United Kingdom. Hence, both private and public sector insurance companies should make enormous efforts to create insurance awareness.

### IRDA INITIATIVES TOWARDS INSURANCE AWARENESS

Protection of interest of policyholders along with development of insurance sector in an orderly manner is the prime mission of IRDA. IRDA focus on insurance literacy and have also taken many initiatives for policy holder protection while maintaining delicate balance in the insurance industry. The consumer education initiatives of IRDA are aimed at ensuring that the consumer identifies his needs; understands the product and the risk involved. Insurance awareness campaigns by IRDA are carried out through all possible channels.

IRDA has launched an exclusive consumer education portal [www.policyholder.gov.in](http://www.policyholder.gov.in) to provide objective information.

IRDA engaged the National Council of Applied Economic Research (NCAER) to carry out a pan-India survey to assess the levels of insurance awareness in the country. The survey was undertaken in 29 states/union territories.

IRDA conducts a series of Annual Seminars on Policyholder Protection. IRDA, also organised an Essay Competition for students.

IRDA has participated in the "JAGO GRAHAK JAGO" programme of Ministry of Consumer Affairs, Food and Public Distribution, Government of India, which aims to educate consumers.

'Bima Bemisaal' is the brand name for IRDA's insurance awareness campaign. Bima Bemisaal educates policyholders about their rights and obligations and informs them about the complaints resolution methods available to them. It also creates awareness about insurance among the general public.

### Importance of Customer Service Awareness-USGI

Insurance awareness plays a key role in ensuring policyholders' protection and also in development of insurance sector. Lack of insurance awareness has proved to be one of the hurdles in penetration of insurance across the country.

## INSURANCE AWARENESS POLICY OF UNIVERSAL SOMPO GENERAL INSURANCE

Bancassurance, a hugely successful distribution channel, is the USP of USGIC, capitalizing on the tremendous reach of this channel Universal Sompo, is perhaps among the first companies to present a plethora of products in the initial years of operation, to suit every need and pocket.

Insurance occupies an important place in the complex modern world since risk, which can be insured, has increased enormously in every walk of life.

Insurance being complex and a subject matter of solicitation, is relatively not easy for a common person to understand. The Consumer education is an important pre-requisite for promotion on insurance inclusion and enhancing public awareness on key local risks and insurance policy available that suits their needs.

USGI is striving to make considerable progress in insurance awareness through the efforts of all the possible channels of information.

We were the first amongst the general insurance companies to implement the Integrated Grievance Management System – real-time /online grievance reporting system implemented by IRDA for all insurance companies.

Financial literacy in short is being knowledgeable enough to make financially responsible decisions to avoid being economically vulnerable or any financial adversity.

In India the need for financial literacy is getting greater because of the low level of literacy and large section of population which remains out of the formal financial set up. India still has large sections of people who are resource poor and who operate on the margin. These groups are really vulnerable towards persistent downward financial pressures.

Moreover with no established banking relationships, the poor sections are pushed towards expensive alternatives without adequate financial literacy.

Financial education has thus become an important complement to market conduct and prudential regulation, and improving individuals' financial behaviour(s) has become a long-term policy priority in many countries. This trend has notably led to the development of a wide range of financial education initiatives by governments, regulators and various other private and civil stakeholders, sometimes combined with financial consumer protection measures.

### **Benefits to Customers**

- Good understanding of the Product Features.
- Policy as per Customer need
- Ensure they have appointed nominee
- Importance of Timely premium payments to avail continuity benefit.

### **Benefit to Company**

- Improves engagement levels with the Customers
- Satisfied Customer
- Reduction in customer disagreement on Products.

## **RATIONALE FOR INSURANCE AWARENESS POLICY OF UNIVERSAL SOMPO GENERAL INSURANCE COMPANY LIMITED**

IRDA mandated to all the insurance companies operating in India to have a Board approved "Insurance Awareness Policy" of the respective insurance Company through IRDA Ref: 35/CAD/PUB/Insurance Awareness Policy/2013-14 dated 12.03.2014, the policy should incorporate the year-long action plan on the part of the company for initiating insurance literacy and awareness campaigns in the country. It is advised by IRDA that as a part of this Policy, Insurance Company can

## INSURANCE AWARENESS POLICY OF UNIVERSAL SOMPO GENERAL INSURANCE

select/adopt various States/ districts for enhancing insurance awareness and can work with Councils and other stakeholders imparting knowledge of insurance at grass root level. The involvement of intermediaries, social and educational institutions may be considered while framing the Policy. The framed Policy should be in line with the National Strategy for Financial Education (NSFE) which needs to be implemented by all stakeholders of financial sectors including insurance sector.

### USGI OBJECTIVE FOR INSURANCE AWARENESS POLICY

The policy has been prepared with following objectives:

1. To create awareness about the benefits of insurance and need of insurance to the larger public (What is Insurance, Why need insurance, what can be insured).
2. To create awareness pertaining to benefits of life, Health, Property and other insurance products among the members of the Society as well as general public as a measure to suggest extra financial strength to policy holders through savings.
3. To Create awareness and educate consumers on access to insurance services, the customers to read terms and conditions of the policy & sales prospectus of the products & availability of various types of products and their features.
4. To Change attitudes to translate knowledge into behavior, making customers understand the importance of disclose their medical history at the time of taking the policy to avoid hassles at the time of claim for Health & PA products.
5. Make consumers understand their rights and responsibilities as clients of insurance services.

### USGI proposed initiative/plans for Insurance awareness.

- Social Media, as it is becoming quite popular in the world for broadcasting of information and is the easiest way to reach.
- Online Consumer Education programme / chatting.
- Office on wheels for creating General Insurance Awareness.
- Organizing shows / street plays / workshop in vernacular language.

This would help us connect more with people in areas where literacy rate is very low and educate customers about the policy terms and conditions.

Universal Sompo's insurance awareness policy would be focused to its presence in different market segments like rural, urban or other categorised market/Industry to make most of Indians financially literate in future years.

For generating an insurance awareness USGI would target to educate consumer about

- **Understanding the risk those households are exposed to in their general life.**
- **Understanding the various option at hand to manage them emphasising the option of taking an insurance**
- **Understanding insurance as an instrument to manage risks**

Insurance awareness programs of USGI would be focused on group discussion to its potential customers and stressing household surveys which would also be useful in understanding demand for different people in various segments.

## INSURANCE AWARENESS POLICY OF UNIVERSAL SOMPO GENERAL INSURANCE

Tool	Objective	Strategic Importance
<b>FOCUS GROUP DISCUSSION</b>	To understand the community profile and risk priorities as well as exposure to financial products.	<ul style="list-style-type: none"> <li>• Product development</li> <li>• Risk prioritization per community</li> <li>• To analyse the amount range needed</li> <li>• Period of Income distribution</li> <li>• Modality of payments</li> </ul>
<b>HOUSE HOLD SURVEY</b>	<p>Measures the need for protection through an insurance product and to access the demand for insurance</p> <p>The idea is to build a data base for strategic decisions and to have the maximum amount of comparable data</p>	<ul style="list-style-type: none"> <li>• Product development by understanding the risk, ability and willingness to pay.</li> <li>• Sales based on demographics like age, wealth etc.</li> <li>• Financial Literacy Consumer education</li> <li>• Level of knowledge of Insurance.</li> <li>• Perception of Insurance</li> </ul>

Besides we would be promoting various other insurance promotional activities such as conducting seminars, small skit on importance of insurance, insurance movies in due course of time for increasing insurance awareness.

### **Role of Intermediaries for creating Insurance Awareness**

For increasing Insurance awareness USGI would be utilising its vast spread of BANCA channel in both urban as well as rural areas.

USGI has strong BANCA networking (via ALLAHABD BANK, INDIAN OVERSEAS BANK, KARNATKA BANK, and Other associated regional Banks) at pan India basis, which would be focused for disseminating insurance awareness in their respective area.

**Table 1: Number of Bank branches Across India**

ZONE/REGION	ALLAHABAD BANK	CORPORATION BANK	IOB	KBL	Grand Total
ZONE 1- NOIDA(DELHI /NCR)	170	66	195	5	436
ZONE II -RAJASTHAN	67	23	64	3	157
Zone III -MADHYA PRADESH	207	58	91	9	365
ZONE IV - MAHARSTRA	116	122	195	42	475
Zone V - VARANASI (UP/BIHAR)	1441	28	154	5	1628
ZONE VII – KARNATKA	48	426	197	353	1024
ZONE VIII-ANDHRA PRADESH	49	174	249	39	511
IX – GUJRAT	56	114	119	5	294
ZONE X- TAMILNADU	73	9	1314	45	1441
ZONE XI -GURGAON (HARYANA/PUNJAB)	309	158	216	33	716
ZONE XII - WESTBENGAL & ORRISA	733	83	345	23	1184
<b>GRAND TOTAL</b>	<b>3269</b>	<b>1261</b>	<b>3139</b>	<b>562</b>	<b>8231</b>

***Beside bank branches USGI would be distributing financial literatures via both active and passives agents to spread insurance awareness across pan India basis.***

For spreading insurance awareness programme Targeting market calendar of events proposed for Financial Year 2014-15 would be

## INSURANCE AWARENESS POLICY OF UNIVERSAL SOMPO GENERAL INSURANCE

For FY 2014-15	Event to be organized in Financial Year 2014-15
<b>August-2014</b>	Engaging into interaction with customers on general insurance product and on insurance awareness from company website.
<b>September-2014</b>	Interacting to customers on general insurance product and on overall insurance knowledge via company website.
<b>October-2014</b>	Interacting to customers online as well as by telephonic conversations on insurance awareness via company website.
<b>November-2014</b>	Interacting to customers online as well as by telephonic conversations on insurance awareness via company website.
<b>December-2014</b>	Interacting to customers online as well as by telephonic conversations on insurance awareness via company website.
<b>January-2015</b>	Interacting to customers online as well as by telephonic conversations on insurance awareness via company website.
<b>February-2015</b>	Interacting to customers online as well as by telephonic conversations on insurance awareness via company website.

### **Proposed committee for monitoring and evaluation of financial literacy programme**

#### **Key Analytical team**

**The duty and delegation of key analytical team will be as follows**

- To support and provide guidance to the organisation for efficiently running the financial literacy programme.
- Monitoring the related cost and the expected outcomes (number of persons who have been made financially literate during the programme).
- Evaluation of surveys or group discussion in order to understand specific need of survey region to properly strategise the company's business strategies or product feature
- Development of efficient database system to capture all related information to understand the impact of financial literacy programme.

Key Analytical Team			
Name/Designation /Department	Phone Number	Present Mobile Number	e-Mail Id
CMO	29211814	9987586418	skrawat@universalsompo.com
Head CPD	39171324	9004079234	rajivkumar@universalsompo.com
Head HR	29211814	9821018067	gvora@universalsompo.com
Head IT	39171342	9022908531	rdeshpande@universalsompo.com

#### **Key Support Team**

Duties and delegation of key support team

- To efficiently executive financial literacy programme at their respective branch or unit.
- To provide support to associated Agents or intermediaries in spreading financial literacy programme and collect regular feedback from them.
- Update and gather all necessary data and regularly updating to respective Head of departments.
- Maintain data base for their respective unit/branch to access the viability of programme

## INSURANCE AWARENESS POLICY OF UNIVERSAL SOMPO GENERAL INSURANCE

Key Support Team				
Name/Designation/Department	Key Activities	Phone Number	Present Mobile Number	e-Mail Id
Branch Head /Bank Branch Head( <i>where programmed will be executed in a calendar Year</i> )	<ul style="list-style-type: none"> <li>Monitor/Access development at branch /Unit level</li> <li>Collecting feedback from Associated agents or other associated intermediaries</li> </ul>	As per involved branch	As per involved branch	As per involved branch
Associated Agents	<ul style="list-style-type: none"> <li>For conducting household surveys/group discussion</li> </ul>	- do -	- do-	- do-
Other associated intermediaries	<ul style="list-style-type: none"> <li>For conducting household surveys/group discussion</li> </ul>	- do-	-do-	- do -

### FREQUENTLY ASKED QUESTIONS (FAQ) PREPARED BY USGI TO ENHANCE FINANCIAL LITERACY

To educate end consumer on how to save we have prepared following simple questions and probable answers following them have been prepared.

**(i) Why saving is required?**

Saving is required as emergency fund set aside to cover unexpected expenses. This could be any unexpected accident, any unexpected loss etc. A saving would help to survive the unexpected financial events of a person's life.

Besides, saving would also be needed for retirement or to live a peaceful life in future as well.

Proper saving would also required in disseminating other liabilities such as children education, taking care of parents and other liabilities.

**(ii) What is Insurance?**

Insurance is nothing but an agreement between the insurer (The Insurance Company) and the insured (a person) to pay an amount as compensation if any unexpected event occurs. This amount may vary from a few hundred to even a few crores. The maximum amount the insured person can claim depends on the amount agreed upon as per the insurance policy.

Briefly, Insurance is a risk mitigation tool. You transfer your risk to an insurance company in exchange of a premium. So the benefit is that if you incur a loss from an insured risk, the insurance company assumes all or part of that loss.

**(iii) Why do we need Insurance?**

There may be scenario's where the loss that we would incur due to some event would be extensive and we would not be in a position to incur the losses. At these events,

insured person can claim an amount corresponding to his disability losses and use the money to sustain his family or other liabilities.

**(iv) What all can be Insured?**

Almost everything that has a financial value in your life and has a probability of getting lost, stolen or damaged, due to unforeseen events/circumstances can be covered through insurance. Property (both movable and immovable), vehicle, cash, household goods, health, dishonesty and also your liability towards others can be covered.

**(v) Why health insurance is now essentially desirable.**

Even if a person is in good health, he/she will need to use the health care system at some point in their life. We never know when an accident may happen or if any of our family members will get sick and need to see a doctor. Health insurance provides you with an affordable way to get medical care when you need it.

It also protects us and our family from the high cost of health care. The cost of even routine care can quickly add up, but the cost of care for a major illness or injury can be devastating.

**(vi) Why Motor Insurance is required?**

Before operating a motor vehicle, a person need to have auto insurance, not only because it is the law but there are also several other reasons, like having car insurance protects the investment we have made in our automobile, it also protects us from liability lawsuits. It also covers damages to our car, and ultimately gives us peace of mind beside other more related benefits.

**(vii) Why to maintain adequate insurance cover?**

Insurance should cover those things that would cause financial hardship if they were destroyed. It is a necessary and valuable financial service.

The term adequate insurance refers to having sufficient insurance coverage with an authorised insurer to provide enough protection for the financial losses that could reasonably incur. An inadequate insurance cover will not cover all our liabilities at the time of need and we will not be able to overcome financial stress.

To know the adequate amount of coverage properly evaluation of liabilities is very much needed. Also a customer can ask the respective agents for any legal insurance minimums or for proper guidance in valuing sum insured.

**(viii) What types of Insurance should a small business consider?**

To protect any small business an insured must accurately assess the risks that he is expected to face and choose insurance accordingly. To protect against losses that may occur to any business, lot of insurance policies are available that cover equipment, real property and buildings, inventories, and other business assets.

**(ix) Why Insurance renewal required?**

An insurance renewal is the standard length of time an insurance policy is in effect without the insurance company adjusting your rate. If an person do not renew at time,

the policy will lapse and the insured will no more can avail benefits from your Insurance policy.

**(x) Where to contact in case of any complaints or grievances?**

An Insured can file its complaints or grievance directly to insurance company by registering a phone call or via internet.

Insured can also register their complaint at IRDA (Insurance Regulatory and Development Authority) directly.