

1.0 Executive Summary

Nepal Life Insurance Company Ltd. (NepalLife) is a large organization consisting of more than 300 employees. It currently has 28 branches and more than 36 sub branches which have covered major part of the country and the company has targeted to expand its sub branches more than 100 within the running fiscal year (2070/2071). Till August 2013, it has 62845 registered agents. It has been successful to sale more than 1000,000 life insurance policies till august 2013. Company has tried to cover every people of almost each age group and relationship within the boundary of life insurance by its various products. Being in the business of selling life insurance products it is performing the same job as the other insurers deal with "Life Insurance".

The organization structure of the company is formed by seven directors, five from promoters, one public director and one independent director. The chair person is elected among the directors. The operating wing of the company is headed by the Chief Executive Officer, in the corporate office. He is assisted by a Senior Deputy General Manager, Assistant General Manager and departmental heads of underwriting and policy servicing, finance, information technology, personnel and marketing. The branch offices which are the operating offices of the company are headed by the branch managers who are assisted by marketing and administrative staff in the office and by a network of agents in the field.

NepalLife has excellent brand awareness and a high quality image. This report brings to you the marketing plan for NepalLife that is required in order to segment, target and promote Nepal Life's insurance products in all over the country.

2.0 Situation Analysis

Because of the growing number of insurance companies in Nepal, the business has been much competitive as companies are offering more and better facilities. In Nepal the scenario has been much populated today than compared to what it was a few years ago. Globalization and the consequent creation of new companies have sharply increased the competitive intensity and dynamism of the insurance business. This has fostered a need for greater flexibility in operations and processes to gain competitive advantage. As the

industry has changed, so too has the customer- provider relationship. In the modern context, insurance distribution is not only the old “Feet on Street” (FOS) agency model but has also become sophisticated and more effective with technology playing a greater role in enhancing services. Actually this is a good sign as the increase in number of Insurance companies means better exposure to people regarding the importance of insurance policies. There are 8 life insurance companies in Nepal till now (2013). Among them 7 company are from private sector and only one company is from the government sector. Most of the companies are focusing their business in the city area. But, these days companies are also enhancing their business in the rural area because of high competition in urban area. There are lots of possibilities to enhance the business of life insurance in Nepal. Research has indicated that approximately 30 percent of Nepal's population is potential market for life insurance economically. Currently nearly 5 percent of Nepal's population has access to life insurance service, which indicates there is big potential market of life insurance in Nepal. NepalLife is trying to address that huge potential market of life insurance and secure its current position of market leader for ever by proper and aggressive marketing plan.

The business of NepalLife has done well over the years, but the current principals desire to take the company to the next level. With better communication, NepalLife will be able to offer better value to our customers by addressing their true needs. The need to establish close, effective relationships with clients is a priority at NepalLife and a competitive edge.

2.1 Market Summary

The insurance industry has grown very rapidly and the competition is very fierce. In the past people, were less concerned about choosing brand of insurance company and were less sensitive about risk associated with their life. But with the upliftment in the living standard of the people, they have started to become more brand conscious and sensitive regarding future and security of family. Because of being in the life insurance industry since over the thirteen years in all over the country, NepalLife has developed good information about the common attributes of the most prized and loyal customers. This information will be leveraged to continually collect information about the customers in

the country of better serving them, meeting their specific needs, and learning the most efficient and effective means of communicating with them.

NepalLife market consists of people of different segments:

Age: Different products are designed for different age group. For children up to 11 years we have child insurance plan. In this plan risk will be bared even after the death of proposer; if proposer dies before maturity of the policy child should not pay any premium afterward. We have variety of products for people of different ages with different policy features.

Married Couple: we have separate plan for married couples, single insurance policy will cover risk of both individuals.

Income level and life style: We have products specially designed for people having good income and do not want to pay premium yearly. They can pay complete premium in three installments but covering all risk from the beginning of the insurance term. For example "Jeevan Sambriddhi" plans of NepalLife.

2.2 SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses within the company and describes the opportunities and threats facing NepalLife Insurance.

Strengths:

- a. **Efficient workforce:** NepalLife has sufficient number of skilled manpower. To strengthen the marketing force we have made special efforts to impart theoretical and practical training to staff and agents, by in-house faculty and outside institutions.
- b. **Huge agency force:** Agency force is the major strength of the company for business growth, and they are responsible for approximately 70% business growth of the company.
- c. **Industry Experience:** NepalLife is matured in life insurance industry of Nepal hence we have in-depth knowledge of the industry. The company has been a symbolic organization in the life insurance industry, special efforts are being made to spot, recruit and train new agents not only in the academic part of insurance but also in marketing and servicing of insurance. For this purpose, the training sessions are being held at door steps of agents i.e. the 'Branch' and 'Sub

Branch' to which they are attached. Concentrated attempts are being made to upgrade their knowledge, so that they become our future assets and market leaders because only out of them will come our future marketing personnel. The results so far achieved give us assurance that the company is on sound and solid ground.

- d. Brand image:** Comprehensive customer insight.
- e. Information system:** NepalLife has advanced communication system.

Weaknesses:

- a. A limited number of people inhabiting villages.
- b. The high costs of switching current insurance consumers from a competing firm to NepalLife.
- c. The struggle to stay ahead on the technological adoption curve in a small, rural community.

Opportunities:

- a. Participation within a growth industry.
- b. Advanced technology: Use of Technology to provide effective services to cater to urban population.
- c. Increased sales through an expansion of the current service offerings.
- d. As the company continues to grow, the ability to decrease fixed costs over a growing customer base.

Threats:

- a. Political uncertainty of the country
- b. Limited area for investment:
- c. High death rate.
- d. High surrender rate.
- e. Lack of awareness about life insurance.
- f. High employee turnover.
- g. A significant slump in the economy that will likely have a correlated effect on the industry.

- h. A single or series of huge, unexpected, traumatic events that put significant strain on the financial health of the insurance industry as a whole.

2.3 Competition

Looking at the growing market for life insurance many companies have been established. Even foreign investors have seen a huge market share for themselves. The different players in the life insurance market of Nepal include the following:

NepalLife Insurance Company Limited: This company was established under the Company Act 2053 and Insurance Act 2049 as a public limited company on 2058/01/21 (04/05/2001). NepalLife is the foremost life insurance company established by private investors, the company deals in the sale and support of life insurance products.

Life Insurance Corporation (Nepal) Limited: LIC (Nepal) Ltd. was established in a joint venture between Life Insurance Corporation of India(55%) and Vishal Group of Nepal (25%), the insurance company has public participation to the extent of 20%. Life insurance Corporation (Nepal) Ltd., was incorporated under the Companies Act 2053, on 27.12.2000. It has started Operations since 01.09.2001.

Prime Life Insurance Company Limited: Prime Life was established in 2007. As other life insurance companies it also deals with the sale of life insurance products.

Asian Life Insurance Company Limited: Asian Life Insurance Company was established in 2008 as per Insurance Act 2049.

National Life Insurance Company Limited: National Life Insurance Company Limited (formerly known as National life & General Insurance Co.Ltd.) was incorporated in 1988 A.D. under Nepal Company Act 1964 and the insurance Act 1968 of Nepal.

American Life Insurance Company Limited (MetLife Alico): This company was established in 2001,it was the first foreign organization to be granted a license to offer life and accident insurance in the country.

Gurans Life Insurance Company Limited: Gurans Life Insurance Co .Ltd. was established and registered under Company Act 2063 B.s. and Insurance Act 2049 as a public Limited Co. and was issued a license operate Life Insurance Business on 2064/12/18.

Surya Life Insurance Company Limited: The Surya Life Insurance Co.Ltd. has been established and registered under Company Act 2063 B.S. and Insurance Act 2049 as a public Limited Co. and was issued a license operate Life Insurance Business on 2064/12/06(19th March 08)

NepalLife's strength lies in the quality and depth of our products and staff. Our offices, unlike our competition, are open six days a week. Our staff has specialists in commercial insurance that can properly service and underwrite local business. We also have some quality commercial markets unavailable to our competition.

Today's people are financially sensitive, they do not only focus on risk coverage of their life, and they want good return from their investment. Something which covers all the risk and yields very high and attractive return for their investment is important. NepalLife have gained competitive advantage because of historical and highest bonus on life insurance up to Rs.81 per thousand with risk coverage.

2.4 Product Offering

SURAKSHIT JEEVAN BEEMA YOJANA: It is an endowment plan. It can be taken by anyone in the age group between the age of 11 years to 60 years. The maximum age on maturity is 65 years. Under this plan the insured amount (Sum Assured) with bonus is payable at the end of the specified period or on death of the life assured before expiry of the term. This is the most popular insurance plan. By selecting the term judiciously, one can provide for old age and get risk cover for the selected term

Group Insurance Plan: This plan enables employers to provide life insurance benefit to their employees at low rate of premium. It is a hassle free plan wherein risk coverage is given up to the normal retirement date without any health requirements up to age 45 and with only declaration of good health thereafter. The savings made through the simple scheme of administration is passed on to the employees by substantial reduction in premium.

The minimum age at entry is 18 years and maximum age at entry is 55 years. The S.A. allowed varies from Rs. 50,000 to Rs. 3, 50,000 depending upon the category. The group size of 50 employees, contribution of minimum of 50% of premium by the employer, joining of the scheme by a minimum of 75% of confirmed employees on introduction and compulsory joining by employees recruited thereafter are some of the binding features of the scheme. Variations in the scheme and its benefits are possible depending on the size and composition of the group and participation of the employer.

The company is trying to sell the above products in large scale so as to fulfill its mission of providing social security to every eligible citizen and also for spreading and creating awareness about the need of insurance. With increase in insurance awareness among the general public and specific target groups the company plans to bring in new products having greater risk/term insurance components. It also plans to bring in products providing pensions, health care and plans with multiple add on/optional advantages and risk covers.

KETA-KETI JEEVAN BIMA (SHIKSHA AND VIVAH): Every parent spuns dreams for better education marriage and successful life for their offspring. In this context, Nepal Life Insurance Company for the first time in the Insurance Industry of the country launched a product with the sole aim of providing a tool of having risk coverage of life of child and making future provision for the education, marriage and financial support for the wards of aspiring parents. The salient features of plan are:

- Policy can be issued on the life of just-born child till age of eleven, proposed by either of the parent.
- The risk on the life of child to start after completion of 7 years of age of child, if his her age is below 7.
- In case of child who has completed his age 8 or 9 the risk shall commence from age 10.
- Minimum Sum Assured Rs. 100000 and maximum Rs. 1000000.
- The term of this policy is 19 minus age of child at commencement of policy.
- Maturity age 19 year of child(fixed)
- The policy vests in the child at 18 years of age.

- Policy premium frequency: Either yearly, Half Yearly or quarterly with certain conditions.
- Premium waiver Benefit available on the life of proposer (either of parent only) with extra payment.
- Surrender as per condition but no loan available.
- No accident benefit available on the life of child.
- Policy participates in profits.

JEEVAN LAXMI - TRIPLE BENEFIT SCHEME WITH BONUS: The plan is the Triple Benefit Endowment Plan with Bonus payable on the following terms:

- Basic Sum Assured with bonus payable on maturity
- Two times of Basic Sum Assured with proportionate final bonus payable on normal death under active policy within policy term.
- Three times of Basic Sum Assured with proportionate bonus payable in case of accidental death under active policy within policy term.
- Minimum Sum Assured is Rs. 50,000 and maximum Rs. 100,000
- Minimum entry age is 16 yrs and maximum entry age is 50 yrs
- Minimum term is 7 yrs and maximum term is 25 yrs or maximum age of 60 yrs whichever is earlier.
- The mode of payment is either yearly or half yearly.

JEEVAN SAHARA: The plan is specially designed Endowment product to cover the wide range of risk for our social communities of Nepal:

- The sum assured together with bonus is payable on maturity date and full sum assured again payable on death of life assured after maturity.
- In case of death before maturity date under active policy, the sum assured and whatever bonus declared is payable.
- Basic Sum Assured is payable in case of death of the policy holder after maturity of policy term.
- Minimum Sum Assured is Rs. 100,000 and no limit for Maximum Sum Assured depending upon the income source of the proposer.
- Minimum entry age is 16 yrs and maximum entry age is 65 yrs.

- Minimum term is 5 yrs and maximum term is 54 yrs or maximum age of 70 yrs whichever is earlier.
- The mode of payment is yearly, half yearly or quarterly.

JEEVAN SARATHI BEEMA YOJANA: NepalLife has introduced a new kind of policy in Nepali market. It is a joint life policy. Under this plan risk of both husband and wife is covered by a single policy. Upon the death of spouse, insured amount is paid to alive husband or wife and remaining premium (installment) which has to be paid by the alive partner to the company will be waived. Again the insured amount along with bonus is paid on maturity. Following are the basic features of Jeevan Sarathi Beema Yojana:

- It can be taken by anyone in the age group between the age of 18 years to 50 years.
- Maximum age on maturity is 65 years.
- Under this plan loan up to 90% of the surrender value after the policy has completed two years term.
- Minimum Sum Assured is Rs. 50,000/- and Maximum Sum Assured depends upon the income sources of lives to be assured.
- Minimum Premium paying term is 15 years and maximum premium paying term is 30 years
- Premium can be paid Yearly, Half-Yearly and Quarterly basis.
- Difference between the age of husband and wife should be 20 years

FOREIGN EMPLOYMENT EXPATRIATE POLICIES: Foreign Employment Expatriate Policies plan is brought in Insurance Market by Nepal Life Insurance Company Limited (NepalLife) for those Nepalese who are heading forward for Foreign Employment. The company has insured itself with well-known reinsurance company "SCOR Global Life ", France for Term Assurance Foreign Expatriate policies

JEEVAN SAMBRIDHI: For the first time in Nepal, NepalLife has introduced attractive Anticipated Life Insurance products with whole period risk coverage on limited period premium payment.

NEPAL LIFE JEEVAN JYOTI PLAN: This plan is most popular form of life assurance. It makes provision for the family of the Assured in the event of early death, as also assures

a lump sum amount at a desired age. The amount assured, if not paid by reason of earlier death, becomes payable at the end of the endowment term.

If the payment of premiums is discontinued after at least three years' premiums have been paid, a paid up policy of an amount bearing the same proportion to the sum assured as the numbers of premiums actually paid bears to the number stipulated for in the policy, will be automatically secured. Such reduced paid up policy will not be entitled to participate in the profits declared thereafter.

2.5 Distribution

NepalLife insurance products will be distributed through our network of branches and sub branches. Each branches and sub branches will cooperate with at least one community in each village development committee (VDC). Each community in VDC will be responsible for providing micro insurance service for every people within that VDC.

Branch and Sub-Banches: Currently NepalLife has 28 branches and more than 36 sub branches which have covered major part of the country and the company has targeted to expand its sub branches more than 100 within the running fiscal year (2070/2071) .

Corporate Agency: Currently we have more than 10 corporate agents; each corporate agency has their own huge network all over the Nepal.

Agency Network: Till August 2013, NepalLife has 62845 registered agents. We will distribute our products through the network of our agents. Agency force is the major strength of the company for business growth, and they are responsible for approximately 70% business of the company. Agency force is the main strength for distributing our products all over the country.

3.0 Marketing Strategy

1. **Emphasize service and ongoing support:** Only after selling policy our objective will not be achieved. We must be responsible for providing ongoing support and service for each policy for retaining the policy.
2. **Quality and efficiency of service:** we are able to maintain a fairly good level of performance in servicing our clients which can be seen from various

performance indicators such as Registration of proposal, Underwriting, Issuance of acceptance letter, Issue of FRP, Issue of policy bonds, Commission billing, etc.

3. ***Customer relationship:*** We must concentrate on building a long term relationship with our customers and make the client and our staffs appreciate the value of a long-term relationship. Consumer meet of policy holders are being organized at different centre to make them aware of latest trends in insurance, various products the company has launched and services provided.
4. ***Focus on target markets:*** We must focus on identifying target market and design suitable products for that market.

3.1 Marketing And Financial Objectives

Basic marketing objectives of NepalLife are increasing customer awareness, successful distribution of our life insurance products, developing corporate image, improving customer service, improving customer base and its spread, reinforce a market image as the finest service provider in the industry and to cater to financial and social needs of every segment of society by designing differentiated and innovative insurance instruments. To provide after sales service to customers that can be hailed as the best, etc.

Basic financial objective of NepalLife is to increase market share, increase profits by 50% in the following fiscal year, hold customer acquisition costs steady and decrease the costs associated with serving distant clients.

3.2 Target Market

The market consists of senior citizens, lower-income young families (many of who are on social assistance) and the small. NepalLife will encourage people of lower income group through its micro insurance service. NepalLife will be committed for reaching out to untapped markets like NRN (Non-Resident Nepalese), Youth and female segments.

The profile for NepalLife Insurance's target customer consists of the following geographic, demographic, and behavior factors:

Geographic:

- The immediate geographic target is each cities and village development committee.

Demographics:

- Gender: The ratio of male and female.
- Age: The average age of the customer.
- The average household income.
- The family composition of the customers.

Behavior Factors:

- Social organizational members: Most social activities are sponsored by social organizations within the community.
- Business houses: Most business decisions are based on a trust relationship established by being an active member of the community

3.3 Positioning

Nepal Life Insurance Company is the foremost life insurance company established by private sector, more popular with its initials NLIC. Nepal Life Insurance Company has its own identity because of the mission and manner for which it is working. NepalLife is positioned as largest life insurance company of Nepal in term of capital, number of policy holders, number of branches and networks and the highest bonus providing company for policy holders.

3.4 Strategies

The company is working with a time bound strategy to fulfill its vision of spreading message of insurance to every home and to contribute substantially in making Nepal an economically healthy and vibrant nation. Apart from spreading the network of branches all over Nepal the company plans to make a quantum jump in number of agents and to provide them adequate training for providing knowledge and skill, so that the company can reach and depth in the market.

The company is focusing on providing qualitative services of International Standard. Our ambition is to provide across the counter services in all its operations.

Product:

NepalLife products will include all existing products described in earlier. In addition we will bring some innovative products to cover segment of different income level (low income, middle income and high income), different age groups (for the new product we will more focus on child education), and different occupation (our basic preference will be on agricultural labor).

Micro Insurance: Micro-insurance is the protection of low income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved. Low-income people can use micro insurance, where it is available, as one of several tools (specifically designed for this market in terms of premiums, terms, coverage, and delivery) to manage their risks. We will design it with affordable insurance products to help them cope with and recover from common risks. A micro insurance policy will be simply a low premium insurance policy for example Rs15 per day. Some important factors we consider for designing micro insurance product are:

- Live in remote rural areas, requiring a different distribution channel to urban insurance products.
- Are often illiterate and unfamiliar with the concept of insurance, requiring new approaches to both marketing and contracting.
- Tend to face more risks than wealthier people do because they cannot afford the same defenses. So, for example, on average they are more prone to illness

because they do not eat as well, work under hazardous conditions and do not have regular medical check –ups.

- Often have higher policyholder transaction costs. Thus a middle-class, urban, policyholder can send a completed claims form to an insurance company with relative ease: a quick call to the insurance company, receipt of the claims form by post, and then return of the form by post. For a low-income policy holder, submitting a claims form may require an expensive trip lasting a day to the nearest insurance office (thereby losing a day of work), obtaining a form and paying a typist to type up the claim, sending in the claim, followed by a long trip back home. Aside from the real costs of doing this, the low –income policyholder may be uncomfortable with the process.

Price:

Our customers are especially sensitive to value. We must ensure that our price and service are perceived to be good value to our client. Our markets must offer several payment options to our clients that are convenient to the client, not just to the company. Example - payment on insured's preferred day of month, not on the company's, and accepting payment by credit or debit card. Many insured's are on a fixed income and receive their income on a set day of each month or a paycheck on a particular day.

Distribution:

1. Insurance Partners: We provide our various activates to various insurance partners. We will give our renewal premium collection task to a large agency like "**Himal Remit**" which itself has huge network all over the country. Various banks and finances has become corporate agency of NepalLife and distributing our products through their own huge network. Nearly million of our agency force will contribute for distributing our products in every part of the country. So, NepalLife will apply multi channel approach for distributing insurance products.

Promotion:

1. Life insurance sector will be only developed if people became aware about their value of life, sensitivity towards future of their dependent and importance of saving. So public awareness is necessary for overall development of insurance sector. We will conduct various campaigns and programs to aware people about life insurance and its benefit.
2. Advertisement in various communication media is key for public awareness, so all advertising has to emphasize our differentiation point rather than price. We will be developing a "because life is precious..." message to emphasize the need of NepalLife insurance products.
3. We must improve and increase our contacts with our clients. All clients should be contacted before renewal to ensure covers are current and adequate. Also, new insurance should be solicited. We are using various communication technologies to be communicated with clients for example we send "Thank you" message when client pays premium, "Reminder message" when policy due date comes near, "Happy Birth day" message on the date of birthday of client so that our policy holder will always feels sense of proximity with the company.
4. We will participate in various social and trading activities to spread our brand image.

Marketing Communication:

NepalLife will use various tools of communication to promote our offerings in order to achieve company's promotional objectives under the marketing mix. Basically three marketing communications tools will be applied viz. advertising, sales promotion and public relation.

Technology:

We will operate with the latest technology in the industry. We have advanced software and hardware, our each branches and sub branches are interconnected via VPN (Virtual Private Network) and internet.

Sales Strategy:

Discount on whole premium: We will provide significant discount on whole premium based on nature of policy and its association with agents. For corporate clients we will provide discount up to 8% on whole premium.

High Return: High bonus rate is our main strength. Life insurance in NepalLife is not only for covering the risk it is also best for investment.

Easy for underwriting and claim settlement: Because we operate with the advanced technology, will provide efficient and effective service to our clients so that they will not think to shift and refer another company for insurance.

Additional benefit over deposit in bank:

3.5 Marketing Mix

Here are summaries of action programs we will use during the following seven months to achieve our stated objectives.

November: We will participate in major trade shows and exhibitions. We will declare a new bonus rate for policy holders which will be minimum Rs.62 and maximum Rs.82 per thousand, which will be valid for the period until the finalization of next valuation.

December: We will declare 8% discount in whole premium if the policy registers as a default agent. Default agency in policy is the policy which does not contain any agents.

January: We will start an integrated campaign targeting low income and rural people. This campaign will aware them about life insurance and its benefit in term of risk and saving.

February: We will continue advertizing campaign continue, we will add consumer sale promotion such as lunch of our new branded website, viral communication via facebook, twitter and other social medias.

March: We will lunch various incentive packages for agents based on business provided.

April: We will lunch our Smartphone applications for insurance service for our clients and potential consumer. We will also send emails and SMS to various people about our insurance products and benefits.

May: We will expand our new Sub-Banches in various rural areas such as Jumla, Pyuthan, and in some places in Karnali region.

3.6 Marketing Research

Using research, we will identify specific features and benefits our target market segments value. Feedback from market tests, surveys, and focus groups will help us develop our future products. We are also measuring and analyzing customers' attitudes toward competing brands and products. Brand awareness research will help us determine the effectiveness and efficiency of our messages and media. Finally, we will use customer satisfaction studies to gauge market reaction.

4.0 Financial

Total FPI (First Premium Income) for the current fiscal year (2070/2071) is projected to be 1560 million and total premium income (FPI+Renewal premium) is expected to be Rs. 3950(million) Moreover, company will achieve Rs. 1317(million) from its investments(Specially from fixed deposits, Bonds, Stocks and Policy Loans).

5.0 Controls

This company should try to implement the marketing strategies formulated and also monitor the effectiveness of the plans that have been implemented periodically. The monitoring can be done every quarter and bring whatever improvements that are required.

5.1 Implementation

We are planning to tight control measures to closely monitor customer service satisfaction in all levels. We are planning to implement advanced communication and issue monitoring system to obtain information instantly so that we will be able to react very quickly in addressing any problems that may occur.

5.2 Marketing Organization

NepalLife's Senior Deputy General Manager, holds overall responsibility for all of the company's marketing activities of all Regional heads, branch and sub-branch managers.

Chief executive officer (CEO) will guide SDGM for various marketing operations. All agents and salespersons are managed and guided by individual branch in charge.

References:

1. <http://www.bsib.org.np>
2. www.nepallife.com.np