PERCEPTION OF THE INSURANCE INDUSTRY

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ABSTRACT

Perception of the Insurance Industry

The Insurance Association of Pakistan was formed in 1948 with the aim of facilitating its members by the exchange of expertise, knowledge and experience. The Insurance sector is regulated by the Insurance Ordinance 2000.The general insurance industry in Pakistan comprises of 39 players out of which three are major players: EFU, JGI and AICL as compared to 9 life insurance companies. The majority of premium about 85% is concentrated among the top three players. Penetration of insurance is very low due to lack of awareness in Pakistan 0.7% of the gross domestic product in contrast to Bangladesh – 1.2%, 2.5% in Malaysia and about 4.5% in India. In 2011 the general insurance grew by 16% with total premiums of Rs 54 billion. The customer base mostly comprises of Corporate.

The performance review of the insurance sector of Pakistan over the years has shown that there is a potential for the industry to grow. Even though the insurance penetration level in Pakistan is very low as compared to other countries, there has been an improvement in the performance of life insurance whereas non life insurance has not shown impressive growth figures. The growth in life insurance business has also been fostered by banks. Banks and insurance companies are engaging in 'Bancassurance' which is the partnership between a bank and an insurance company whereby the insurance company uses the bank to sell its products. Life Insurance companies and banks have both benefitted from 'Bancassurance'.

The insurance sector has not prospered much in Pakistan due to stringent religious beliefs, lack of awareness about insurance, high illiteracy, poverty, economic environment, excessive government controls and inefficient supervision and prudential regulations.

Pakistan is an Islamic ideological state where 97% of the people are Muslims. Due to strong religious beliefs people have been hesitant to accept insurance as a way to improve their quality of lives.

Brand equity is a concept born in 1980s. It has aroused intense interest among business strategists from a wide variety of industries as brand equity is closely related with brand loyalty and brand extensions. Besides, successful brands provide competitive advantages that are critical to the success of companies.

This report will only study the customer-based brand equity which refers to the consumer response to a brand name. The aims of the study are to review the dimensions of customer-based brand equity of Adamjee Insurance and to investigate customer's attitude towards AICL and its brands in insurance Industry. This research should aim to gain a clear understanding of AICL perception in the mind of general people in industry.

Key objectives of the study is to understand & measure the brand equity of AICL in comparison to the competition

Perceptions towards it's:

Products offerings: variety of products for various customers needs, profits, speed of payment, easy documentation & clarity of products etc.

Corporate reputation: trustfulness, caring, customers care, peace of mind, investment in profitable projects, interactive with customers & innovative etc.

Measure the triggers and barriers of insurance.

The findings suggest that Overall consumer's involvement in the insurance sector is fairly low. Retail general insurance customers do not have enough knowledge of the products offered by the insurance Company. Recall of AICL advertisement is low compared to State Life. Jubilee Insurance due to its rebranding has created hype in the market and spent a considerable amount on the marketing budget. The advertisement has been created to raise awareness about the insurance products