INSURANCE AND RISK MANAGEMENT

Consumer Awareness and Life Insurance Among Young Adults

With Reference to Tata AIA Life Insurance

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Abstract

Life insurance is often mentioned as an integral part of financial planning; however, this does not imply that all young adults understand what it involves or how various life insurance policies differ. Young adults may first learn about insurance either from their parents, an advisor, ads, or through social media. While the concept may be known, questions arise as regards the aim of buying the policy, amount of cover needed, premiums, terms of the policy, and the distinction between protection and investment.

In the current case, Tata AIA Life Insurance is used as the example of the company for discussing the problem of conveying the message about the life insurance to young adults. This case study neither refers to any real events happening in Tata AIA Life Insurance, nor assumes any problems with customers' awareness on the part of this company. It just poses a business situation to discuss what the life insurer should do to make its products and the aim of purchasing life insurance understandable for young adults without making them buy something.

This case focuses on the potential reasons for delaying in becoming aware of or buying life insurance for young adults, analyzing different awareness strategies, as well as the information that the company needs prior to choosing an appropriate strategy.

1 Case hook

A young person who has just begun earning might be considering numerous factors: managing the costs incurred every month, making savings for the future, helping his/her family members or going independent in terms of finances. Life insurance could be one of them, but it does not have to become the priority straight away. One person may think that he/she is too young to require life insurance, while another individual may consider it being a tax-saving scheme that should only be considered after getting married.

The problem is that familiarity with the term "life insurance" and awareness of this product are two separate issues. An individual may know that there is something called term insurance without understanding how it differs from the saving kind of product. A second person may read in an advertisement of some insurance company about the advantages and still be uncertain about its disadvantages, conditions of paying premiums, what happens in case if no payment is made on time.

It raises an interesting problem of communication for an insurance company like Tata AIA Life Insurance. How can the company explain to the youth what life insurance is, what the basic products are, and what they should think about when making their choice? It is not about attracting attention; it is about making the information valuable for the individual to make the right choice.

2 Company background

Tata AIA Life Insurance Company Ltd is a collaboration between Tata Sons Pvt Ltd and AIA Group Ltd. This company functions in the Indian life insurance industry and delivers various kinds of products and solutions related to protection, savings, wealth management, and retirement planning. The website of this company contains details about its business, products and customer services .

Life insurance companies provide services to their clients depending upon the life stage and financial commitments of the clients. The requirements of a young, salaried individual without any dependents will differ from those of a person having dependent parents, family, children, or someone having borrowed money for long-term use. That is why the importance of life insurance should not be evaluated merely on the basis of age.

The product information provided by Tata AIA includes term insurance and other life insurance products. These products cannot be exchanged for each other. The term insurance provides life cover for a particular period of time. Life cover with savings component can be included in saving plans while ULIPs have the value of investments based on market performance and include risks of investments. Features, costs, terms and conditions vary among the products, thus, clients need to study the related policies before making any decision.

3 Industry and competitive context

Many sources provide financial information to young adults. Insurance companies post information about their products on websites, advisors provide information about policies in face-to-face interactions, banks and other intermediaries sell insurance, and social media provides both educational material and advertisements. Young adults may also be influenced by family members and friends.

Multiple sources of information may prove useful, but on the other hand, such a situation may complicate decision-making. Different sources of information use different terminology or emphasize different advantages. Young adults evaluating different insurance products may focus on the premium while neglecting the policy term, conditions for the early termination of the agreement, exclusions, or product purposes.

In addition to competing through the features of the product and the extent of its distribution, companies compete through the clarity of their message and the reliability of the information provided. Clarity of the explanation will assist the customer in asking better questions. In contrast, a message which is focused entirely on its appealing benefits might result in misunderstanding of certain conditions.

For a company like Tata AIA, the process of communication to young adults should find the right balance between clear language and sufficient information. It should be comprehensible, but not exaggerated.

4 Background to the problem

The main problem in this situation is the discrepancy between general knowledge and actual understanding. A young adult will be aware of the existence of life insurance coverage but might not understand how to calculate the amount of coverage required and for how long it should be in place. Another person might understand the function of term insurance but mistake it for some kind of

investment. The lack of proper understanding affects the quality of the decision even when a person has all the information.

There might be a number of explanations to this. Firstly, life insurance requires a long period of commitment whereas young people usually find themselves on the stage of developing their income streams. Some individuals might not have any dependents and therefore will not see the necessity for the insurance at hand. Others will have family obligations but lack self-confidence while choosing different products. Technical vocabulary, concerns about costs and mistrust during sales conversation prevent people from asking for the help.

These are potential explanations to be investigated; however, they are not measurable facts about the customers of Tata AIA. For this purpose, the organization would need to conduct research among its customers or obtain other credible information to understand what barriers matter the most to the target audience. It would be quite erroneous to assume that the requirements of all young people are identical.

The business question is, thus, how to promote the basics of life insurance to the audience in a way that will correspond to its real needs.

5 Managerial dilemma

The management responsible for customer communication needs to determine what strategy to adopt to increase understanding about life insurance among young adults. Digital marketing campaigns can cover a wider audience; however, the number of views, likes, and clicks does not reflect understanding of the communicated message. Face-to-face conversations and awareness events can offer a better opportunity to explain issues in more detail, yet this process is time-consuming and covers fewer individuals.

Another issue is related to the method of determining success. When the campaign is being assessed based on the number of enquiries or sales, the company will fail to see whether its target customers understand the product. At the same time, an awareness campaign, which disseminates information but fails to reach the target audience, may not be effective at all.

The management dilemma is as follows: what strategy to choose to cover either a wider digital audience, direct young adults, or both?

6 Alternatives and strategic options

Table 1. Strategic options, possible advantages and limitations

Strategic option	Possible advantages	Limitations to consider
Digital awareness campaign	Short videos, FAQs and simple explainers can make basic information accessible to a large audience.	Reach and engagement do not prove understanding; content must not oversimplify policy conditions.
College and workplace sessions	Interactive sessions allow young adults to ask questions and discuss common misunderstandings.	Sessions require coordination and may reach a limited number of people at a time.
Advisor-led education	An advisor can explain concepts and discuss how needs differ from one person to another.	Customers may perceive the discussion as a sales pitch unless the advisor is transparent and avoids pressure.

Strategic option	Possible advantages	Limitations to consider
Combined approach	Digital content can introduce the topic, while optional sessions or advisor discussions provide more detail.	Requires consistent information across channels, planning and a way to evaluate results.

Comparison of the options in terms of cost, coverage, clarity, possibility of question-and-answer and measurement of learning should be made. Also important is the age bracket that the company intends to address, since college students, fresh job starters, and young people who have families will not react the same way to an advertisement.

7 Data for decision making

A good decision should be one that is made on the basis of evidence and not on the basis of an assumption. This case does not contain any internal customer data from Tata AIA or any made-up survey figures. Prior to making any decision regarding the choice of strategy, the company can do a small and voluntary research among young people who belong to a definite age range and come from a definite location.

This research may cover:

- The awareness of respondents regarding life insurance and sources through which they got aware of life insurance.
- Whether they can explain the meaning of life insurance in their own words.
- Their awareness regarding the difference between term insurance, saving type life insurance and ULIPs.
- The factors through which they are either motivated to take up life insurance or hesitate about taking life insurance.
- The means of communication through which they easily understand things.

The findings could be illustrated in a tabular format and, depending on the sample, in bar and pie graphs as well. The survey results used in any kind of report need to specify the number of respondents, their age group, place, survey dates, and type of the survey. Percentages can be calculated based on responses received exclusively. In case no survey is carried out, the following information needs to be included in the report in form of a research idea.

If the aim of the awareness pilot program is to increase knowledge, the company can look at the respondents' answers to a few fundamental questions both before and after the event. They can also consider the type of questions asked by respondents as well as evaluate which explanations have been useful for them.

8 Decision point

Now comes the time to decide on which method should be tried out first. An online campaign can work well for introducing fundamental concepts to a wider audience. Short meetings could work well when the objective is to comprehend the doubts that young adults have. Discussion with the advisor can bring a personal angle to the subject, but it has to be transparent and individual-centered.

One way could be to start with a small-scale pilot project where participants will go through short digital explainers followed by optional Q&A session. Content here should be in simple language about

why life insurance exists and how products can differ among each other. People should also be referred to the document where all information about the specific product is written down.

In this regard, the pilot can be evaluated based on comprehension, feedback from the participants, and the issues raised, and not just on the amount of leads produced. The company will be better positioned to make a decision about expanding the program, communication, and targeting a different set of young adults.

This concludes the case, and the question now for the reader is: What strategy should the company choose and why?

References

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