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A STUDY ON CONSUMER DECISION MAKING PROCESS FOR LIFE INSURANCE SERVICES

by

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ABSTRACT

The importance of marketing is increasing in every area whether it is a product or service category. It is also an important management technique to make organizations reach not only to the present goals but also to the short and long terms objectives, in the future.

According to customer oriented marketing approach, life insurance companies need to define the decision making process of consumer groups on the choice and purchase of life insurance policies and accordingly to consider redefinition of their products, prices, distribution channels and promotional activities to make consumers decide to buy their products and be satisfied by their policies.

Developing Turkish finance sector has also affected the life insurance sector and the market has been trasformed from a producer market to a buyer market. As a result, the definition of consumers' attitudes, needs and preferences has become inevitable for life insurance companies. Therefore, within the context of this study, the consumer's decision making process for life insurance services is determined. Turkish people's knowledge about insurance services and their consumption habit are also determined as a subgoal of this study.

The primary data of the study show that Turkish people have low degree of awareness of insurance services and they have low consumption habit. Most customers buy a life policy in order to secure the future or to be protected from risk. The consumption tendency for life insurance services is high within males, married people, 36-45 age group and within people who have a total monthly family income of less than 1.000.000 TL. It is also high within primary school and below educated group and among professionals, housewives, retired people and students. The lack of marketing concept for life insurance companies and the lack of information and of confidence in companies for consumers are the main problems of Turkish life insurance sector. Operating with the marketing concept; accordingly product differentiation to fulfill consumers' needs and to hedge against inflation, intensive promotional and introductional activities by means of well-trained staff are the immediate solutions for the above problems.

First four chapters of this study include the literature review about services and life insurance marketing. Last two chapters include the field study that is conducted among 248 respondents through the use of self-administrated questionnaires.

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INTRODUCTION

The reformation that has been seen in Turkish economy since 1980, has highly affected the finance sector. Similar to other parts of the sector, the insurance sector, especially life insurance branch , has met a lot of changes and has entered the developing stage.

Well-developed insurance sector of the developed countries provides highly important amounts of fund to the country. Unfortunately, the significant developments were not seen in Turkish life insurance sector until the second half of 1980's. Even more, the unsatisfactory social security services of the State did not cause important developments in the sector until this year.

The last regulations about life insurance sector, the awareness of Turkish people about the deficiency of social security, the last efforts of insurance companies and accordingly the sharp increase in sales of policies in 1990 and in first five months of 1991 show that there is a high potential for life insurance usage in Turkey and the sector will function in a highly competitive environment in the future. This hopeful result is not only suggested by Turkish life insurance people but also by foreigners that want to operate in Turkey to benefit from this high potential.

The great success of a few insurance companies that have started to operate with the marketing concept approves the necessity of this concept for life insurance companies. As the focus point of this concept is consumer's attitudes, needs and preferences, insurance companies should determine the consumer decision making process for lifepolicies to develop their marketing strategies and to successfully operate in the market.

This study is aimed to determine both consumers' decision making process and opportunities&threats that affect the development of the sector.

Since a life insurance policy is a type of insurance service and insurance services are a subset of the general set of services, the nature and characteristics of services marketing are briefly considered in the first part.

Sales and marketing concepts focus on different points for insurance services. Therefore both the technical and the marketing definitions of insurance services take place in the second part.

The third part is devoted to the macro environmental analysis of insurance services.

In the fourth part, the last competitive developments of Turkish life insurance sector and four p's of the life insurance services marketing are presented.

Finally, the last two parts include the research design, the methodology, the findings of the research conducted among both the users and the non-users of life insurance services, the conclusions, implications and suggestions for the sector and for their future marketing strategy.

I. SERVICES MARKETING

Since life insurance services marketing will be considered in the following parts, it would be better to devote to this part for the nature and characteristics of services marketing.

1.1. Marketing Concept

The marketing concept is composed of following three factors (Şenler, 1990, pp.12).

1. Consumer's satisfaction
2. Cooperation within all departments of the company to function as a whole
3. Long term profit.

1.1.1. Consumer's Satisfaction

A company should produce products which would satisfy the needs and desires of the consumers. It should also distribute the products efficiently and revise and renew them frequently to answer changes in consumers needs.

In short the marketing concept must concentrate on consumers' needs and accordingly accepts that all marketing activities start and end with them.

1.1.2. Cooperation Within All Departments

All departments should be coordinated and cooperate to reach the same goal which is to answer the consumers' needs and desires.

1.1.3. Long Term Profit

A company should ensure consistent profits by having an adequate market share and sales volume in long term.

1.2. The Definition of Marketing

All different definitions of marketing can be classified into two groups as the classical definition and the modern definition (Kotler 1984, pp.19-20).

i)Classical Definition : All activities that are made to convey produced goods and services to the last consumer.

ii)Modern Definition : All activities from the production to the distribution and consumption of goods and services which are produced on the basis of consumers' needs, will lead a company to profit by means of consumers' satisfaction.

The difference between these two definitions can be shown as follows:

	Focus Point	Means	Objectives
Classical Concept	Produced goods and services	Sales activities	To profit by concentrating on sales activities
Modern Concept	Consumers' needs & desires	Marketing mix	To profit by satisfying consumers' needs & desires

1.2.1. Consumer of the Insurance Sector

Any person or corporation that buys a policy to secure the potential risks and damages, is a consumer (Şenler, 1990, pp.12).

1.2.2. Marketing Mix (4 p's)

The marketing mix of the insurance services comprises;

i) Product (insurance policy) : A contract that defines the obligations and the responsibilities of the parties upon the purchase of the service.

ii) Price (premium) : An amount that is paid for a policy.

iii) Promotion : Advertising, consumer relations, public relations etc.

iv) Physical Distribution : Agents, insurance solicitors and direct distribution channels.

1.3. Services Marketing

As a consequence of growing importance of the service sector in economies throughout the world, services marketing is becoming a recognized and accepted part of the marketing discipline (Zeithaml, 1985, pp.33).

1.3.1. Service Definition

Some of the different service definitions that have taken place in literature are as follows :

According to American Marketing Association, services are activities, advantages or satisfaction which are solely consumed or obtanied during sales of goods while Stanton defines them as independent activities which saturate the needs and desires when they are marketed to the last consumer (Cemalcılar, 1979, pp.3-4). Philip Kotler defines a service as an activity or benefit that one party can offer to another that essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a product (Kotler, 1982, pp.477).

According to another definition, a service is a performance of a useful activity or some activities which are wanted by the public (Converse, 1965, pp.397).

Shostack says that services consist solely of acts and process(es); and exist in time only (Shostack, 1982, pp.63).

1.3.2. Characteristics of Services

As it has been mentioned in the above definitions services are perceived as performance aiming to satisfy consumers' needs and desires. The physical intangibility of services supports this perception. After a great deal of academic efforts, the following characteristics of services have been determined .

1.3.2.1. Intangibility

Since services are performances, rather than objects they can not be seen, felt, tasted or touched in the same manner in which goods can be sensed. Lack of tangible features in services is referred as physical intangibility. In addition to their physical intangibility, services can also be difficult for the mind to grasp and thus can be mentally intangible (Grönroos, 1982, pp.30-41). This characteristic matters to customers because it makes product difficult, sometimes impossible to evaluate before purchase and also in many instances, extremely difficult even after the purchase and use (Rushton, 1982,pp.19) In some cases, the physical supplies, materials or parts are used in order to decrease the negative effects of intangibility. For instance, an insurance policy, a deposit account, a billet etc.

1.3.2.2. Inseparability of Production and Consumption

Inseperability of production and consumption involves the simultaneous production and consumption which characterizes most services. Whereas goods are first produced then sold and then consumed, services are first sold, then produced and consumed simultaneously. As a result of this inseperability, the personal characteristics and acts of a seller and its presentation of the service also become important as much as the content. This feature also means that the producer and the seller are the same entity, making only direct distribution possible in most cases and causing marketing and production to be highly interactive.

This characteristic in a way emphasizes the critical position of the human factor in services and insurance marketing since interaction of buyer and seller is a natural consequence of inseperability.

1.3.2.3. Perishability

As a consequence of intangibility feature, services have this feature which means that services cannot be stored for another consumption, Economic loss of non-sold bus seats cannot be destroyed later (Cemalcılar, 1979, pp.5).

1.3.2.4. Heterogeneity

Heterogeneity concerns the potential for high variability in the performance of services natures. Although standardization can be realized in a few of services such as transportation, the intangibility and inseperability nature of a service, generally makes it difficult to attain uniformity. The quality and essence of a service can vary from producer to producer from customer to customer and from day to day.

1.3.2.5. Without Possessive Consumption

Consumption of service without possessing it, protects consumers from risks, prevents unnecessary production and results in economic consumption of scarce sources.

1.3.2.6. Human Intensiveness

Services are sold directly from producer to consumer, in other words, there is always an interaction of people. Production and sales activities are heavily dependent upon the human factor in services marketing. The relative importance of buyer in services marketing is greater than products.

Human factor in services marketing is twofold. Besides the distinctive effect of producer, consumer also has influence in the service offering since he takes part in production process and consequently, has an impact on what he gets in return (Grönroos, 1982, pp.30-41). Accordingly, productivity of services depends on efficient contribution of buyer to the production process. For instance, if the insured gives all the required and correct information to the insurer, an appropriate and usefull insurance service for both parties will prevail.

1.3.2.7. Differentiation in Marketing System and Fluctuating Demand

Services marketing differentiates from goods marketing. Accordingly, the marketing mix of services also differs from the goods one. Some classical activities of goods marketing such as traditional distribution channels; packing and ticketing; or some promotional activities, generally become irrelevant for services marketing. Moreover, the demand for services fluctuates depending upon seasons, days, even hours in a day.

1.3.2.8. State Control Over Services

Most services such as insurance, banking, transportation etc. are controlled strictly by the State.

1.3.3. Marketing Mix for Services Marketing

1.3.3.1. Product (Service) : Defitinition of the Market

Planning and Development of the Service.

The market of a service consists of the same kinds of needs or desires that are sufficient to define it (Cook, 1970, pp2-45). The intensity of the market for service should be defined on the basis of consumers' needs and desires instead of the dimensions. Consumers buy services not to possess them but to satisfy their needs and desires. Buying frequency is also important for the market definition.

By means of the marketing research, all demographic, economic, psychological and social factors that define the market, should be laid out.

Services planning is necessary to define services that performed by a company, their service lines . Planning matters to companies because it is very important to produce land to market services. (Önce, 1980, pp.3).

Services have the same product life curve as goods, meaning that they also have introduction, growth, maturity and recession periods. Therefore, service companies should care about the development and improvement of services.

The more human centered the service like professional and personal services, the more it seems to depart from the conventional treatment of the product. The image and the reputation of the service seller and its staff are perceived to be part of the product. In fact, personel and corporate image become the physical presentation of the offering. Since most services are the results of the activities of people and not objects and a consumer's choice of a supplier of a service will depend primarily upon his image of the people who produce and supply the service, their reputation, the way they maintain their place of business and their relationship with their customers or the public (Grönroos, 1982, pp.30-41).

The corporate image becomes vital to the service firm since a service customer will, in part, judge the quality and nature of the service he is to purchase on the basis of the company's image. An outstanding image will always be an excuse for minor deficiencies in many cases (Grönroos, 1982, pp.30-41).

Problems arising from distinctive nature of services; such as intangibility, heterogeneity and inefficiency may be managed by various attempts. One of them is specialization of service production (George, 1977, pp.83-97). Even if such an attempt creates negative consequences such as arbitary administration of standard services, impersonalization of services and complete uniformity of service offering in an occasion where the buyer is involved the production and wants the output to fit its personal requirements, it also provides some advantages for the supplier, such as (Kotler and Connor, 1977, pp.71-76):

1) Specialization gives the firm a preferred position placing it automatically in contention for potential clients seeking that kind of expertise,

2) Specialization permits a greater profit on volume because the firm develops "Cutting edge" expertise and low-cost procedures for handling recurrent situations.

As specialization helps to improve the corporate image, it may also create consumer confidence in services provided which is vital for survival of services producers. Accordingly, the last regulation that has separated life insurance firms from other insurance services bringing specialization in this area would develop and improve the life insurance services and the image of these corporations in Turkey.

On the other hand an effective contact personnel is an important factor in establishing the image of service quality since it constitutes one of the tangible aspects of the service offered and consumers always tend to see the seller as the product (Bessom and Jackson, 1975, pp.137-149).

1.3.3.2. Price

The basic methods of price determination used for services are generally the same as those for products, but since to many of the values derived from services are intangible in nature, price is often difficult to equate with value. So, the nature of demand for the service should be examined carefully before any pricing strategy is adopted (Bessom and Jackson, 1975, pp.137-149).

Intangibility and heterogeneity of services require highly differentiated price settlement while perishability and fluctuating demand for services necessitate a flexible pricing schedule.

Moreover, the price of some services can be settled by the State.

Out of above situations, pricing strategies of goods may be also adapted to services.

The needs of services fall in social and cultural needs categories in the hierarchy of needs. Consumers tend to cancel the satisfaction of these needs or to answer themselves, when they can not afford them. Thus, this reality leads pricing to be an important and critical function of services marketing.

Different names-such as premium, interest, contribution, medical visit, enterance fee-may be also used for the value of services besides "the price".

1.3.3.3. Place

The characteristics of services that have been mentioned before have shown that services can be obtained only at the point of production. Therefore, the physical location must be also selected carefully in the marketing strategy of the services.

One way to achive intensive distribution is to increase the number of location where the service can be performed.

It is also possible to use mediators as agent, broker for some services. These mediators act in the same way of goods marketing.

The duty of place in the marketing strategy is to provide the profits of place, of time and of usage to consumers. The profit of place means production of the service where consumers are intensive. The profit of time means production of the service when consumers want and the last profit which is the usage one means consumption of services.

It should be founded out new distribution channels to distribute services more efficiently. For instance; in the Western countries, insurance companies perform the accident insurance by means of automatic machines in hotels and in airports. They also sell the group insurance by means of trade unions (Cemalcılar, 1979, pp.6).

Qualities of services may become visible by means of distributional activities. Modern operation systems, modern and/or well decorated offices or well-trained and trustworthy staff and salesforce might make services tangible. The above qualities can be accepted by people as qualities of a service. Consequently, services can be easy for mind to grasp and thus can be mentally tangible. Moreover, customers can evaluate a service before purchase and after purchase and use.

1.3.3.4. Promotion

The last component of the marketing mix is promotion. This component comprises the range of communication between the provider and the consumer. In purchasing of services, visible and tangible reinforcement is missing due to their characteristics. Therefore, the seller relies heavily on promotional activity and material to provide an image. Creating an image either for the service or the firm become of interest because it converts intangibility feature of a service into a tangible one.

In service marketing, communication takes the same form as in product marketing. Primary demand is stimulated by advertising, direct selling, publicity and sales promotion that communicate the benefits to be derived from the service. On the other hand, selective demand is stimulated by communicating the unique advantages of the seller's offering compared to those of his competitors.

In promotional activities of services marketing, companies should send motivational messages to people. "Having a peaceful life due to the security feelings" or "having a modern life style" etc., are messages that can motivate people to demand for the policy or to stimulate their demands.

The seller has a very important role in the marketing of services. It must recognize that the purchaser of a service, the person, personality and perceived behavior of the seller is an integral part of the purchase decision. The production and the delivery of services occur simultaneously, resulting from the activities of people who perform that. Consequently, a consumer chooses a supplier of a service because of his image or impression of the people who will produce and supply the service, the appearance of their place of business, their relationships with customers and their reputation.

The maintenance of a favorable image is an essential part of a service firm's marketing strategy and that is obtained by customer-oriented marketing philosophy, the recognition of establising two-way communications is essential. The service supplier should be constantly evaluating the dynamic service needs of customers and the environmental factors that influence those needs. The firm must be alert and willing to adapt all of its productive and marketing actions to accomodate changing consumer needs. Having adopted its behaviour, the firm must communicate information to the market to explain how its revised strategies will better satisfy customers needs. Finally the firm must continually in put information from the market concerning consumers perception and acceptance of the firms offerings (Bessom and Jackson, 1975, pp.137-149). The importance of contact personnel and personnel selling in establishing such a two-way communications flow in obvious. All the quality aspects are influenced by the communication activities of the contact personnel and their impact on the quality of service seems to be the most critical one to success in a competitive market situation and therefore they are the primary promotional resources of a service firm (Grönroos, 1982, pp.30-41).

Public relations activities as arranging entertainment, sport or publication activities are also another promotional activity of the service marketing.

II. DEFINITION OF INSURANCE SERVICES

The insurance services are defined in two different ways on the basis of two different concepts. The technical definition of insurance services is based upon sales concept that accepts the insurance agreement (or contract) as a focus point while the marketing definition focus on the need of meeting the possible damages, on the basis of the marketing concept.

2.1. Technical Definition

In the technical manner, the insurance has been defined as an agreement that on account of getting a premium, an insurer guarantees to indemnite the damages of some events that an insured could meet in his life (Turkish Commercial Law). This agreement insures to indemnite the results of possible evils for that an insured takes all required precautions (Erk, Oct.90, pp.48).

2.2. Marketing Definition

The nature consists of permanent actions and variations that sometimes bring dangers and risks to people. The harmful results of these actions are dangers for people. The risk is a possible event which prevails ot of the self-control of people. These dangers and risks, such as the oldness or the death, the earthquake or the flood and so on, cannot be prevented by people but their economic losses can be reduced. The best way of reducing the economic burden of a person who has also spiritual losses, is to share this burden with the people who can meet the same dangers or risks.

In essence, insurance remains a pool of a large number of small individual contributions, the purpose of which is to meet the damages which certain unfavourable events may cause to some of the insured or make them liable for and which the insured would not be able to meet by themselves (Manes, 1985, pp.3). The spirit of insurance may be summed up in the following two propositions :

i) The risk against which insurance protection is sought must be such that it cannot be directly sustained by the insured or is in any case too heavy to be so sustained.

ii) The individual insurance contribution must be the lowest possible relatively to the insured risk. This implies on the one hand that the insurance apparatus must tend to be as efficient as possible in carrying out its tasks and on the other hand that the individual policyholders must put themselves in the psychological mood of being happy to pay their insurance premiums without ever receiving back any compensation for damages. In other words, the individual insured must wish, as an optimum for himself to be called upon to pay every year his insurance premium without ever being stricken by the unfavourable event against which he is insured.

III. STRATEGIC ANALYSIS OF MARKETING ENVIRONMENT FOR INSURANCE SERVICES

3.1. Macro Environmental Analysis

3.1.1. Insurance Sector in The World

Insurance is the way in which the concept of mutuality, of human solidarity finds practical application in a free economy. Indeed, the first modern forms of insurance originated as friendly societies at the beginning of the 19th century and only later they were transformed into prevalently industrial activities. This transformation has been more of form than of substance (Manes, 1985, pp.3).

As it has been mentioned in the marketing definition of insurance services insurance remains a pool of a large number of small individual contribution to meet the damages which is certain unfavourable events may cause to some of the insured or make them liable for and which the insured would not be able to meet by themselves. At the beginning, these pools were created by the state or by some associations. Laws of the Hamurabi was an instance for the forcing of the State. The regulations for maritime loans and undivided averages which occured in Roman and Greek Periods were also the first examples for the insurance. Mutual organizations which were established for property and life securities followed these applications (Arseven, 1987, pp.8-10).

The first insurance contract which was similar to the present one, was signed in Italy in 1347. The first insurance company was also established in Italy,in 1424. Barcelona Firman which is the first law of the insurance was arranged in 1435. All these first examples consisted of maritime damages and securities. Then, the first applications of life insurance services occured in 15th century (Akatlı, 1985, pp.14-15).

Until the second half of 17th century the insurance activities were performed by traders. Pascal's Statistical Method and Fire of London, led the insurance business to institutionalize (Akatlı, 1985, pp.15). Since 19th century, companies with share capital have started to dominate in the insurance business.

Today, the insurance activities can be divided into two groups as social insurances and private insurances. The former group is obligatory and comprises the cases of oldness, illness, motherhood job accident and death while the last one is generally optional and also subgrouped as maritime and terrestial insurances (Akatlı, 1985, pp.12). Insurance prices (premiums) can be defined by the State or defined by the companies and confirmed by the State or freely defined by the companies. Countries define their pricing strategy on the basis of their economic system and the development of their insurance sector (Bavbek, Jan. 1990, pp.6).

Insurance sector is one of the leading businesses in developed countries. Especially, the life insurance business which provides the possibilities of both saving and investment besides the security one, is important and well developed in these countries. USA, Japan, Germany, England, France, Canada, Australia, Italy, Holland, Switzerland and Sweden are the countries which have well developed insurance sector (Ulutekin, 1986, pp.15).

Unfortunately, the total production of Turkish insurance sector is less than the production of an insurance company of these countries. (Erdal, 1987, pp.19).

Another important feature that is seen in the developed countries is that even though the technical profits are low, this is more than compensated by investing the funds in efficient areas and therefore getting high returns and high total profits (Şener, 1990, pp.62).

In the developed countries, the ratio of total insurance production over GNP are between 2.5% and 10.0%. This ratio is about 0.55% in Turkey, being less than the countries that are the same level of development. Portugal, Greece, Philippine are some of the countries that are as developed as Turkey and have the ratio of total insurance production over GNP between 0.92% and 2.69%. In 1987, Turkey was ranked 58th among 63 countries with $6.00 of insurance production per capita (Erk, Jan.1990, pp.60).

3.1.2. Development of The Insurance Sector in Turkey

The first activities of the insurance business arised Selçuklular's Period but because of the religion, the insurance couldn't be quitely developped during Ottoman's period.

The insurance business could only be performed by foreigners depending on the religious people's view. After the great fire of Beyoğlu in 1870, the foreign insurers' activities were seen. In 1864, the first insurance law which is called " The law of Ticaret-i Bahriye " was prepared, then the first Ottoman ınsurance company, " Osmanlı Umum Sigorta " was established.

After the declaration of the Republic, the number of Turkish insurance firms has increased. Today ; there are 23 domestic and 17 foreign insurance companies and 4 reinsurance companies in Turkey.

During the first period which lasted until 1988, Turkish insurance sector didn't quite developped . The lack of principals and strategies for insurance business is the main reason that prevented the development of Turkish insurance sector.

Accordingly a significant growth wasn't seen and the proportion of total production over GNP was gone along between 0.5% and 0.7% for a long time (Mutlu, 1990, pp.23). High and variable inflation rate was another important cause of the undevelopment. Longterm policyholders got low return and insurance companies had fiscal losses because of the high inflation rate (World Bank 1990). Furthermore, the lack of free competition also haltered the development of the sector. The prohibition for new companies entrance to the sector, also prevented arising of new ideas, technology and interesting and modern concepts for the sector. The high and unrisky technical profits of insurance companies also supported this prohibition (Demiralp, 1990, p.p.20).

Although the tariff system brought high profits to the sector, it prevented perfect risk definition and challenging competition. The number of required insurance services were also inadequate to increase Turkish people consumption habit for insurance services.

The weak financial structured insurance companies had also internal problems that prevented the growth of the sector. These were organizational problems, lack of educational activities, research and developments, insufficient promotional activities and inadequate indemnities (Dikmen, 1990, pp.18).

The distribution channels of the insurance companies are the home offices, agencies and banks. Unfortunately, most agents are not professional and they perform other jobs simultaneously.

The insurance market has been divided into two groups that are corporations and individuals. The first one has been the main subject of the firms for a long time (Erk, Oct.1990, pp.47). Depending on this features, the insurance services could not be quitely presented to people, consequently Turkish people gathered rather low information about services, accordingly had rather low knowledge about them (Erk, Jan.1990, pp.60).

Collection of premiums is also another important problem of the sector. The collection difficulty has also led the agents to perform another job, resulting in the unprofessionalism of insurance agencies.

Liberalization activities being dominated in Turkish economy since 1980, have necessitated some new regulations for the insurance sector that had not been considered for years. The determination of minimum capital level and of collection constraints as prepayment amount and installment duration; the permission for performance of foreign and reinsurance companies in Turkey and the obligation for a single business performance of agencies are some of the novelties that have been appeared in Turkey since 1987 (Mutlu, 90, p.p.23) Income tax discount for premiums of lifepolicies has also been accepted in this period (Karagöz, 1991, pp.12).

1990 is an important and critical year for Turkish insurance sector because of bringing some important regulations. Free tariff which is an important representative of liberalization of the sector, has started to be applied in this year. The first examples of the system have been seen in the accident, machine&montage and agricultural insurance services in May. In October, fire and transportation insurance services and in December health insurance service have followed them.

Other liberalization activities have also appeared in sector. The State intervantion on the sector has decreased and free entrance and exit of companies to the market has been permitted. Accordingly seven new insurance companies have been established. Furthermore, the public enterprises have been let free to choose their insurance firms, meaning that the requirement of working with a public insurance firm for a public company has been left. Some of the insurance services have become required and the auditing system of insurance companies has been also changed in this year.

The life insurance services have gained importance in this period and the view that life insurance companies should have different organizational structures than other insurance companies has dominated. As a consequence, the life insurance companies have reorganized to separately operate in the market(Karagöz, 1991, pp.12).

All above mentioned developments mean that the importance of the insurance sector in Turkey has increased. They also show that a challenging competition has started since the second half of 1980's.

3.1.3. New Competitive Developments in Turkish Insurance Sector

Developments that have been seen in different areas of Turkish financial sector, have also affected the insurance sector, resulting in new regulations to improve the performance and competitive conditions of the sector. As it has been mentioned in the part of 3.1.2, the first changes have appeared in 1987 and continued till 1990. The sector has met 1991 with free tariffs, insurance, firms, new and modern products, different promotional and educational activities to promote the sector and to increase the consumption.

The requirement of having minimum capital level for insurance companies aims to provide them a stronger financial structure. Therefore, Turkish firms will be able to compete with the foreigners that are strong in terms of financial structure. The firms should try to improve their financial position and should hedge against risks that will cause financial difficulties. Having a strong financial structure would also increase trustworthiness of insurance companies among the Turkish people.

There is no doubt that foreign insurance companies would have an important role in the development of Turkish insurance sector. They have brought their know-how and experience to Turkish market. They have brought some novelties as new organizational structure,operating with marketing concept and accordingly new products, personal education etc.. to the market, and provide to Turkish firms to apply different modern methods. The same development was also seen in the Turkish banking sector. The foreign banks have brought a new concept of bank management to Turkey and led Turkish banking sector to the present developed position. In the same way, foreign insurance companies would lead the way in the development of the Turkish insurance sector. (Ererdi, 1991, pp.13)

If foreign insurance companies would try to reach a large number of people to answer their needs, their arrival would be advantageous for Turkish insurance sector. Otherwise, if they are interested in high level risks, this would not bring an advantage to the market (Zağra, 1991, pp.77).

Another important point for foreigners is that they prefer to work in a country on the basis of the development level of the sector, the regulation about the multinational companies and also the technical profit. They have come to Turkey because of the high technical profits and the possibilities of European Community membership of Turkey. After the liberalization of Eastern countries, they have directed their attention towards these countries. As a result, Eastern countries are the important rivals of Turkish insurance firms and preferable conditions of the market should be continued not to loose the interests of foreigners.

Due to the permission for establishment of new companies, not only the foreign companies but also new domestic ones have entered the market and made it more dynamic. Similar to the banking, the individuality feature has gained more importance in insurance activities for last years. Some increasing interest of Turkish people that have become restless as a result of the inadequate social security would also support the development of the individual insurance activities. Product differentation would provide the satisfaction of different security needs of Turkish people.

The increasing importance of human life for Turkish people will also support the consumption of services, especially the life insurance service.

The State aims to increase the number of required insurance services due to the integration of the World and of European Community. This purpose would also be very helpful to increase the insurance knowledge and to motivate the potential insureds (Seven, 1990, pp.63).

Free tariffs was the most important regulation of 1990. Unfortunately, this system has been reflected to the consumers as a price discount. In real, it is a system that leads the insurance people to look into the price and cost relationship and the production of the sophisticated products. Risk management and definition of prices on the basis of the real risk, become very important in this system (Önder, 1991, pp 5). Free tariffs system has resulted in the discount of certain premium rates , the innovative activities and the increasing competition in the sector (Büyükkaya, Feb.1991, pp.11). Even though insurance companies act prudently, the decrease in prices cannot be prevented. Accordingly, a decrease in the market and a decline in the technical profits are expected on the basis of the increasing competition (Bavbek, June 1990, pp.36).

Therefore, each company should consider its technical and fiscal profits and define its conditions and premiums on the basis of the previous experiences, the expectations about the future and the risk (Yavuz, 1990, pp.74). In short, the pricing method of the marketing concept would be dominant, accordingly the cost would become an important factor of the pricing. Furthermore, the intermediaries should prevent to give different prices for the same risk. Otherwise, the lack of confidence would appear in the sector (Akatlı, 1990, pp.31). Two big problems of the sector that are collection of premiums and non-reflaction of installment prices to premium rates could also be solved in this system. The installment difference would be reflected to the price and the collection would be regulated in the long terms.

The educational activities, the development of treasury departments, and the professionalism would also be important in this system to compansate the decrease in technical profits (Ererdi, 1990, pp.14). Instead of giving low indemnities for damages in order to have high technical profits, companies should heavily concentrate on the portfolio management to have fiscal profits although they have technicel losses. They should know well that efficient portfolio management is critical to the well-being of an insurance company.

Another critical point that has appeared as a result of free tariffs is that, small companies have two alternatives to enlarge their portfolios in order to compete in the market, They may increase their equity or they may merge, as a consequence, the general expenses would relatively increase. In case of declining technical profits, increasing sales is the way of absorbing these expenses (Seven, 1990, pp.59).

The product differentation and the innovative products are the concepts that have been seen in the insurance market by arrival of foreigner. As a result of increasing individualism in the market, the companies have tried to innovate new products to answer different consumers' needs . After the free tariffs, these efforts have speedeed up to prevent the decrease in the revenues. All changes that have been seen in the market have resulted in the competition of the best and the most rapid production.

Although, it is expected that the price discount will cause the market to shrink in the short run, the companies that produce new and innovative products will cause the market to grow in the long run and will attain higher market shares (Ömrüuzak, 1991, pp.8).

As a result of the free tariffs, the requirement of working only with public insurance companies for public policy holders has also been left. Therefore, each firm has the same chance in the market.

The above competitive developments, especially the free tariffs cause the reorganization of insurance firms. Increasing product numbers and market shares and changeable prices require larger and more flexible organizations. Free tariffs have shown that the insurance is a technical business which should be run by technical and sophisticated staff and requires more advanced equipment to analyze the risks efficiently and to collect the premiums easily.

There is no doubt that the foreigners would have an important role in the liberalization and the modernization of Turkish insurance sector.

It is also expected that the professionalism in the sector would prevail(Mutlu, March 90, pp.23). The last regulation has also increased the importance of the professionalism and training for the agents. Since the distrubution of the products would be easier and higher by means of more professional and well-trained agents, companies shoud try to work with agents that have these features to increase sales efficiency.

It is accepted that the high intervantion of the State slowed down the modernization of the insurance sector (Büyükkaya, Dec.1990, pp.45).Today, the role of the State is being an important guide of insurance companies. This would lead insurance companies to produce efficient funds, therefore to contribute to the development of the economy. Increasing the number of required insurances is also a means to reach this goal (Algüney, 1990, pp.3).

These developments and their results clearly show that the Turkish insurance sector is dynamic, competitive and provides alternative risk solutions. It is obvious that the market will have more competition and activity, in the future. If the strategies are defined on the basis of above developments and their results, the companies will be managed by international standards and they will have larger domestic and foreign market shares by having profitable results at the same time.

IV. MARKETING OF LIFE INSURANCE SERVICES IN TURKEY

4.1. Competitive Analysis

The increasing developments seen in the Turkish financial sector during the last decade have also necessitated new regula - tions in the sector. Thus the sector has been in a reformative stage since the second half of 1980's. The novelties in the the sector have especially affected the life branch which is the most important funding source of the developed countries.

All components of the sector have understood the importance of life insurance services. Turkish people have started to react against the inefficient performances of the State. They want to feel more secure themselves and the deficient social insurance services do not satisfy them, anymore. Accordingly, they seek alternatives to secure the future.Life insurance services are the best alternatives for them. These services are not only a means of security but also a means of saving. Therefore, consumers reach both of these goals when they buy a lifepolicy. Moreover, due to the easy transfer of policyrights, life policy ownership makes people feel more secure about their families' futures.

The saving possibility is also much convenient for low income group. However, insurance people should produce lifepoli- cies that hedge negative effects of the high inflation rate. Otherwise, the saving function of a lifepolicy becomes meaning- less in a highly inflational environment.Foreign currency indexed lifepolicy is a good example to hedge against the inflation. Similarly, the production of policies that cover negative effects of high inflation will contribute considerably to the development of Turkish insurance sector.

Another advantegous development of the sector is the income tax discount of 35%. This regulation is one of the effective factors that have increased the importance of life sector since 1986.

Insurance companies have also shown a great success for last years.The sales of the sector increased by 200% in 1990. It is expected to have more production than the last year which was equal to 450 billion TL. The overall proportion of life branch was 20% in 1990 whereas it was 1.35% in 1984 (Baysal, 1991, pp.50) and 13.54% in 1989 (Karagöz, 1990, pp.40). However it should be kept in mind that tha real factor that shows growth in the sector is how much of the potential demand has been converted into the actual demand. Therefore,they should concentrate more on reaching to both the present and the potential consumers and to inform them about their services.

According to the discontendness of Turkish people from SSK, insurance companies aim to be the alternative of SSK. Performance of activities on the basis of this objective will also result in a high competitive market.

The separate operation of life insurance services is the most important regulation of 1990. Accordingly, the life branch has separated from other branches and new life insurance companies have been founded in the sector ,since 1990. This last regulation has led life insurance companies to concentrate much more on their topic and to produce different services to enlarge both the total market and their market shares in the future high competitive environment.

The importance of the sector is well known by the State, now. Insurance companies fund The Treasury by mostly investing to government bonds and treasury bills due to the tax discount.

There are great opportunities for life insurance sector in Turkey. First of all, it has a quite young population. People who are between 18 and 25 years old, compose 60% of total population and they do not have any insurance policy. The income per capita is not too low to purchase a life policy (Büyükkaya, 1990, pp.85). Furthermore, foreign companies want to operate in Turkish market due to the low risk of AIDS or cancer (Karacık, 1990, pp.87).

In conclusion, the great potential that is supported by strategic marketing plans will increase product types, accordingly the competition by enlarging the total life insurance market and by creating more funding source for the economy.

4.2. Marketing of Life Insurance Services

The degree to which a life insurance company succeeds reflects the consolidated effort of all the activities of the organization. These activities may be classified into three major functional areas: Marketing, investment and administration. Of these three major areas, marketing is the largest in terms of both personnel requirements and cost. Effective marketing, that is, the provision of appropriate products to consumers through an effective distribution system, is critical to the well-being of a life insurance company.

If a company's effort is to be successful, however, management must see that a proper relationship exists among all home-office functions. Each home-office executive who is responsible for a particular functional department must understand the role of his or her department in the marketing process and its cotribution to the objectives of marketing as overall company goals.

The development and maintenance of a realistic marketing program is the primary responsibility of senior marketing executives. Each company has its own unique definition of desired markets, distribution systems and products. The elements of a marketing program include an analysis of the markets available to or desired by the company, identification of the nature of the perceived competition and determination of the distribution techniques to be used by the company. A marketing plan must also include the design of a sales compensation system, a basic pricing strategy and the special administrative systems and support needed by particular market segments or products. For example, universal life and variable life are computer-intensive products demanding systems development far beyond normal administrative systems. The marketing plan is then utilized to develop a product portfolio and project future production by product and amount. Once the company marketing plan is initially documented, management must evaluate the company's basic goals with respect to growth and profit and the capabilities of the home office and marketing operations. If there were no limit to the avalability of capital, manpower and expertise, management could simply decide what to achieve and proceed to do it. In reality, however, the marketing plan must reflect the realistic growth and profit objectives of the company and the capabilities of the home office and marketing support organizations. The marketing plan should reflect a realistic assessment of the particular strengths and weaknesses of the organization in relation to those factors considered critical to the success of the marketing plan. It is this assessment that leads to broad or narrow product portfolios, different distribution system structures, geographic concentration and so on- the search for competitive advantages. It also should be noted that with the current emphasis on rates of return and separate account business such as variable life, close coordination with the investment function is essential. The results of this planning and development activity will be a quantification of what the company wants to achieve, reflecting a balance between long-term and short-term goals. With priorities established, specific goals are set down and a product portfolio established, the stage is set, theoretically, for selecting and utilizing one or more distribution systems to deliver the products developed. Typically, however, the distribution system comes first and the tentative decisions regarding distribution systems significantly influence the process of developing a product portfolio (Black&Skipper, 1988, pp.516-17).

4.2.1. Product

4.2.1.1. Types of Life Insurance Products

Life insurance services are traditionally divided into four groups (Black&Skipper, 1988, pp.51):

i. Term life insurance
ii. Endowement insurance
iii. Whole life insurance
iv. Flexible-Premium life insurance.

1. TERM LIFE INSURANCE

Term life insurance furnishes life insurance protection for a limited number of years. The face amount of the policy is payable only if death occurs during the stipulated term and nothing is paid in case of survival. Term policies may be issued for a period as short as one year but customarily provide protection up to age 65, 70, or beyond.

Term life policies have the renewability and convertibility features. Almost all one-year and five year term policies and many 10-year and other-duration policies contain an option that permits the policyowner to renew the policy for a limited number of additional periods of protection. This option permits the policyowner, at the expiration of each term period, to continue the policy without reference to the insured then insurability status. Usually, however, companies limit the age (generally to age 65 or 70) to which such term policies may be renewed.

The convertibility feature permits the policyowner to exchange the term policy for a whole life or other cash value insurance contract without evidence of insurability. Often, the period during which conversion is allowed, is shorter than the maximum duration of the policy.

Term insurance can be useful for persons with low incomes and high insurance needs, often occuring because of family obligations. Good risk management principles suggest that the family unit should be protected against catastrophic losses. If the current income level does not permit the individual the option of purchasing whole life or other, higher-premium forms of cash value life insurance in sufficient amounts, the individual arguably has no choice but to purchase term if he or she is to provide adequate financial protection.

Many people use term insurance as a supplement to an existing life insurance program during the child-rearing period. It has also been suggested that term insurance is particularly appropriate to use as a hedge against a financial loss already sustained and where a little time is required to repair the damage.

Term life insurance policies are divided into two groups as level face amount policies and non-level face amount policies.

i. Level Face Amount Policies

These policies provide for a level death benefit over the policy period. Premiums for such contracts either increase with age or remain level.

ii. Non-Level Face Amount Policies

These are the term life insurance policies of that face amounts decrease or increase with time.

2. ENDOWMENT LIFE INSURANCE

Term policies provide for the payment of the full policy amount only in the event of death. Endowment policies, by contrast, provide not only for the payment of the face of the policy on death of the insured during a fixed term of years, but also the payment of the full face amount at the end of the term if the insured is living. Whereas policies payable only in the event of death are purchased chiefly for the benefit of others, endowment policies, although affording protection to others against the death of the insured during the fixed term, usually pay to the insured if he or she survives the endowment period.

Many variations of the endowment insurance exist.Retirement income policy, a semiendowment policy and a juvenile endowment policy are some variations of endowment policies.

i. Retirement Policies

In the case of the retirement policy, the amount payable upon survival is greater than the face amount, and the amount payable at death is the face amount or cash value, whichever is greater. The contract is popularly used in insured pension plans utilizing individual contracts.

ii. Semiendowment Policies

A semiendowment policy pays upon survival only one-half the sum payable in the event of death during the endowment period.

iii. Juvenile Endowment Policies

Various kinds of juvenile endowment policies include endowments maturing at specified ages for educational purposes.

Since the company's liability under an endowment policy involves not only payment of its face upon death but also payment of the full amount of the policy upon survival of the term, it follows that the annual premium on such policies is much higher than that for whole life or term policies, except for the very long endowment periods, where the rate is only slightly higher than that charged on an ordinary life policy.

3. WHOLE LIFE INSURANCE

In contrast to term life insurance, whole life insurance provides insurance protection over one's entire lifetime.The essence of whole life insurance is that it provides for the payment of the face amount upon the death of the insured regardless of when death occurs. Its name describes its nature. It is insurance for the whole life.

In most whole life insurance policies the premium remains at a constant level throughout the premium payment period. There are exceptions wherein the level of future premium changes is stated in and set by the contract. Also, with the advent of the indeterminate premium approach, many whole life policies' future premium levels are unknown except that the maximum possible premium level is set by contract and except that near-term premiums may be guaranteed. Whole life insurance policies may be divided into two groups on the basis of the people that are covered by a policy.These are the policies that cover a single individual's life and the ones that cover multiple individuals' lives.

i. Single Insured Policies

Single insured policies are also subgrouped as ordinary life insurance, indeterminate-premium whole life insurance, variable life insurance, limited payment life insurance and current assumption whole life insurance.

Ordinary life policies provide whole life insurance with premiums payable for the whole of life.

Under the terms of limited-payment whole life policies, the face of the policy is payable at death but premiums are charged for a limited number of years only, after which the policy becomes paid up for its full face amount. The limitation may be expressed in terms of a number of years of premiums or the age to which annual premiums must be paid. A paid-up policy should not be confused with a matured policy. A policy is considered matured when the face amount becomes payable either as a death claim or because the policy cash value equals the face amount, as in an endowment policy. A paid-up policy is one that has not matured but on which no further premium payments are due.Under limited-payment forms, premium payments may be fixed at almost any number of years- from 1 to 30, or even more. If premiums are limited to 20 years, for example, the policy is known as a 20-payment whole life policy. The greater the number of premium payments, the more closely the contract ressembles the ordinary life form.

The key of the indeterminate-premium product is a premium actually payable that is lower than the maximum premium. A significant discount off the maximum premium is guaranteed for the first few contract years. Annually thereafter, reductions are declared which may be larger or smaller than the initial discount. The policy is designed to reflect through its premium structure up-to-date expectations as to future experience.

The objective of variable life policies is to offset the adverse effects of inflation on life insurance policy values.

Current assumption whole life (CAWL) policies hold out the potential for low-cost whole life insurance protection. The key elements in CAWL are the use of current interest rates in cash value determination and the use of an indeterminate premium structure. This has led to the product also being referred to as interest-sensitive whole life insurance.

Other types of whole life policies may also be produced on the basis of the market conditions.

ii. Multiple Insureds Policies

Multiple insureds policies are generally divided into two groups as the joint life policy and the survivorship life policy. Joint life insurance promises to pay the face amount of the policy on the death of one or two or more insureds covered by the contract. The policy is often used to ensure both the husband and wife, with each being the beneficiary of the other. The policy pays only on the death of the first to die and is terminated at that time. The survivor is without life insurance coverage under this policy.

Survivorship life- also referred to as second-to-die and last-to-die insurance-ensures two or more lives and pays the death proceeds upon the death of the second or last insured to die. Most survivorship policies are whole life but some of them are term policies.

4. FLEXIBLE-PREMIUM LIFE INSURANCE POLICIES

These policies permit the policyowner to select whatever premium he or she wished, within limits and later to "adjust" the premium and/or policy face amounts within limits. Flexible - Premium life insurance policies can be divided into three groups as adjustable life insurance, universal life insurance and variable universal life insurance.

i. Adjustable Life Insurance

The feature that distinguishes AL from other life insurance contracts is the provision that gives it its name. The adjustment provisions, which in essence are more fully developed versions of the typical change of plan provision are the key to the AL concept. The policyowner can change the plan by requesting the insurer to change the policy configuration. Adjustments are made prospectively only, affecting the future but in no way amending the past. Premiums can be increased or decreased. The face amount of insurance can be increased (subject in most cases to evidence of insurability) or decreased. Some policies make allowance for an unscheduled or extra premium. Whenever any of these adjustments occur, the plan of insurance will usually also change.

ii. Universal Life Insurance

Universal life insurance (UL) is a flexible-premium, adjustable-death benefit life insurance policy. UL policies offer flexible, potentially low-cost coverage on a basis that permits product transparency. After making an initial premium payment of at least some required minimum, policyowners may thereafter pay whatever amounts and at whatever times they wish, or even skip premium payments as long as the cash value will cover policy charges, subject to company rules and the tax law. Also, policy - owners may raise - usually subject to evidence of insurability - or lower their policies' death benefits as they deem appropriate with a minimum of difficulty. These are the two key elements of UL flexibility. UL policies offer the potential for low-cost coverage and they are transparent in their operation.

iii. Variable Universal Life Insurance(VUL)

VUL tracks the UL model in that the policyowner decides, within limits, the premium to be paid each period, if any. The policyowner also has option of increasing or decreasing the policy death benefit at will, subject only to policy minimums and, with respect to death benefit increases, evidence of insurability requirements.

Above four traditional types of life policies can also be subgrouped other differents types on the basis of macro and micro environmental conditions.In this study it has been tried to mention only the types that represent main characteristics of life insurance policies.

4.2.1.2. Product Development

The marketing plan of a life insurance company should consider the products that it will develop to meet the needs of the markets it has chosen to address.Products will play a critical role in the company's efforts to achieve market penetration. In the case of established companies, the process of constantly evaluating and upgrading the product portfolio is necessary to respond to a changing external environment and revised company objectives(Black&Skipper, 1988, pp.530).

Product development, of necessity, must reflect the changing social, economic, legal and competitive environment. Ideally, a company's market research function will monitor the external environment continuously and forecast trends so that the company can develop products to take advantage of new opportunities and respond to needed adjustments to its current portfolio.

Competition in life insurance comes from both other insurance companies and other industries. Competition from other companies can have a significant impact on product design. Competition may relate to that for agents, or to price, product design, underwriting and/or policyowner service. A company must respond to the actions of its major competitors when they develop a product that threatens its market share. Pressure on product designers is also created when a competitor develops an exciting new product thus creating an innovative image for itself. A company's sales force may demand a similar product and the product designers may have to respond with a product so that the company does not appear to be falling behind.

One critical management decision in product development is evaluating whether to respond quickly to competition or wait to see how the market will respond to a competitor's new product.

In particular, where high startup costs or development expenses for administrative systems are involved, the company may well decide to wait to see the response to a competitor's product before committing resources to such a product.

Some major companies have a specific philosophy of always staying just behind the leading edge on any new product. They let another company introduce new product, obtain regulatory approval and educate agents and the public about the virtues of the new product. In those cases where the product turns out to be successful, such companies then move to bring out an improved version of it as quickly as possible. This strategy is feasible since companies cannot patent or copyright their new ideas.

The external environment provides a complex, difficult array of influences. Many factors in that environment interact and are synergistic but all impinge on the product design process. Despite the uncertainties and the complexity of monitoring the environment and forecasting trends, the process of product design is critically dependent on the quality of this effort.

Once a marketing strategy has been established that is consistent with the company's corporate objectives and perception of the external environment, the broad guidelines are in place for the product design process to begin and decisions about the product portfolio to be made. The company's marketing strategy will usually be developed by senior marketing officers and then approved by senior management. Establishment of product design objectives that are consistent with the marketing strategy is a joint effort of the marketing department and the product design actuaries.

The product design function is usually handled as a staff function. Changes in the product mix may be essential if the company is to survive. Particular lines of business may have to be eliminated because they are no longer growing and profitable. Such decisions are best initiated by staff who have no vested interest, as line personnel might, in continuing to offer unprofitable existing products. In addition, the design of innovative products usually requires extensive research, which is best performed as a staff function.

Moreover, the product life cycle that is a theoratical construct that attempts to describe the key turning points and stages in the life of a product from introduction to decline, can also be adapted as a useful tool for describing the evolution of traditional and nontraditional life insurance products.

4.2.2. Price

Life insurance companies have three pricing objectives that are rate adequacy, rate equity and rates not excessive (Black&Skipper, 1988, pp.15-16).

Rate adequacy means that for a given " block of policies " , total payment collected now and in the future by the insurer plus the invesments earnings attributable to any net retained funds should be at least sufficient to fund the current and future benefits promised plus cover related expenses. A " block of policies " constitutes all risks of the same type issued by a company under the same schedules of rates and values.

Rate equity means charging each individual insured an amount commensurate with the risk that the individual brings to the insurance process.

Life insurance rates should not be excessive in relation to the benefits provided. If the rate adequacy criterion can be considered as establishing conceptually a minimum floor for rates, the " rates not excessive " criterion can be considered as establishing a ceiling.

The probability of the event insured against occuring; the time value of money; the benefits promised; expenses; profits and contingencies are the elements of life insurance pricing.

Life insurance rates calculate to recognize (1) the probability of the event insured against occuring, (2) the time value of money and (3) the benefits promised are referred to as net rates. They do not make allowance for the expenses the insurer incurs nor do they make provision for unforseen contingencies or for profits. It is essential, therefore, for the insurer to add to its net rate an additional amount to cover these necessary elements of its operation. When the amount for expenses is added to the net rate, the gross rate - the amount charged policyowners - is obtained. In computing net and gross rates, the company considers its objectives and its past experience for each factor involved.This procedure for deriving gross rates is followed in principle by many life insurance companies. However, a more common method of deriving a company's gross premium rate structure is for the insurer to select gross rates for pivotal ages and then " test " these selected rates against its objectives and expectations as to realistic future experience. If the " test rate " does not produce the profit and other results desired, the rate will be changed and the test repeated. With this procedure, the insurer does not calculate a net rate and then add amounts to cover expenses, profits and contingencies. Rather, the insurer simply selects a target gross rate to be tested. This amount, for example, may be the rate presently being charged by the company or it may be the rate being charged by selected competitors for similar coverage.

Still another approach to establishing a gross premium rate structure is to calculate gross premium rates directly through the use of realistic interest assumptions, a realistic mortality table, realistic expense and lapse assumptions and a specific provision for profit. With cash values and a dividend scale assumed, the calculation of a gross premium rate structure can be carried out by solving a mathematical equation.

It is important to note that no matter how the " tentative " gross rate is derived, it is tested carefully under the company's anticipated future operating experience. A good price management system will include a periodic comparison of these results with the emerging actual experience. When significant deviations occur, the reason for the deviations must be determined. Additional studies often are needed. Where indicated changes cannot be made without creating other unacceptable results, there may be a need for complete reassessment of the company's basic pricing plan.

Once the deviations are defined and appropriate corrective action implemented, the process continues to its next sequence. It is a dynamic circle of planning, product review and experience analysis.

4.2.3. Distribution Channels

The management of the distribution system selected has traditionally constitutes the major operational responsibility of senior marketing management. In some large companies today, however, the distribution and manufacturing functions are being separated, with each being run as a profit center under a senior marketing officer.

The life insurance business in Turkey has two distinct distribution system: (1) direct distribution and (2) indirect distribution (Şark Sigorta,1990,pp.2).

In direct distribution system, the insurance contract is directly arranged by the home office of the company.

Indirect distribution system is also called as agency system.The agency system may be viewed as comprising two types: (1) agency-building companies and (2) nonagency-building companies. It includes the network of agents or producers.

Within the agency system, the company may distribute its products through producers with whom it has an " exclusive " selling agreement, or it may offer its products through any available producers without them being required to represent that company exclusively.

Companies using the agency-building strategy recruit, finance, train and house agents to represent them, often on an exclusive basis. Those using the nonagency-building strategies usually do not finance, train or house the agents who represent them. Instead, they provide products to round out the portfolios of other companies' exclusive agents and of other independent producing outlets. Consequently, marketing strategy in nonagency-building companies involves gaining access to and maintaining relationships with producers whose primary affiliations and sometimes occupations are with others.

Insurance companies may also use banks to distribute their products.

The agency-building system has two well-recognized marketing structures that are general agencies and branch offices.

The general agency system, which in its pure form is only theoretical today, is the oldest of the systems and aims to accomplish through general agents what the managerial system is designed to do through branche offices. The company-appointed general agent represented it within a designated territory over which he or she was given control and by contract, the company agreed to pay the agency a stipulated commission on the first year's premium plus a renewal on subsequent premiums. In return, the general agent agreed to build the company's business in a given territory. The general agent might pay his or her agent all of the agency's first year's commission plus a renewal somewhat smaller than the one he or she received from the company or the general agent might pay all the commission on the first year's premium and retain the renewals or again, he or she might retain a portion of the commission on both the first year's premium and renewals. The difference between what the general agent received from the company and the amount paid to agents is known as an override or overriding commission.

The managerial system is characterized by branch offices in various locations, each headed by an agency manager. The agency manager, who is a company employee, is usually selected because of his or her success as an agent, is charged with the responsibility of securing and directing agents within a given territory and of instructing and otherwise helping and encouraging them in their work as solicitors.

Brokerage is the most common subset of the nonagency-building system. Companies that market through nonexclusive-agent strategies provide products or services to agents who are already engaged in life insurance selling. Thus, the key to this strategy is to gain access to the producer. Retaining the producer's loyalty is accomplished by service, compensation and personal relationships.

Brokerage has many variations, depending on the orientation of the company. Some life companies seek surplus or rated business from the agents of other companies; some find product niches; other seek life business from independent life producers. Some life affiliates of property and liability companies sell life insurance through independent insurance agencies associated with the property and liability parent.

Presales and postsales activities are also very important in life insurance services marketing. Salespeople must help to customers to define their needs and to choice their policies. Policies of insurance companies should be quite flexible to increase customers' willingness to have a lifepolicy. Policyowners' damages must be indemnited completely and on time. Psychology of policyowners who are also spiritual losses must be considered well and required aids and facilities, especially for rights of recourse (Karabulut, 1988, pp.56) must be provided to them. Moreover adequate information must be given to consumers during both presales and postsales activities.

4.2.4. Promotion

Salespeople, advertising, sales promotion and public relations compose the promotional activities of a company.

Agents and salespeople are important elements of promotional activities in the insurance services marketing.

The image of salesmen highly affect consumer's buying decision. Consumers usually accept their policies like a product of an agent instead of a company. Also, they usually consider trusthworthiness of an agent much more than the features of a policy (Koç, 1990, pp.8).

Qualities of staff and saleforce of a company can be accepted as qualities of its services by decreasing their intangibility features. Thus, customers can evaluate their policies on these qualities.

Salespeople usually try to affect people who have rather low knowledge about insurance services and to lead them to buy a policy as a means of future security. Therefore to sell an insurance policy is quite difficult in Turkey. Accordingly, a salesman must be resolute, patient, creative and well-trained. Moreover, he must have self-confidence. The combination of these features makes salesmen quite strong and successful in their subject.

A salesman that is accepted as lydian stone in insurance services marketing, must know all characteristics of the policy that he sells. Higher knowledge about the policy will result in higher self-confidence. He must also be aware of a consumer's psychology and ego. Moreover, a salesman must be well-trained and must know well what/how he will sell (Koç, 1990, pp.9-12).

A consumer might be unwilling to buy a policy or might not be aware of his/her needs. Thus, a salesman must observe a consumer's attitudes and must find out his/her needs, accordingly make him agree to buy a policy.

Advertising, that is the most effective promotional means, has become more important for Turkish insurance sector due to the last developments. The content of insurance advertisements should be a little different from other products because it is aimed to reach a consumer group that has rather low knowledge about the product. First of all, instead of creating an image for a company, advertising agencies should try to explain the importance of insurance services to consumers (Insurance, 1990, pp.38). Then they should promote an insurance company and its product.

Turkish people absolutely need to be educated about insurance services. Therefore, the State, insurance companies and advertising agencies, all together will educate the people about insurance services.

Starting from primary school , people should be educated that the State is not able to solve all individuals' problems, hence people have to secure themselves by means of different instruments (Şimşek, 1990, pp.12).

The agencies should not forget that they promote a subject and also a product that completely represents the security (Insurance, 1990, pp.38). Accordingly, a trustworthy person should explain the insurance concept to gather the public confidence.

In case of the failure of insurance companies, the insurers association can be entrusted with this task. In this case, the institutional image becomes much more important. First, the insurance concept would be explained and industrial image would be formed and accordingly the demand would increase. As a result of this process, the promotion problems of insurance companies would decrease.

Before making an advertising plan, a company must determine the necessity of advertisements for its service and accordingly the aims of this plan. Then an advertising agency and type(s) of media channels must be chosen (Altınordu, 1990, pp.18). There must be a good relationship between the insurance company and the advertising agency to reach the advertising goal(s). Advertising slogan must also be attractive to gather consumers' positive attitudes towards both the sector and the product.

Creation of a modern logo, a modern slogan or a modern signature or an original phrase might make a company or its product be continuously recalled.

Advertising activities must also be supported by other marketing components. Consumer must easily reach to the product. Also agencies highly affect the success of advertising activities. They must be well-trained not only on technical subjects but also on the missions and goals of the company. Some advertising agencies prefer to be the agent of the client company in order to see strenghts and weaknesses of the agency system of the company, accordingly to hedge against negative effects of these weaknesses.

Insurance advertisements has mostly affected the life branch. The overall proportion of 2% in 1985 went up 5.5% in 1986, then 7.5%, 8.4%, 14.0% and finally 20.0% in 1987-1990 (Anakoç, 1990, pp.14). The image of future security has an important role in the development of Turkish life insurance sector. The efficient usage of this image in advertising plans will accelerate the growth of the sector (Altınordu, 1990, pp.18).

Insurance companies must also concentrate on public relation activities. They can finance social, cultural and educational activities (Kaptan, 1990, pp.38).

4.2.5. Mix of Marketing Components

The success of a life insurance company depends on the optimum composition(mix) of the above four components. This composition must be determined by means of marketing research that shows contribution degree of each component.

V. A FIELD STUDY ON CONSUMER DECISION MAKING PROCESS FOR LIFE INSURANCE SERVICES

5.1. Research Design

5.1.1. Research Objectives

This study was conducted to find out the consumer decision making process for life insurance services. Therefore, it tried to answer the following questions:

1. Why consumers use life insurance services?
2. Who buys life insurance services?
3. How do consumers buy life insurance services?
4. Where do consumers buy life insurance services? from?

Besides the above questions, the following points were also considered in the study.

5. What is the main advantege of insurance services?
6. What types of insurance services do consumers know?
7. What type of insurance services do consumers use?
8. Do consumers use life insurance services?
9. What are the reasons for the non-usage of life insurance services?

5.1.2. Sampling Plan

5.1.2.1. The Population

a) Universe: Adults who are user and non-user of life insurance services and live in Istanbul, belonging to A, B, C(1) and C(2) socio-economic groups.

b) Time: Since April 14, 1991.

Adults who have the above characteristics had chance to become the respondent for this study, which was undertaken between April 14, 1991 and May 14, 1991.

5.1.2.2. The Size of The Sample

Even though the proportion of life insurance usage for Istanbul could not be found, the proportion of life insurance usage for Turkey could be calculated, depending upon the number of life insurance policies and the number of adults.

As a result, a probabilistic sampling method and the sampling error formula was used to calculate the size of the sample (n).

1. 95% confidence level was accepted, therefore z(p)= 1.96.

2. The tolerated deviation(E) was 5.65%.

3. Sampling standard error S(p), was calculated as follows:

   S(p)= 0.0565/1.96 = 0.02882653.

4. The estimated usage proportion (p) was calculated by the following way:

The population of Turkey in 1985 = 50.664.458 (A)
The number of adults in Turkey in 1985 = 23.422.934 (B)
The proportion of adults within the total population is equal to C= B/A= 0.462315.
Estimated population of 1990 = 56.969.109
Estimated adults on the basis of C =26.337.668
The number of life policies that are sold in 1989 = 2.418.279
As a conclusion, the life insurance usage proportion of Turkish adults (p) is equal to:

2.418.279 / 26.337.668=0.091818265
9.182 %

5. The below sample size (n) was calculated for users, on the basis of the standard error formula and the above findings

$$n= [p * (1-p) * z(p)^2] / E^2$$

$$n= 100 \text{ (users)}$$

Finally, the research sample was accepted at least 200 respondents, being composed of 100 users and 100 non-users to make a meaningful comparison.

Approximately, 350 questionnaires were distributed and 248 of them were answered. Consequently, the study was conducted among 248 respondents and its results were analyzed on the basis of this last sample size(248).

5.1.3. Data Collection Procedure and Survey Instrument

The data were collected through self-administered questionnaires. A copy of questionnaire is provided in the Appendix 1.All the respondents received the questionnaire consisting of 24 questions. The last seven questions are about the demographic and socio-economic characteristics. A brief explanation of questions included in questionnaire will be given in order to give some insights before going on.

Question 1 and 2 aim to determine the knowledge of Turkish people about insurance services and their main advantages.

Question 3 is prepared to determine the consumption habit of Turkish people for both life and non-life insurance services. Again it is aimed to find out types of used services and their producers.

Question 4 to 12 belong to life insurance users.

Question 4 is prepared to determine purchasing date of life policies.

Question 5 aims to determine decision-makers for life insurance services purchase.

Question 6 and 7 include preresearch process of life insurance users and their information sources.

Question 8 consists of 9 statements which have an interval of no effect, a little effect and high effect type response scale. Statements are prepared to determine the importance of factor affecting client's lifepolicies selection decisions.

Question 9 aims to determine the importance of indemnities and accumulated money included in a lifepolicy.

Question 10 is prepared to determine distribution channels from where Turkish consumers buy their policies.

Question 11 is prepared to find out the ideal payment condition for Turkish people.

Question 12 and 12.a. aim to determine consumer's contentment from its insurance company and its reasons.

Question 13 and 14 belong to life insurance non-users.

Question 13 indicates the reason for non-usage of life insurance services and their importance.

Question 14 and subquestions 14.a and 14.b aim to determine potential life policyowners and their preferences.

Question 15 consists of 11 statements which have an interval of unimportant, important and very important type response-scale. Statements are prepared to determine the importance of factors affecting client's insurance company selection decisions for obtaining insurance services.

Questions 16 aims to determine the first information source of Turkish people.

Question 17 and 17.a. are prepared to determine social security ownership of Turkish people.

5.1.4. Data Analysis Technics

Frequency, crosstab, t-test, Pearson correlation, one-way, anova and factor analyses were used in this study.

After gathering and coding the data, SPSS-PC program was utilized to perform the analyses needed.

5.1.5. Constraints of The Study

Time and place are the main constraints of the study. It has been tried to conduct the field study in one month. Consequently, time constraint also affected place factor and the research could only be conducted in Istanbul. The low usage habit of life insurance services was also another problem of the study. It was really difficult to randomly find a life insurance user.

5.1.6. Tested Hypotheses

1. The main advantage of insurance services does vary depending upon demographic and socio-economic variables. ?
2. Males have more knowledge about insurances services than females.
3. Males buy more insurance services than females.
4. Married people consume more insurance services than singles.
5. Consumption of insurance services is higher among people who have more knowledge about services.
   education ?
6. The main advantage of a life policy differs within policy-owners.
7. Demographic and socio-economic variables affect the consumption of life insurance services.
8. The purchasing decision-makers of life insurance services are generally male.
9. Making preresearch to buy a lifepolicy depends on demographic variables. the ones who make resear
10. Means of demographic variable differ in terms of the intensity of making preresearch.

11. Policyowners who decide to buy a lifepolicy by themselves are more content from their relationship with their insurance company.

12. People who make preresearch are happier to work with their insurance company.

13. Social security ownership affects the consumption of life insurance services.

14. Type of social security affects the consumption of life insurance services.

15. Education level affects the choice of ideal payment condition.

16. The fatalism prevents the development of Turkish life insurance sector.

17. Sex, education level and occupation are demographic variables that affect the potential consumption.

18. Sex, marital status and education level are demographic variables that affect the demand for a life policy for the whole family.

19. The most important condition to buy a lifepolicy varies on the basis of demographic and economic variables. education

20. There are certain choice criteria that affect the preference for a particular insurance company.

21. Importance of above factors does vary depending on sex and education level.

5.1.7. Classification of The Sample

Respondents were selected based upon their socio-economic groups. A, B, C(1), C(2) socio-economic groups were considered in the selection (Look at Appendix 2 for the definitions of C(1) and C2).

The distribution of respondents based upon their socio-economic group, is as follows.

Table 5.1.Socio-Economic Distribution of Respondents

Socio-Economic Group	Number of Users	Number of Non-Users	ROW TOTAL
A	47	47	94
B	37	37	74
C(1)	20	20	40
C(2)	20	20	40
COLUMN TOTAL	124	124	248

5.1.8. Characteristics of The Sample

53.2% of the respondents are male and 58.5% of them are married. Most of the respondents (87.8%) are at high school and above education group and approximately a half of them(45.1) fall in 26-35 age group.53.3% of the respondents fall in 1 million and 5 million income level. Private sector employees are dominant (43.1%) among the respondents and 89.1% of the respondents have a State social security.

The following seven tables present the characteristics of the sample.

Table 5.2. Distribution of Respondents with Respect to Sex

Group	Frequency	Percentage(%)
Female	116	46.8
Male	132	53.2
TOTAL	248	100.0

Table 5.3. Distribution of Respondents with Respect to Marital Status

Group	Frequency	Percentage(%)
Married	145	58.5
Single	96	38.7
Divorced	7	2.8
TOTAL	248	100.0

Table 5.4. Distribution of Respondents with Respect to Education

Group	Frequency	Percentage(%)
Read&Writer	2	0.8
Primary Sch.	13	5.3
Secondary Sch.	15	6.1
High Sch.	86	34.8
University	87	35.2
Post Graduates	44	17.8
TOTAL	247	100.0

Table 5.5. Distribution of Respondents with Respect to Age Level

Group	Frequency	Percentage(%)
18-25	64	26.0
26-35	111	45.1
36-45	48	19.5
46-55	18	7.3
56 +	5	2.0
TOTAL	246	100.0

Table 5.6. Distribution of Respondents with Respect to Income Level

Group	Frequency	Percentage(%)
- 1 Million	15	6.1
1-3 Million	68	27.9
3-5 Million	62	25.4
5-7 Million	38	15.6
7 Million +	61	25.0
TOTAL	244	100.0

Table 5.7. Distribution of Respondents with Respect to Occupation

Group	Frequency	Percentage(%)
Prv.Manager	36	14.6
Pub.Manager	1	0.4
Prv.Employee	106	43.1
Pub.Employee	22	8.9
Prv.Laborer	17	6.9
Pub.Laborer	2	0.8
Professional	29	11.8
Merchant	3	1.2
Tradesman	2	0.8
Housewife	9	3.7
Retired Person	9	3.7
Student	10	4.1
TOTAL	246	100.0

Table 5.8. Distribution of Respondents with Respect to Social Security Ownership

Group	Frequency	Percentage(%)
Non-Owner	27	10.9
SSK	181	73.0
Ret.Bank	15	11.7
Bağ-Kur	11	4.4
TOTAL	248	100.0

VI. DATA ANALYSIS and INTERPRETATION

6.1. The Results of The Frequency Analysis

The main aim of the first question is to find out which insurance service was remembered the most by the respondents. The number of services that they could remember was also another objective of this question. All respondents have answered the first question and 66.5% of them have mentioned more than five insurance services. The respondents have not mentioned more than 10 insurance services while 28.2% have chosen 9, 18.5% have chosen 8 and 10.9% have chosen 4 insurance services.

The percentage of the respondents that have mentioned 10 types, was 4.8%.

Since the variable which shows the number of mentioned services is ratio scale, the mean becomes important. The mean of the mentioned services is equal to 6.73 which justifies the valid percentage which means that 66.5 % of the respondents have chosen more than five types of insurance services. Standard deviation of this variable is equal to 2.398 and this results in a coefficient deviation which is equal to 35.63% (2.398/6.370).

This coefficient shows that the dispersion of the answers is high and 35.63% of the respondents deviate from the mean. On the basis of the standart error which is equal to 0.152 and the number of the respondents, it can be said that the confidence interval for the types of the insurance services that the people know is equal to [6.43;7.02] at 95% confidence level.

The answers have a normal distribution with a 0.155 of skewness value and a -1.001 of kurtosis value.

As a result of the above findings, it can be said that Turkish people have started to learn about the different insurance services. This is a good finding for the insurance firms. In case of giving more information and trying more to reach to the people, the interest and the desire of the potential consumers could increase and after having enough purchasing power, they could act to buy different insurance services, on the basis of AIDA process.

The first question also aims to find out the order of the insurance services that the respondents remember. 72.2% of the respondents have first remembered the social insurance services of the SSK, 14.1 % have remembered the life insurance services and 5.6% have remembered the traffic insurance services. The second most known insurance service is the life insurance services while the third known is the individual accident insurance service.

The first remembered insurance service, their frequency and their percentage in the total respondents are as follows.

Table 6.1. The First Remembered Insurance Services

Insurance Services	Frequency	%In Total Respondents
Social Insurance	179	72.2
Life Insurance	35	14.1
Traffic Insurance	14	5.6
Fire Insurance	10	4.0
Retirement Insurance	3	1.2
Health Insurance	3	1.2
Individual Accident Ins.	2	0.8
Infant Insurance	1	0.4
Transportation Insurance	1	0.4
	248	100.0

The most known insurance services in order, their frequencies and their percentages in the total respondents are as follows.

Table 6.2. The Most Known Insurance Services in Order

Rank	Most Known Services	Frequency	%Respondents
1	Social Insurance	179	72.2
2	Life Insurance	134	54.4
3	Individual Accident Ins.	82	33.1
4	Traffic Insurance	83	33.5
5	Fire Insurance	77	31.0
6	Theft Insurance	77	31.0
7	Retirement Insurance	64	25.8
8	Health Insurance	73	29.4
9	Infant Insurance	65	26.2
10	Transportation (Goods)	7	2.8

For the first rank, the respondents have mentioned mostly the social insurance service which is a public insurance service. This result is also justified by the median value of the first rank variable which is equal to 1, presenting the social insurance service. The coefficient of deviation of this variable is equal to 91.13%, meaning that the people deviate quitely from the mean which is equal to 1.714. Indeed 72.2% of the respondent have chosen the social insurance value which is represented by 1, The confidence level of the first remembered insurance type is equal to [1.51,1.90].

This interval is narrow in terms of the confidence because social and life insurance services which are represented by values 1 and 2 were chosen by 86.3% of the respondents.

The results of the first rank do not have the normal distribution, they have a positive asymetric distribution with 2.791 of the skewness value and 1.714 of the mean and 1.0 of the mode values which means that most of the answers fall below the average.

As a conclusion, most of the Turkish people first remember a public and required insurance service instead of remembering one of the private insurance services.

This result is not very surprising because Turkish insurance sector is still developing . Although the first insurance activities appeared in early 1900's, they have started to increase since 1986, especially for the last two years.

There is no doubt that the positive effects of these increasing activities will be seen in the short term and Turkish people's knowledge and habit about the private insurance services will increase by means of the increasing production and promotional activities of the insurance companies.

Being in the second rank after the social insurance service is a hopeful result for life insurance services. Probably, the increasing number of life policies, especially promotional life insurance activities have influenced the people and made them aware of the services. Therefore, if the life insurance firms increase their activities by giving more information about their products and being a little flexible in terms of the premiums and the payment conditions much more people will want to buy life insurance services. It is obvious that Turkish people are not satisfied by the social security of the State, anymore. Hence, the insurance firms should profit from this opportunity well and try to enlarge not only their market share but also the total market of the life insurance services. Since the life insurance service is the most known private type in this research it would be better to examine the results of the frequency analysis of this variable.

The life service includes 58.1% of the answers, by itself. Since this variable in orderal scale, the median becomes important and confirms again the above percentage with the value of two, which represents the life insurance service. The coefficient of deviation shows that 63.17% of the respondents differ from the mean which is equal to 3.343. Since the number 3 and 4 represent the individual accident and the traffic insurance services. It is obvious that this deviation is normal life insurance by itself captured 58.1% of the answers.

The confidence interval for the second rank at 95% confidence level is equal to [3.08;3.60] calculated by 3.343+-0.134x1.96].

The distribution of this rank shows a positive skewness, by the value of 1.715, meaning that most of the answers fall above the average. The kurtosis value of this distribution is equal to 4.006.

The second question's aim was to find out the main advantage of insurance services for the people. Most respondents see the insurance services as a protection against risk. Future security and replacing the inadequate social security services of the State are other two most mentioned advantages.

The mentioned advantages, their frequencies and their percentages are as follows .

Table 6.3. The Main Advantage of Insurance Services

Main Advantage	Frequency	%
Protection against risk	114	46.2
Future security	86	34.8
Replacing the inadequate social security services of the State	40	16.2
Health Precaution	2	0.8
Aim of saving	2	0.8
Social Solidarity	1	0.4
No advantage	2	0.8

* There is one missing case for this question.

The mode of advantages is equal to 1 which represent the protection against risk. Depending on the coefficient of deviation (1.464/2.077) it is concluded that 70.5% of the respondents deviate from the mean which is equal to 2.077, which represents future security. Indeed 46.2% of the respondents see the insurance services as a protection against risk. The confidence level of this question is equal to [1.89;2.25]. Since two advantages - protection against risk and future security - have captured 81% of the answers, it can be said that the results of the research fall in the confidence interval.

The advantages do not show a perfect normal distribution, a positive asymetrical distribution is seen on the basis of the skewness value of 1.361 and the comparison of the mean and the mode which are equal to 2.077 and 1.00 (mean>mode). The kurtosis value for the distribution of the advantages is equal to 0.537.

As a result, it can be said that most people see insurance services as the means of protection against risk and future security. This result can guide insurance firms very well. They should concentrate on these two needs and try to satisfy them. Moreover, they should use protection against risk and future security images in their promotional activities, especially in advertising plans. ②

Third question has different goals. It tries to find out if the respondents have any insurance service, the number of insurance policies that they have , whether they are the user of the life insurance or not, and the insurance companies from where they have bought these services.

The number of the insurance services that the respondents have, vary between 0 and 7. One type usage has the highest percentage (32.3%) while the non-usage follows it with a percentage of 24.6. The number of owned insurance policies, their frequencies and their percentages are as follows .

Table 6.4. The Number of Owned Insurance Policies

The Number	Frequency	%	Cumulative %
Non-users	61	24.6	24.6
One type	80	32.3	56.9
Two types	44	17.7	74.6
Three types	27	10.9	85.5
Four types	22	8.9	94.4
Five types	12	4.8	99.2
Six types	1	0.4	99.6
Seven types	1	0.4	100.0

The mean for the number of owned policies is equal to 1.653. The coefficient of deviation of 90.92% means that the respondents deviate very much from the mean. The percentage of the number of owned policies for 0 and 1 types (56.9%) also confirms this deviation. At 95% confidence level, the distribution of the policy numbers has a confidence interval which is equal to [1.653-0.095x1.96=1.46;1.653+0.095 x1.96=1.832].

As a result; it can be said that the results of these numbers fall in the confidence interval. Furthermore, the they are normally distributed on the basis of the skewness value of 0.888 an the kurtosis value of 0.137.

All above results show that Turkish people do not have the usage habit of insurance services. 4 The number of owned policies for 0, 1 and 2 types composes 74.6% of total answers. Since there is only one type of the required insurance service which is the traffic one, that is included in the research, the lack of consumption habit arises again as an important problem of the sector as a result of this study. First of all, Turkish people should be informed by the main advantages and characteristics of the different insurance services. Accordingly insurance companies should revise and improve their presale and postsale activities. Also the number of required insurance services should increase. All these efforts would increase the consumption of services.

Since the main subject of the study is the life insurance services, the usage will be examined in two groups as life usage and non-life usage.

The traffic insurance service has the highest usage percentage (40.7%) within the non-life group. The fire, the theft and the individual accident insurance services follow it by the percentages of 27.0, 23.4 and 19.

As a result of this study, the positive effect of required insurance services can obviously be seen due to the high percentage of traffic insurance service. Hence, the State should concentrate on this subject more and should increase the number of required services, in the short run.

Twenty two insurance companies out of 45 that operate in Turkey, are mentioned by the respondents for the non-life services. These are; Şark, Generali, Güneş, İsviçre, Tam, Hür, Şeker, Ak, Anadolu, Başak, Birlik, İmtaş, Batı, Madgeburger, American Home, Güven, Genel, Oyak, Emek, Halk, Gother and Hayat Insurance Companies.

Şark Insurance Company is chosen by the greater percentage of the respondents while Anadolu Insurance Company is the second one, for all non-life insurance services. These results are in complete accord with the report that was published in Dünya gazetesi (May 13, 91, pp.7) which mentioned that Şark was the first, Anadolu was the second and Halk was the third insurance company for the non-life group. In the research, the third company is Güneş Insurance Company for the traffic, fire and theft insurance services while İmtaş is the third one for the individual accident.

The usage of non-life insurance services, their frequencies, their percentages in the total respondents and the company chosen by the majority of the respondents for different services can be summarized as follows.

Table 6.5. Results of The Non-Life Group

Type of Service	Frequency	% (In all respdnt)	The Highest Chosen Comp.
Traffic	101	40.7	Şark
Fire	67	27.0	Şark
Theft	58	23.4	Şark
Individual Accd.	47	19.0	Şark

The above results show that the increasing product differentiation and promotional activities of Şark and Anadolu Insurance Companies in last years, have led them to be the first and the second compąnies of the non-life group.

As it has been mentioned in the sampling method, 50% of the respondents are users of life insurance services. The non-user group comprises the people who have an insurance service out of the life and also people who do not have not any insurance service. The below table shows the frequencies of both users and non-users and their percentages.

Table 6.6. The Usage of Life Insurance Services

Usage	Frequency	%
User	124	50.0
Life Insurance Non-User	63	25.4
Non-User of any type	61	24.6

Since the results of classification of the respondents as non of any type, non-user of life insurance and user of life insurance the general results become meaningless to interprete the characteristics of user and non-user groups. Therefore, it would be better to interprete the results on the basis of the user and non-user classification. It can be said that the usage of life insurance services distributes normally, depending on the skewness value of 0.504 and the equal mode and median values.Moreover, this distribution hås a little flat curve because of the kurtosis value of -1.357 and the mode value of 0.

The coefficient of deviation shows that 65.95% of the people deviate from the mean which is equal to 1.254,and this represents life insurance non-usage.Since 74.6% of the respondents fall in the user and the non-user of any type categories by the values of 2 and 0, this deviation is normal considering the classification. The confidence interval is also equal to [1.15;1.36] at 95% confidence level. This interval is quite normal, being the result of the adequate sample volume.

The users have four types of life insurance services which are the life one, the retirement one, the health one and the infant one. Most of the users (92.74%) have the life insurance while 11.29% have the retirement, 3.22% have the health and 4.03% have the infant insurance services. The lack of social security leads Turkish people to buy the life insurance policy rather than the other types. The usage of other three types, especially the health and the infant one are rather low. These last two types have been in the market for the last few years. The results show that the insurance companies should, especially concentrate on these three types of life insurance services to increase their sales. There is no doubt that the increasing activities of companies for the life type have led the people to buy it much more than the others. Therefore, more information about these three types should be given to Turkish people and much more place should be allocated for them in the promotional activities of life insurance companies.

It would be better to mention that the people who do not know or do not remember the producer of their policy. This result is relevant for both the non-life and life users. 8.5% of the individual accident users, 7.92% of the traffic users, 2.98% of the fire users do not know or do not remember their insurance companies while this percentage is equal to 4.35% in the life users. All health, retirement and infant users know their companies.

These results are critical for the insurance sector because they point out the given importance to the insurance services. Not remembering or knowing the firms means that the users do not give enough importance and they randomly bought their policies.

The mentioned companies for life insurance service are; Anadolu, Hayat, Güneş, American Home, American Life, Batı, Halk, Ak, Ankara, Genel, İmtaş, Şark, Başak, Emek, Hayat, SGS, Güven and Tam Insurance Companies. Anadolu Hayat is chosen by the majority of people for life insurance service. 33.91% of the life users have bought their services form this company. Şark and Imtaş Insurance Companies follow Anadolu Hayat with the percentages of 12.17 and 10.44. The company chosen by the people for the retirement service is Şark, followed by Anadolu and Genel Insurance Companies. The health users work only with two companies which are Halk and Şark Insurance Companies.

Five companies have been mentioned for the infant insurance service. These firms are Anadolu, Güneş, Halk, Şark and Hayat. On account of being an old and big firm of the sector and showing a great success for last years, Anadolu Hayat has captured an important share from the life insurance market, especially from the death market. The results that were published in the report of Dünya Gazetesi mentioning a market share of 44.44 % for Anadolu Hayat, is confirmed again by this study (May 13, 91, pp.7).

The results of the life group can be shown as follows.

Table 6.7. Results of The Life Group

Type of Service	Frequency	% In All Resp.	% Within Users	Most Chosen Company
Life	115	46.4	92.74	Anadolu Hayat
Retirement	14	5.6	11.29	Şark
Health	4	1.6	3.22	Halk
Infant	5	2.0	4.03	Anadolu,Güneş Şark,Hayat,Halk

89.51% of the users have relation with only one company while 9.67% work with two companies. One user has bought its policies from three different insurance companies.

Purchasing period of owned policies can be shown as follows.

Table 6.8. Purchasing Period of Life Policies

Period	Frequency	% Wth.Users	Increase in Periods
1975-1979	4	3.25	-
1980-1985	22	17.74	22.22
1986-1990	78	62.90	39.29
1991(First five months)	30	24.19	-

The high increase in the usage of life insurance services can obviously be seen from Table 6.8. Sales of life policies between 80-85 are 5.5 times higher than previous period, while between 86-90 they are 3.54 times higher than between 80-85. The results of the first five months of 1991 also show the increasing sales of life policies. It can be expected that in the next periods, the sales volume of life policies would be much greater than the previous periods. It should not be forgotten that the accelaration of increase in sales depends on performance of life insurance companies and accordingly life policy purchasing habit of Turkish people. Therefore the companies should not neglect this critical point in order not to decrease their sales.

Buying decision procedure has been examined by V38. Approximately, half of the users (43.09%) decided to buy their policies by themselves. The life policies were given as a present to 20.33 % of the users by their banks or by their fathers. The insurance companies which are subsidiaries of banks give free life policies to their customers in order to promote their products. If the customers renew their policy in the next periods, then this method will be proven as a meaningful means of promotion for life policies.

As a result of this research, it is seen that the usage of group insurance that is provided by the companies, has been increasing.14.63% of the respondents had their policy by this way.

Buying decision maker of life policies, their frequencies and their percentages are as follows .

Table 6.9. Buying Decision Maker of Life Policies

Decision Maker	Frequency	% Within Users	% In All Respondents
Policyowner	53	43.0	21.5
Given as a present	25	20.3	10.1
Company	18	14.6	7.3
Wife and Husband	11	8.9	4.5
Wife or Husband	10	8.1	4.0
Friend	3	2.4	1.2
Father,Brother or Children	2	1.6	0.8
All Family (for singles)	1	0.8	0.4

* There is 1 missing case for this variable.

The above findings are confirmed again by the mode value of 1 ,meaning that most users decide to buy their policies by themselves. Again, two questions of consumer decision making process which are for whom the people decide to buy a life policy or who decide to buy a life policy are answered by this result. Coefficient of deviation of this variable is equal to 67.61%, meaning that the users highly deviate from the mean which is equal to 2.81. Since wife or husband and wife and husband choices by the values of 2 and 3 have only captured 17.07% of the users answers, this high deviation becomes normal.

The confidence interval at 95% confidence level varies between 2.47 and 3.15. The values of this interval vary between 1.157 and 1.164 on the basis of all respondents.

It is more meaningful to interprete the second interval since it depends on a higher sample volume. As a result, 21.5% of the respondents fall in this interval.

The distribution of the decision makers show a positive skewness, depending on the mean, median and mode value of 2.81, 2 and 1 (mean>median>mode). The SPSS results also show a positive skewness by the value of 1.340.

As a conclusion, the target points of messages of life insurance companies should not only be the present and future policyowners, but also subdecision makers.

From V39 to V49, the preresearch procedure of policyowners has been examined. The research shows that there is no big difference between the users who made preresearch or not, before having the policy. 56% of the policyowners have made preresearch before buying their policy whereas 44% of them have not. It should also not be forgotten that 47.16% of the users, have not contributed to buying decision making process.

The preresearch of the users, their frequencies and their percentages are as follows.

Table 6.10. Making Preresearch Before Buying A Lifepolicy

Have the users made preresearch	Frequency	% Within The user	% In All Respondents
Yes	69	56	27.9
No	54	44	21.9

* There is 1 missing case.

The mode of the users shows that most users make preresearch before buying their policy. The coefficient of deviation shows that 31.92% of the users deviate from the mean on the basis of the mean value of 1.56 and the standard deviation value of 0.498. This deviation is not very high because there is no big difference between the percentage of the people who have made preresearch and the ones who did not.

The confidence interval of the users change between 1.47 and 1.64 at 95% confidence level. This interval becomes [0.6692 and 08848] on the basis of all respondents and 72.1% of the answers fall in this interval depending upon a larger sample volume. Although the SPSS results shows a positive skewness for this variable, the distribution becomes a little negative asymetrical in terms of the users, depending upon the mode, median and the mean values of 2,2 and 1.56 (mode=median>mean).

Making preresearch can be accepted as a sign of rational consumption. This obtained results are not very bad because approximately a half of the users have their policy without their decision.

43.08% of the users have applied to one source to gather information about life insurance services while 9.75% have applied to two sources and the rest have applied to three sources. No user has applied to more than three sources before buying its service.

On the basis of the users who have made preresearch these percentages become 76.81% for one source, 17.39% for two sources and 5.8% for three sources.

Table 6.11. Number of Applied Sources to Gather Information

Number of Sources	Frequency	% Within The Preresearched Cases	% Within The Users	% In All Respondents
0	54	-	44.0	21.9
1	53	76.8	43.0	21.5
2	12	17.4	9.8	4.9
3	4	5.8	3.3	1.6

* There is 1 missing case.

As a result, it can be said that the policyowners may not like to spend a lot of time to gather information. Furthermore, incomprehensibility of the sources or difficulty to reach the sources may be other main causes of this low number of applied sources. for individuals

17.9 % of the users have gathered information from agents while 16.2% have gathered from sales people, 12.2% from brochures and 10.5% from neighbours, friends or relatives. Nobody has been informed by means of billboards. Since the insurance products, especially life insurance ones require more detailed information, people may not gather satisfactory information from the advertisements on television and newspapers. The lack of Turkish people's insurance knowledge is a big problem for the insurance sector. Although the price of television advertisements is too high in Turkey, the insurance companies may try to give more information in newspaper advertisements.

The users information sources, their frequencies and their percentages can be summarized as follows.

Table 6.12. Life Insurance Users Information Sources

Source	Frequency	% Within Preresearchers	% Within Users	% In All Respondents
Agent	22	31.8	17.9	8.9
Sales People	20	28.9	16.2	8.1
Brochures	15	21.7	12.2	6.1
Neighbour friend or relatives	13	18.8	10.5	5.3
Newspaper	8	11.6	6.5	3.2
Being Insurance People	6	8.7	4.8	2.4
Advertising	5	7.2	4.0	2.0
Insurance Company	2	2.9	1.6	0.8
Billboard	0	0.0	0.0	0.0

It has been aimed to find out the causes that affect the buying decision making process from V50 to V58. All variables are interval scale and the choices are non-effect representing by the value of 1; a little effect by the value of 2 and high-effect by the value of 3.

V50 has been arranged for people who have not contributed decision making process. As a result 45.87% of the users have mentioned high effect choice for this variable while 7.34% have mentioned a little effect choice. These people are the policyowners who have not decided to buy their policies.

V51 is about satisfaction of needs by means of this policy. 36.84% of the policyowners needs are satisfied by their policies . The policies partly answer 49.13% of the users' needs. 14% of the users have bought their policies by neglecting their needs.

The mean of this variable is equal to 3, meaning that most of the users buy the policies which satisfy their needs. The coefficient of deviation shows that 33.37% of the users deviate from the mean, which means that they have owned their policies not on the basis of their needs. At 95% of the confidence level, the confidence interval is equal to [2.85;3.23]. Since most people buy products and services in order to satisfy their different needs, most life users should also buy their policies on the basis of their needs accordingly they should normally fall in this confidence interval.

Low premium rate is very effective for 38.59 % of the users who have decided to buy their policy. Again, 38.59% of the users are affected a little from the low premium rate whereas 22.8% are not. The mean of this variable justifies the high effect of low premium rate on consumer decision making process. The coefficient of deviation shows 35.89% of the users deviate from the mean while the confidence interval says that the people take care of low premium rate in their choice, depending on the interval of [2.80;3.21] at 95% confidence level.

Payment installments also affect the users' choices. Some people prefer a long installment period whereas the others do not. 46.42% of the users claim that the installment period has much affected their choices while 41.07% of them claim that it has highly affected their decisions. 12.5% of the users have not interested in this variable in their decisions.

The mean of this variable shows that people generally pay attention to the installment period. This variable do not highly affect the decision of 32.1% of the users. The confidence interval being equal to [2.89;3.26] says that this variable has an effective role in the people's decision, at 95% of confidence level.

Since the insurance is a concept which completely depends on the confidence; the confidence feature of the company, accordingly its products become very important in the insurance services marketing. 56.45% of the decision-makers have bought their policies from a trustworthy insurance company. The confidence element had also a little effect on the buying decision of 38.70% of the consumers. The mean of the confidence variable also confirms that most people buy the service of which company they trust in. It can be said that 27.18% of the users, deviate from the mean. The confidence interval of [3.01;3.33] also shows the high effect of confidence on the consumer's choice at 95% confidence level.

Protection of a life policy against inflation is also very important for consumers, especially in Turkey where the high inflation rate is the main problem of the economy. As a result of this study, the protection of the policy against inflation has highly affected 44.83% of the users' decisions while it has a little affected 36.20% of them. The mean value of this variable, being equal to 3.05 also confirms the high effective role of the anti-inflational feature of a life policy.

As 10.5% of the users and 18.8% of the decision makers gather information from their neighbours, friends or relatives, they may also want to have the same policies as their acquaintances' . They study does not show the same result, in other words, a few users (13.8%) have completely, affected from their acquaintances' ownership. 24.2% of the users have a little affected whereas the rest have not (62.06%). The mean of 2.65 shows that Turkish people do not certainly buy the same policy as their acquaintances' but they always have a tendency to do it.

The marketing people use advertising as an important tool to make the consumers to be interest in their products. In the same way, the advertisements about a life policy may direct customers towards this product. The advertisements of life policies have any effect on 69.64% of the users, a little effect on 26.78% of the users and a high effect on 3.58% of them. The mean value of this variable, being equal to 1.92 also shows that the people pay attention to the advertisements of life policies but they are not completely affected by them. Since, life policies are complicated products, the consumers should not buy a policy depending only on the advertisements of insurance companies. They should compare well different life policies before buying decision.

Moreover, advertisements should mention most important elements and advanteges of a lifepolicy rather than a company, in life insurance promotional activities.

A life insurance company should guarantee to give back accumulated money and its return to a policyowner in case of giving up a policy. Before analyzing the data, it was expected that this feature would be very important for a majority of users. Unfortunately, this expectation has not become a reality by the research results. The validity of rights on a policy, is very effective for 34.48% of the policyowners while it is less effective for 43.10% of them. 22.42% of the users do not pay attention on this subject.

Depending on the above findings, it can be said that life insurance companies should concentrate on product differention to answer different needs of consumers. They should also define their premium rates and the payment installments on the basis of consumers' preferable payment conditions. Furthermore, they try to produce policies against the inflation, and to keep the policyowner's rights in case of the end of a contract.

The objective of the question 9 has been to find out the importance level of two elements of a life policy that are indemnities of death or disability and accumulated money that are obtained at the end of the policy period.

More than a half of the users (65.57%) find very important both of these elements. Indemnities are more important for 12.29% of the policyowners while accumulated money is more important for 22.31% of them. These results can be shown as follows.

Table 6.13. Most Important Element of A Life Policy

Element	Frequency	% Within The Users	% In All Respondents
Indemnities	15	12.30	6.0
Accumulated Money	27	22.13	10.9
Both of them	80	65.57	32.2

* There are 2 missing cases.

The mode of this variable is equal to 3, meaning that both indemnities and accumulated money are important for most of the policyowners. The distribution of these two elements show a little negative asymetry on the basis of the mean, mode and median values of 2.533,3 and 3 (mean<mode=median).

In question 10, it has been tried to define the distribution channels where the users bought their policies. 26.01% of the users had their policies by taking as a present. 17.07% of the policyowners bought their policies from a salesman, while 16.39% bought from an agent. The bank is the fourth chosen distribution channel. The policyowners buying process can be shown as follows.

Table 6.14. Where The Users Buy Their Policy

The place where the policy is arranged		Frequency	%Within The Users	% In All Respondents
Taken as a present	(7)	32	26.0	13.0
Salesman	(5)	21	17.0	8.5
Agent goes to a Policyowner	(4)	20	16.3	8.1
Policyowner's work place	(6)	19	15.4	7.7
Policyowner goes to an agent	(3)	12	9.8	4.9
Bank	(2)	10	8.2	4.0
Insurance Company	(1)	9	7.3	3.6

* The representative values of the distribution channels are given in parentheses.

The mode also confirms that most of the users have their policies as a present. The distribution channels have a negative symetrical curve on the basis of the mode, median and mean values of 7, 5 and 4.78. 39.85% of the users deviate from the mean and the confidence interval varies between 4.44 and 5.11 at 95% confidence level.

Defininition of the most preferable payment condition was another aim of the study. 35.25% of the users prefer to pay their premiums automatically by means of their bank deposits. The second preferable way is to pay by means of automatic cash machine. These two payment methods are not applied in Turkey. As a result, it can be said that if the insurance companies decide to collect the premiums automatically by means of these two methods, the users will wellcome these. Payment by the postal check is also another preferable method, 26.23% of the users want to pay their premiums in this classical way.

Preferable payment conditions, their frequencies and their percentages can be shown as follows.

Table 6.15. Preferable Payment Conditions of The Policyowners

Payment Method	Frequency	% Within The Users	% In All Respondents
Bank deposits (automatically)	43	35.3	17.5
Automatic Cash Machine	36	29.5	14.6
Postal Check	32	26.3	13.0
To a company or an agent	7	5.7	2.8
Agent goes to a policyowner	3	2.4	1.2
Paying in cash to a bank	1	0.8	0.4

* There are 2 missing cases.

The mode of this variable is equal to 1, meaning that most of the policyowners prefer to pay their premiums automatically by means of their bank deposits.

More than a half of the policyowners (54.47%) can not say anything about the contentment from their companies. They need more time to declare their opinions. 40.65% of the policyowners are content about the relationship with their insurance companies. There are a few people (4.88%) who are not content. The mode value of 3, meaning that no comment about the companies, also confirms the above results.

Table 6.16. Evaluation of The Companies Performances

Contentment	Frequency	% Within The Users	% In All Respondents
Yes	50	40.7	20.2
No	6	4.8	2.4
No time of evaluation	67	54.5	27.1

* There is one missing case.

Good presale and postsale activities are the most mentioned causes of the contentment. The lack of the problem with the company until now is the second reason while the payment facility in terms of both the premium rate and the installment period is the third.

All mentioned causes, their frequencies and their percentages can be shown as follows.

Table 6.17. Causes of Contentment From The Insurance Company

Causes	Frequency	% Within The Users	% In All Respondents
Good Presales and postsales activities	13	12.1	5.6
No problem until now	9	8.4	3.9
Payment facility	7	6.5	3.0
Advisory Service	6	5.6	2.6
Confidence in the company	4	3.7	1.7
Fast service	3	2.8	1.3
Working with an old and well-known company	3	2.8	1.3
Satisfaction of needs	2	1.8	0.8
Flexibility	2	1.8	0.8
Knowing the company well	1	0.9	0.4
Habitude	1	0.9	0.4
Precautions against the inflation	1	0.9	0.4

* Altough 17 out of 124 users are content about the relationship with their companies , they have not mentioned the contentment causes.

The above results obviously show that, the companies should concentrate on both presale and postsale activities. They should also be flexible enough both in their payment conditions and in their relationships with their customers. Accordingly, they try not to cause any problem or any difficulty which disturbs their clients.

Difficulties that are met during the premium collection, non-arrangement or incorrect arrangement of premium rates against the inflation and giving inadequate information to the customers or lack of interest in the clients' problems are the reasons that lead the policyowners not to be content about their companies. Therefore, the companies should pay attention for not behaving in the above ways not to lose both the present and potential customers

It has also been tried to find out the reasons for the non-usage of life insurance services. 26.6% of the non-users' first reason is that they have not need to use any life insurance service, yet. Secondly, 20.9% of them mention the meaningless and the unproductivity of life insurance services in the inflational environment as the first cause of the the non-usage. Having inadequate information about life services is also mostly mentioned as the first reason.

The second important reason for the non-usage is that the meaningless and the unproductivity of the life insurance services in the inflational environment. 15.3% of the non-users have this opinion while 11.3% of them have not any life policy because they have not enough information about life insurance companies. The deficient guarantees and the low indemnities are also mostly mentioned as the second cause of the non-usage.

The existance of better saving instruments than a lifepolicy (12%), the deficient guarantees and the low indemnities (10.5%) and the insufficient knowledge about insurance companies (8.8%) and the lack of confidence in them (8.8%) are ~~third~~ other important reasons for the non-usage.

As a conclusion, it can be said that the inflation and the unknowledge about the services and the companies are two big problems which threaten Turkish life insurance sector. Therefore, the companies should produce different services, in other words different policies which cover the harms of the inflation. More - over, they try to reach the people by giving enough comprehensible information, as soon as possible. There is no doubt that these efforts will destroy the above non-usage reasons. Turkish people who will gather enough information and will be saved from the inflational dangers, will trust in the insurance companies and will find the service meaningful and productive, hence will need to buy a lifepolicy.

Less than a half of the non-users (47.2%) are potential life policyowners in the future. Unfortunately, 52.8% of the non-users do not think to buy a lifepolicy in the future. This also another problem of the life insurance sector. The companies should define different strategies to decrease this unwillingness. 6

Most of the potential consumers (91.4%) want to buy one policy while 10.3% of them want more than one. No potential consumer wants to have more than three lifepolicies. The mean of the policies is equal to 0.553, meaning that the non-users will buy 0 or 1 lifepolicy in the future. Probably,the high unwillingness towards life insurance services has led the mean to this value. This also affects the confidence interval which is equal to [0.43 ; 0.67], at 95% confidence level. The distribution of the policy number shows a positive skewness, on the basis of the mean, median and mode value of 0.553, 0 and 0.

43.1% of the potential consumers want to buy a lifepolicy for themselves while 8.6% of them want for his/her husband/wife, 22.4% of them for children and 43.1% of them for whole family. If life insurance companies produce more services which ensure all elements of a family, other buying desires might direct towards these services, accordingly the number of life policyowners might increase.

Table 6.18. For Whom The Potential Buyer Will Buy The Life Policy

For Whom	Frequency	% Within The Pot.Con.	% Within The Nonusers	% In All Res.
Themselves	25	43.1	20.3	10.1
Husb./Wife	5	8.6	4.0	2.0
Children	13	22.4	10.6	5.2
Whole Family	25	43.1	20.3	10.1

*There is 1 missing case

The most important condition in that the potential consumers will buy a policy is an increase in their income. 34.5% of them will buy a policy when they will get more money. In case of the production of a service which answers all their needs and a higher confidence in insurance companies are other conditions that are mostly mentioned by the respondents as the first condition.

The production of a service which answers all consumers' needs are the second important condition for 24.1% of the potential consumers.

The third and the last important condition is getting higher income for 13.8% of the potential consumers.

As a conclusion, the potential consumers will demand a policy when they will first get higher income. These demands will be reflected to the insurance market if they find a service of a company in which they trust, that satisfies all their needs. Therefore, the life insurance companies should concentrate on product differentiation to answer different needs of the people and on price differentiation to sell their services to all income groups. Furthermore they should have good performances to gather the confidence of the people.

In the research, 13 statements have been used to define the importance of the factors that affect the choice of an insurance company.

Trusthworthiness of a company is very important or important for 99.6% of the respondents. 92.7% of the respondents find very important or important the placement of the collected money in productive and secure areas. More than 99.0% of the respondents give high importance or importance to complete and fast indemnification of damages. Getting back all rights on the policy in case of the end of a contract is very important for 54.3% of the respondents while it is important for 42.2% of them. The comments differentiate in the statement of being a subsidiary of a big company or a big bank. 37.8% of the respondents find this condition very important while 43.3% find important. The rest (18.9%) do not give any importance to this condition.50.7% of the respondents find important to have a long and and a good history for a company while 26.7% find it very important. The rest (20.6%) find it unimportant. The last results show that trustworthiness of a company is as much important as its reputation for the people. Most respondents prefer to work with the educated salesmen (91.2) and with the companies that have a modern operation system (90.9%). Approximately, a half of the respondents (49.5%) are not affected from the effective advertising activities of the insurance companies whereas 50.5% of them are affected. This result is also in accordance with the result of the factors of a lifepolicy choice. As the policyowners, all respondents pay attention for the advertisements but do not decide completely on the basis of them. One of the respondents prefers to work with a domestic company whereas the other one absolutely prefers to work with a foreign one. Again, one respondent finds important to have good relationships with the seller during the presales and postsales activities. Additionally, 2 out of 248 respondents give high importance to have a large and differentiated product line.

As a conclusion, it can be said that there are three main factors that highly affect the company choice. These are:

1. Trustworthiness of a company
2. Complete and fast indemnification of damages
3. Getting back all rights on the policy in case of the finish of a contract.

Having well-trained salesforce and a modern operation system and placing the collected money in efficient and secure areas are other three important factors in the company choice.

The importance of factors that affect consumers' choices of insurance companies and their percentages can be shown as follows

Table 6.19. Factors Affecting Consumers' Choices of Insurance Companies

Factors	Very Important	Important	Unimportant
Trustworthiness of a Company	85.7	13.9	0.4
Efficient Portfolio Mgment.	56.2	36.5	7.3
Complete Indemnification of Damages	78.2	21.4	0.4
Fast Indemnf. of Damages	70.9	28.2	0.9
Giving Back of Accrued Rights	54.3	42.2	3.5
Being The Subsidiary of A Big Company or A Big Bank	37.8	43.3	18.9
Having A Good or A Long History	26.7	50.7	22.7
Well-Trained Salesforce	43.0	48.2	8.8
Modern Operation System	41.8	49.1	9.1
Effective Advertisements	9.5	41.0	49.5

Therefore, the companies should define their policies, accordingly their strategies on the basis of the above results to be one of the most preferable insurance company of Turkey. They should also use the above most effective statements in their advertising plans to make consumers interest in their products.

The aim of the question 16 is to find out the first information source to that the respondents apply when they need any information about insurance services

More than a half of the respondents (58.3%) prefer to apply to a company or an agent to gather any information while 17.8% of them prefer acquaintances. The rest like to look at the written sources and brochures.

As a result, it can be said that the insurance companies should try to give more information to people by means of ,both printed sources and companies or agents. It would be better to decrease the habit of gathering information from acquaintances to prevent the circulation of incorrect or deficient information.

6.2. Hypotheses Testing

1. Does the main advantage of insurance services vary depending upon demographic and socio-economic variables?

The following three hypotheses have been tested to find out different effective slogans for insurance companies to use in their marketing plan to affect the present and the potential consumers.

Crosstab analysis has been used to test the relationship between the main advantage and the demographic variables. Since all crosstab analyses results are not meaningful to interprete, the meaningful ones are going to be considered in the study.

Ho1: There is no significant relationship between the main advantage of insurance services and sex.

Ha1: There is a significant relationship between the main advantage and sex.

The dependent variable is the main advantage of insurance services and the independent variable is sex. The results of this analysis are as follows:

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
15.28691	7	0.0325	0.466	10 of 16 (62.5 %)

Uncertainty Coefficient = 0.02879

Cramer's V = 0.24878 (Upper Limit = 0.935)

$X(t)2$ = 12.017 (p = 0.10)
14.067 (p = 0.05)

Even though $X(c)^2$ is greater than $X(t)^2$, a significant relationship cannot be accepted because of the high number of empty cells.

Therefore, some rows have been united and the following results have been obtained:

Table 6.20

Crosstabulation: V12 (The Main Advantage of Insurance Services)
By V97 (Sex)

V12 / Count / Row Pct / Col Pct / Tot Pct	V97 Female	Male	Row Total
Protection against risk	41 35.7 35.7 16.6	74 64.3 56.0 80.0	115
Future Security	47 54.7 40.8 19.0	39 45.3 29.5 15.8	86
Health precaution and saving	2 50.0 1.7 0.8	2 50.0 1.5 0.8	4
Replacement of deficientsocial security of the State&social solidarity	25 59.5 21.7 10.1	17 50.5 13.0 6.9	42
Column Total	115 46.6	132 53.4	247 100.0

Chi-Square	D.F.	Min E.F.	Cells with E.F. < 5
10.616	3	1.86	2 of 8 (25 %)

$X(t)^2 = 9.488$ ($p = 0.05$)
7.779 ($p = 0.10$)

As X^2 calculated is greater than X^2 table, the null hypothesis is rejected and a significant relationship between the meaning of insurance services and the sex is accepted. Most of the male respondents (56.0%) see the insurance as a means of protection while most of the female respondents (40.8%) see it as a means of future security. Additionally, more females (59.5%) see insurance services as a replacement of the deficient social security of the State than the males (40.5%). Therefore, it can be said that the security element is more dominant among females for insurance services while the risk element is more dominant among males.

The low percentage of working Turkish women results in the lack of social security for most Turkish females, consequently security concept is much more dominant among females and they compose a large segment of the potential market for policies which include future security.

Ho2: There is no significant relationship between income level and the main advantage of insurance services.

Ha2: There is a significant relationship between them.

The dependent variable is the same as the above hypothesis but the independent variables is income level now.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
55.82912	28	0.0013	0.062	26 of 40 (65 %)

Cramer's V = 0.23966 (U.L.= 0.9354)

Uncertainty Coefficient = 0.09958

$X(t)^2$ = 41.337 (p = 0.05)
37.916 (p = 0.10)

Even though $X(c)^2 > X(t)^2$, the high percentage of empty cells has made irrelevant the acceptance of Ha2. Therefore, the rows and columns have been grouped again and the following results have been obtained:

Table 6.21

Crosstabulation: V12 (The main advantage of insurance services)
By V101 (Income level)

V12 — Count / Row Pct / Col Pct / Tot Pct	V101: -3 Million	3 Million +	Row Total
Protection against risk	23 20.4 27.7 9.4	90 79.6 56.4 37.0	113 46.5
Future security	44 52.4 53.0 18.1	40 47.6 25.0 16.5	84 34.6
Health precaution and saving	3 75.0 3.6 1.2	1 25.0 0.6 0.5	4 1.6
Replacement of deficientsocial security of the State&social solidarity	13 31.0 15.7 5.3	29 69.0 18.0 12	42 17.3
Column Total	83 34.2	160 65.8	243 100.0

Chi-Square	D.F.	Min E.F.	Cells with E.F. < 5
25.151	3	1.36	2 of 8 (25 %)

$X(t)^2$ = 7.815 (p = 0.05)
6.251 (p = 0.10)

X^2 calculated is greater than X^2 table, therefore the null hypothesis is rejected and a significant relationship between the main advantage and the income level is accepted.

As it is seen from Table 6.21, most of the people (53%) who fall in 3 million and below income level see insurance services as a future security while 56.4% of the people, falling 3 million and above income level see as a protection against risk. Therefore, it can be said that people first think their future security. These needs are satisfied at certain income level.Consequently, these satisfied needs replace with risk protection needs at this certain income level and they prefer to buy policies that answer their protection needs.

Moreover, the percentage of the females (75.0%) who think insurance services as a health precaution or as a saving instrument is much greater than the one of the males (25.0%). The thought of the replacement of the deficient social insurance services of the State or the social solidarity is more dominant among 3 million and above income group (69.0%).

Ho3: There is no significant relationship between the main advantage of insurance services and socio-economic groups.

Ha3: There is a significant relationship between them.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
43.00020	21	0.0031	0.162	20 of 32 (62.5 %)

$X(t)^2$ = 32.671 (p = 0.05)

Again, the high percentage of empty cells has made irrelevant the results and the null hypothesis could not be directly rejected. Therefore, the rows have been grouped again and the following results have been obtained:

Table 6.22

Crosstabulation: V12 (The main advantage of insurance services)
By V104 (Socio-economic Group)

V12	Count / Row Pct / Col Pct / Tot Pct	V104 A	B	C1	C2	Row Total
Protection against risk		59 51.3 63.4 23.9	32 27.8 43.3 13.0	13 11.3 32.5 5.3	11 9.6 27.5 4.4	115 46.6
Future security		17 19.7 18.3 6.9	26 30.2 35.1 10.5	20 23.3 50.0 8.0	23 26.8 57.5 9.3	86 34.8
Other		17 37.0 18.3 6.9	16 34.8 21.6 6.5	7 15.2 17.5 2.8	6 13.0 15.0 2.4	46 18.6
Column Total		93 37.6	74 30.0	40 16.2	40 16.2	247 100.0

Chi-Square	D.F.	Min E.F.	Cells with E.F. < 5
27.263	6	7.4	0

$X(t)^2 = 12.592$ ($p = 0.05$)

The higher X^2 calculated value means that there is a significant relationship between the main advantage of insurance services and different socio-economic groups. The view of protection against risk is more dominant among people who belong to higher socio-economic groups while the view of future security is more dominant among people who fall in lower socio-economic groups. The security feeling is especially higher in B group (30.2%). The risk feeling is also higher among B group but not as much as it is among A group.

As a result of the above hypotheses, the questions of who/ why the people buy insurance services, can be answered. The obtained findings can be summarized as follows:

Table 6.23. Why the people buy insurance services?

Consumption Objective	People Who is Sex	Who earn Income level	Who belong to Socio-economic Group
Protection against risk	Male	3 Million +	A (first) B (second)
Future Security	Female	- 3 Million	B C1 C2
Other	Female	3 Million +	A

The insurance companies can make their marketing plan on the basis of Table 6.23. They should define their market segment, their product line, their price, their distribution channels and their promotional activities depending upon the above findings.

2. Males have more knowledge about insurance services than females.

T-test has been used to find out which group has more knowledge about insurance services.

Number of mentioned insurance services has been taken as a degree of knowledge for insurance services.

Ho4: There is no difference in the means of females and males in terms of insurance knowledge.

Ha4: The mean of females is different from the mean of males.

The results are as follows:

Table 6.24

	Number of cases	Mean	Standard Deviation	Standard Error
Group 1(Female)	116	6.8966	2.224	0.206
Group 2 (Male)	132	6.5833	2.532	0.220

Pooled t Value	Variance Degrees of Freedom	Estimate 2-Tail Prob.	Separate t Value	Variance Degrees of Freedom	Estimate 2-Tail Prob.
1.03	246	0.305	1.04	246	0.301

t(table) = 1.96 (p = 0.05)
1.645 (p = 0.10)

As it is seen from Table 6.24, there is not a significant difference between the means of two sexes. Therefore the null hypothesis is accepted and it is concluded that the means of females and males do not show a big difference in terms of the insurance knowledge. In other words, males and females know approximately the same things about insurance services.

3. Do males buy more insurance services than females?

Again, T-test has been used to find out the difference in the number of insurance policies purchased between two groups. Number of services that were mentioned by the respondents has been taken as a consumption level of insurance services.

Ho5: There is no difference in the means of females and males in terms of the number of insurance policies purchased.

Ha5: Males' number of insurance policies purchased is greater than females'.

The following results have been obtained:

Table 6.25

	Number of cases	Mean	Standard Deviation	Standard Error
Group 1 (Female)	116	1.3276	1.363	0.127
Group 2 (Male)	132	1.9394	1.367	0.136

Pooled t Value	Variance Degrees of Freedom	Estimate 2-Tail Prob.	Separate t Value	Variance Degrees of Freedom	Estimate 2-Tail Prob.
-3.26	246	0.001	-3.29	245.98	0.001

Both of T-test values show that the mean of males differs from the mean of females at 99.9% confidence level. The males consume more insurance services than females. The rejection of the null hypothesis is also relevant on the basis of t(table) value of 1.96 at 95% confidence level for 2-Tail (t(calculated) > t(table)).

4. Do married people consume more insurance services than singles?

Oneway analysis has been used to find out the highest consumption level between two groups.

The number of insurance services that are used by the respondents has been taken as a consumption level and the following results have been obtained.

Ho6: There is no significant difference between the means of marrieds, singles and divorceds.

Ha6: There is a significant difference between the means of marrieds, singles and divorceds.

Table 6.26 ------------ ONEWAY --------------

Group	Count	Mean	Standard Deviation	Standard Error	95 Pct Conf Int for Mean
Married	145	2.0828	1.5343	0.1274	1.8309 to 2.3346
Singles	96	0.9896	1.1742	0.1198	0.7517 to 1.2275
Divorced	7	1.8571	1.7728	0.6701	0.2176 to 3.4967
Total	248	1.6532	1.5033	0.0955	1.4652 to 1.8412

Table 6.27 ------------ ONEWAY --------------

Variables: V13 (Number of consumed services)
V98 (Marital status)

Source	Analysis of Variance D.F.	Sum of Squares	Mean Squares	F Ratio	F Prob.
Between Groups	2	69.3238	94.6619	17.3716	0.000
Within Groups	245	488.8536	1.9953		
Total	247	558.1774			

F(t)2.245 = 2.909 (p = 0.05)

Since F calculated is greater than F theoretical, the null hypothesis is absolutely rejected. The difference between three means is statistically significant. Therefore, it can be concluded that the marital status highly affects the consumption of insurance services. Married people buy more policies than divorceds and singles. Again, divorceds consume more insurance services than singles. Moreover married peoples consumption level is higher than the average consumption level.

5. People who have more knowledge about insurance services, also consume more types of insurance services.

The same variables as the 4th, 5th and 6th hypotheses have been used for the knowledge and the consumption level and the existence of a linear relationship between them has been examined by means of Pearson Correlation Analysis.

The generated hypotheses and the obtained results are as follows:

Variables: V1 (Number of mentioned insurance services)
V13 (Number of consumed insurance services)

Ho7: There is no linear relationship between V1 and V13.

Ha7: There is a linear relationship between V1 and V13.

Table 6.28

Correlation	V13
V1	0.20 (248) p=0.002

As it is seen from Table 6.28, there is a valid linear relationship between V1 and V13 at 95% confidence level. Therefore, Ha7 is accepted.

The strength of the linear association between V1 and V13 is equal to 0.20 at 99.80% confidence level. Even though this strength is not much high, it can be an important tool for insurance people to conclude that knowledge certainly affects consumption of insurance services. It is obvious that the consumption does not absolutely depend on the knowledge but the knowledge that is supported by efficient marketing activities would lead Turkish people to consume more insurance services.

6. The main advantage of a lifepolicy differs within policyowners?

Crosstab analysis has been used to observe the needs that the policyowners want to satisfy by means of their policy.

The main advantage (V12) is the independent variable while the usage of life insurance service (V22) is the dependent one.

Ho8: The life insurance usage is not related on the main advantage of insurance services.

Ha8: The life insurance usage is related on the main advantage of insurance services.

The following results have been obtained:

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
22.05690	14	0.0775	0.247	15 of 24 (62.5 %)

Uncertainty Coefficient = 0.04591

Cramer's V = 0.21130 (U.L. = 0.926)

$X(c)^2$ = 23.685 (p = 0.05)
21.064 (p = 0.10)

$X(c)^2$ is less than $X(t)^2$ at 95% confidence level. Although $X(c)^2 > X(t)^2$ at 90% confidence level, the rejection of the null hypothesis cannot be valid because of the high percentage of the empty cells (62.5%). Therefore, the column have been grouped again and the following results have been obtained:

Table 6.29

Crosstabulation: V22 (The usage of life insurance services)
By V12 (The main advantage)

V22	Count Row Pct Col Pct Tot Pct	V12 Protection against risk	Future Security	Health Precaution and saving	Social Security& solidarity	Row Total
Non-user		27 44.3 23.5 10.9	23 37.7 26.7 9.3	0 0.0 0.0 0.0	11 18.0 4.5 0.0	61 24.7
Life insurance non-user		40 63.5 34.8 16.2	12 19.0 14.0 4.9	1 1.6 25.0 0.4	10 15.9 9.6 4.0	63 25.5
Life insurance user		48 39.0 41.7 19.4	51 41.5 59.3 20.6	3 2.4 75.0 1.2	21 17.1 50.0 8.5	123 49.8
Column Total		115 46.6	86 34.8	4 1.6	42 17.0	247 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
13.23907	6	0.0394	0.988	3 of 12 (25.0 %)

Cramer's V = 0.16371 (U.L. = 0.81)

Uncertainty Coefficient = 0.02848

$X(t)^2 = 12.592$ ($p = 0.05$)

Although the low Cramer's V and uncertainty coefficient, it would be better to reject the null hypothesis depending upon $X(c)^2 > X(t)^2$ at 95% confidence level. In other words, it can be said that the main advantage differs within the policyowners. 41.5% of the users consume insurance services to secure the future while 39.0% do to be protected from risk.

17.1% of the policyowners use an insurance service to replace the deficient social security of the State or to contribute to the social solidarity. A few users consume an insurance service as a health precaution or as a means of saving.

25.5% of the respondents use any insurance service out of life insurance services. The view of protection against risk is more dominant among them (63.5%), while 19% see as a future security.

None of the non-users see an insurance service as a means of health precaution or saving.

7. Do different demographic and socio-economic variables affect the consumption of life insurance services?

It has been tried to find out the effect of the seven following variables on the consumption by means of following seven hypothesis.

Ho9: There is no significant relationship between the life insurance consumption and sex.

Ha9: There is a significant relationship between the life insurance consumption and sex.

Table 6.30

Crosstabulation: V22 (Life Insurance Consumption)
By V97 (Sex)

V22	Count Row Pct Col Pct Tot Pct	V97 Female	Male	Row Total
Non-user		40 65.6 34.5 16.1	21 34.4 15.9 8.5	61 24.6
Life insurance non-user		27 42.9 23.3 10.9	36 57.1 27.3 14.5	63 25.4
Life insurance user		49 39.5 42.2 19.8	75 60.5 56.8 30.2	124 50.0
Column Total		116 46.8	132 53.2	248 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
11.67168	2	0.0029	28.532	None

Uncertainty Coefficient = 0.02742

Cramer's V = 0.21654 (U.L. = 0.816496)

$X(t)^2$ = 5.991 (p = 0.05)

As $X(c)^2 > X(t)^2$, the null hypothesis, Ho9 is rejected. The sex affects the consumption of life insurance services. This results is relevant at 99.71% confidence level. The consumption of life insurance services is higher among males (60.5%) than females. The low uncertainty coefficient and Cramer's V mean that the sex is not the sole variable that affects the consumption, there are also other accompanying variables.

Ho10: Marital status does not affect the consumption.

Ha10: Marital status does affect the consumption.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
30.72278	4	0.000	1.722	3 of 9 (33.3 %)

Uncertainty Coeffecient = 0.06005

Contingency Coefficient = 0.33200 (U.L. = 0.8165)

Even though $X(c)^2$ value shows a strong relationship between the consumption and the marital status at 100% confidence level, it has been tried to decrease the percentage of empty cells to strength the relevancy of the results. Therefore, the marital status has been grouped again as married and single people and the following results have been obtained.

Table 6.31

Crosstabulation: V22 (Life Insurance Consumption)
By V98 (Marital Status)

V22	Count / Row Pct / Col Pct / Tot Pct	V98 Married	Single	Row Total
Non-user		18 29.5 12.4 7.3	43 70.5 41.7 17.3	61 24.6
Life insurance non-user		47 74.6 32.4 19.0	16 25.4 15.5 6.5	63 25.4
Life insurance user		80 64.5 55.2 32.3	44 35.5 42.7 17.7	124 50.0
Column Total		145 58.5	103 41.5	248 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
29.69012	2	0.000	25.335	None

Uncertainty Coefficient = 0.05808

Cramer's V = 0.34600

$X(t)^2$ = 5.991 (p = 0.05)

As it has seen the above results, there is a strong relationship between the marital status and the consumption of life insurance services at 100% confidence level. The life insurance services are mostly used by married people (64.5%).

Holl: Education level does not affect the consumptionof life insurance services.

Hall: Education level does affect the consumption of life insurance services.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
21.04934	10	0.0208	0.494	7 of 18 (38.9 %)

Uncertainty Coefficient = 0.4661

Cramer's V = 0.20642 (U.L. = 0.8165)

Although the null hypothesis is rejected at 97.92% confidence level, it has been tried to decrease the number of empty cell again, to increase the validity of the relation. Hence, the education level has been grouped again and the following results have been found.

Table 6.32

Crosstabulation: V22 (Life Insurance Consumption)
By V95 (Education Level)

V22 — Count / Row Pct / Col Pct / Tot Pct	V99 Primary School & Below	High School+ Lyce	University & Post Grad.	Row Total
Non-user		34 55.7 33.7 13.8	27 44.3 20.6 10.9	61 24.7
Life insurance non-user	3 4.8 20.0 1.2	20 31.7 19.8 8.1	40 63.5 30.5 16.2	63 25.5
Life insurance user	12 9.8 80.0 4.9	47 38.2 46.5 19.0	64 52.0 48.9 25.9	123 49.8
Column Total	15 6.1	101 40.9	131 53.0	247 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
13.63056	4	0.0086	3.704	2 of 9 (22.2 %)

Uncertainty Coefficient = 0.03241

Contingency Coefficient = 0.22869 (U.L. = 0.8165)

$X(t)^2 = 9.488$ ($p = 0.05$)

The null hypothesis is rejected and a strong relationship between the education level and the consumption of life insurance services is accepted at 95% confidence level.

Life insurance services are mostly consumed by the people who are university or post graduates (52.0%). Higher education level results in higher consumption level.

The people who fall in primary school or below level show an interesting distribution in this study. First, all respondents at this category have any insurance service and most of them consume life insurance services (80.0%).

Ho12: Age level does not affect the consumption of life insurance services.

Ha12: Age level does affect the consumption of life insurance services.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
18.61415	8	0.0171	1.220	5 of 15 (33.33 %)

Again, the age level has been grouped to decrease the number of empty cells and the following results have been obtained.

Table 6.33

Crosstabulation: V22 (Life Insurance Consumption)
By V100 (Age level)

V22	Count Row Pct Col Pct Tot Pct	V100 18-25	26-35	36-45	46+	Row Total
Non-user		26 43.3 40.6 10.6	27 45.0 24.3 11.0	5 8.3 10.4 2.0	2 3.3 8.7 0.8	60 24.4
Life insurance non-user		12 19.0 18.8 4.9	28 44.4 25.2 11.4	14 22.2 29.2 5.7	9 14.3 39.1 3.7	63 25.6
Life insurance user		26 21.1 40.6 10.6	56 45.5 50.5 22.8	29 23.6 60.4 11.8	12 9.8 52.2 4.9	123 50.0
Column Total		64 26.0	111 45.1	48 19.5	23 9.3	247 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
18.33594	6	0.0054	5.610	None

Uncertainty Coefficifent = 0.03695

Cramer's V = 0.19395 (U.L. = 0.866)

$X(t)^2$ = 12.592 (p = 0.05)

People who are at 26-35 age group represent a high percentage of the users (45.5 %). Since the number of people, belonging at 26-35 age level is greater than the others, it would be better to compare the column percentages. Hence, it can be said that people who fall in 36-45 age level compose the highest consumption habit (60.4 %), while people at 46 and above age level compose the second (52.2 %) and the one between 26-35 age group compose the third (50.5 %). The comparison of the column also show that the consumption of life insurance rises depending upon the increase in age level.

The percentage value of the people (40.6 %) who fall in 18-25 age level is a hopeful tool for the future. Probably, most of the people who belong to this age level may be the potential life policy owners of the future.

Ho13: A change in income level does not cause a change in the consumption of life insurance services.

Ha13: A change in income level does cause a change in the consumption of life insurance services.

Chi-Square	D.F.	Significiance	Min E.F.	Cells with E.F. < 5
25.93763	8	0.0011	3.627	2 of 15 (13.3 %)

Uncertainty Coefficient = 0.05193

Cramer's V = 0.23054 (U.L. = 0.8165)

Table 6.34

Crosstabulation: V22 (Life Insurance Services Consumption)
By V101 (Income Level)

V22	Count / Row Pct / Col Pct / Tot Pct	V101: -1 Mil.	1 Mil.- 3 Mil.	3 Mil.- 5 Mil.	5 Mil.- 7 Mil.	7 Mil.+	Row Total
Non-user	Count	3	27	15	8	6	59
	Row Pct	5.1	45.8	25.4	13.6	10.2	24.2
	Col Pct	20.0	39.7	24.2	21.1	9.8	
	Tot Pct	1.2	11.1	6.1	3.3	2.5	
Life insurance non-user	Count	1	11	16	9	26	63
	Row Pct	1.6	17.5	25.4	14.3	41.3	25.8
	Col Pct	6.7	16.2	25.8	23.7	42.6	
	Tot Pct	0.4	4.5	6.6	3.7	10.7	
Life insurance user	Count	11	30	31	21	29	122
	Row Pct	9.0	24.6	25.4	17.2	17.2	50.0
	Col Pct	73.3	44.1	50.0	55.3	47.5	
	Tot Pct	4.5	12.3	12.7	8.6	11.9	
Column Total		15	68	62	38	61	244
		6.1	27.9	25.4	15.6	25.0	100.0

$X(t)^2 = 15.507$ ($p = 0.05$)

As $X^2(c) > X^2(t)$, the null hypothesis is rejected at 95% confidence level. There is a strong relationship between the income level and the usage of life insurance services. Even though the above results show that the people who earn more than 1 million TL. compose a great part of the policy owners, the consumption tendency of life insurance services among the people who fall 1 million and below income level (73.39%) is much greater than other three groups. Hence, it can be said that if these people would have enough purchasing power, their desires would replace by the demands for life insurance services. Accordingly, the insurance companies should make price differentiation and should arrange convenable payment conditions for the low income groups in order to increase their sales and the habit of insurance consumption.

Ho14: There is no strong relationship between occupation and the consumption life insurance services.

Ha14: There is a strong relationship between occupation and the consumption of life insurance services.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
40.80065	22	0.0087	0.244	22 of 36 (61.1 %)

Uncertainty Coefficient = 0.08977

Cramer's V = 0.28797 (U.L. = 0.8165)

$X(t)^2 = 33.924$ ($p = 0.05$)

Again, the occupation has been grouped to decrease the percentage of empty cells. As a consequence, the following findings have been obtained.

Table 6.35

Crosstabulation: V22 (The Consumption of Life Insurance Services) By V102 (Occupation)

V22	Count / Row Pct / Col Pct / Tot Pct	V102 Manager	Employee	Laborer	Profes-sional	Housew., Retired, Student	Row Total
Non-user	Count	6	42	8	1	3	60
	Row Pct	10.0	70.0	13.3	1.7	5.0	24.4
	Col Pct	16.2	32.8	42.1	2.9	10.7	
	Tot Pct	2.4	17.1	3.3	0.4	1.2	
Life insurance non-user	Count	11	37	3	5	7	63
	Row Pct	17.5	58.7	4.8	7.9	11.1	25.6
	Col Pct	29.7	28.9	15.8	14.7	25.0	
	Tot Pct	4.5	15.0	1.2	2.0	2.8	
Life insurance user	Count	20	49	8	28	18	123
	Row Pct	16.3	39.8	6.5	22.8	14.6	50.0
	Col Pct	54.1	38.3	42.1	82.4	64.3	
	Tot Pct	8.1	19.9	3.3	11.4	7.3	
Column Total		37	128	19	34	22	246
		15.0	52.0	7.7	13.8	11.4	100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
30.96226	8	0.0001	4.634	2 of 15 (13.3 %)

Uncertainty Coefficient = 0.06693

Cramer's V = 0.25086 (U.L. = 0.8165)

$X(t)^2 = 15.507$ ($p = 0.05$)

The Ha14 that mentions a strong relationship between the consumption of life insurance services and occupation is accepted, at 95% confidence level. This consequence is relevant at 99.99% confidence level.Employees have the highest percentage among the policy owners. Professionals heavily tend to consume insurance services.

The consumption tendency among housewives, students and retired people group is also high. It should be considered that these two groupes are composed by the people who are not related to any social security institution of the State or are related to Bağ-Kur that is not as strong as SSK or Retirement Bank. The deficient social security of The State arises again. Therefore, life insurance companies should pay attention to these groups and should allocate a heavy part for them in their market segmentation.

Ho15: Usage of life insurance services does not alter depending upon socio-economic group.

Ha15: Usage of life insurance services does alter depending upon socio-economic group.

Table 6.36

Crosstabulation: V22 (Life Insurance Consumption)
By V104 (Socio-Economic Groups)

V22 / Count / Row Pct / Col Pct / Tot Pct	V104: A	B	C1	C2	Row Total
Non-user	12 19.7 12.8 4.8	20 32.8 27.0 8.1	15 24.6 37.5 6.0	14 23.0 35.0 5.6	61 24.6
Life insurance non-user	35 55.6 37.2 14.1	17 27.0 23.0 6.9	5 7.9 12.5 2.0	6 9.5 15.0 2.4	63 25.4
Life insurance user	47 37.9 50.0 19.0	37 29.8 50.0 14.9	20 16.1 50.0 8.1	20 16.1 50.0 8.1	124 50.0
Column Total	94 37.9	74 29.8	40 16.1	40 16.1	248 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
19.67142	6	0.0032	9.839	None

Uncertainty Coefficient = 0.03506

Cramer's V = 0.19915 (U.L. = 0.8165)

$X(t)^2 = 12.592$ ($p = 0.05$)

$X(c)^2 > X(t)^2$ therefore the null hypothesis is rejected. The usage of life insurance services does alter depending upon socio-economic group. The consumption of life insurance services is higher among A and B socio-economic groups while it is at the same level for C1 and C2 groups. An interesting findings has been obtained as a consequence of this hypothesis that is all socio-economic groups have the same tendency of consumption for insurance services. It can be concluded that the desires of the people belonging to C1 and C2 groups, will replace by the demand for life insurance services when they will have enough purchasing power. Therefore, these two groups should also be considered carefully for the target market of life insurance companies.

As a consequence of all above findings, the question of who buys insurance sevice are answered. Hence, all characteristics of life policyowners can be summarized as follows:

Table 6.37. Who Buys Life Insurance Services?

Characteristics	More usage by	More tendency by
Sex	Male	Male
Marital Status	Married	Married
Education Level	University and post graduates	Primary School and below
Age Level	26-35	36-45
Income	Above 1 million	1 million and below
Occupation	Employees	Professionals and housewives, retired people and students
Socio-Economic Group	A	All of them, especially C1 and C2

Males, married people, university and post graduates, 26-35 age group, 1 million and above income group, employees and A socio-economic group compose the user characteristics of the present lifepolicies market. Since life insurance sector will pass its maturity stage of its life cycle and consequently it will be higher competition in the market, insurance companies should heavily consider the user characteristics of the potential market.

Males,married people, primary scool and below education group, 1 million and below income group, professionals, housewives, retired people and students and C(1) and C(2) socio-economic groups will compose the potential market of the sector. Most of the potential consumers are people who have not any social security or have low security. Therefore, insurance companies should make their market segmentation on the basis of above findings to enlarge both the total market and their market share, at the maturity stage of Turkish life insurance sector.

8. Does the decision-maker of life insurance services vary depending on the policyowner?

Ho16: The decision-maker does not vary depending on the sex of the policyowner.

Ha16: The decision-maker does vary depending on the sex of the policyowner.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
13.57917	8	0.0934	0.474	7 of 18 (38.9 %)

Uncertainty Coefficient = 0.02037

Cramer's V = 0.23447 (U.L. = 0.943)

$X(t)^2$ = 15.507 (p = 0.05)
13.362 (p = 0.10)

The null hypothesis can be rejected at neither 95% nor 90% confidence levels. To accept the rejection at 90% confidence level, the percentage of empty cells should be decreased. Thus, the decisionmaker has been grouped again and the following results have been obtained:

Table 6.38

Crosstabulation: V38 (Decision Maker)
By V97 (Sex)

V38 (Count / Row Pct / Col Pct / Tot Pct)	V97 Females	Males	Row Total
Non-User	67 54.0 57.8 27.1	57 46.0 43.5 23.1	124 50.2
Policyowner	19 35.8 16.4 7.7	34 64.2 26.0 13.8	53 21.5
Husband or Wife	7 70.0 6.0 2.8	3 30.0 2.3 1.2	10 4.0
Husband and Wife	3 27.3 2.6 1.2	8 72.7 6.1 3.2	11 4.5
Company,Giv.as a present or relatives	20 41.7 17.2 8.1	28 58.3 21.4 11.3	48 19.4
Family		1 100.0 0.8 0.4	1 0.4
Column Total	116 47.0	131 53.0	247 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
10.38516	5	0.0650	0.470	3 of 12 (25 %)

Uncertainty Coefficient = 0.01721

Cramer's V = 0.20505 (U.L. = 0.9128)

$X(t)^2$ = 11.070 (p = 0.05)
9.236 (p = 0.10)

Even though the null hypothesis cannot be rejected at 95 % confidence level, it can be accepted at 90% confidence level There is not a big difference between $X(t)^2$ and $X(c)^2$ but the results show that there is a strong relationship between the decision-maker and the policyowner's sex. Males mostly decide to buy a life policy (26%) by themselves while females do not mostly contribute to the decision-making process and do own it as a consequence of the decision of their company or their relatives or they take them as a present (17.2%).

Again, most of the policyowners who buy their policies as a result of their own decision are males (64.2%).

Additionally, most of the policyowners who have their policies as a consequence of their husband or wife are females (70.0%). Finally, buying a policy due to wife and husband's decision is higher among males (72.7 %).'

The above findings should be used in the promotional activities of life insurance companies to define the target point of their messages.

9. Does making preresearch to buy a policy depending different demographic and socio-economic variables?

Crosstab analysis has been used to find out the effect of different demographic and socio-economic variables which are sex, marital status, education level, age level, income level, occupation and socio-economic groups, on making preresearch to buy a life policy.

The results which are meaningful to interprete are going to be presented.

Ho17: Making preresearch to buy a policy does not depend on sex.

Ha17: Making preresearch to buy a policy does depend on sex.

Table 6.39

Crosstabulation: V39 (Making preresearch to buy a policy)
By V97 (Sex)

V39	Count / Row Pct / Col Pct / Tot Pct	V97 Females	Males	Row Total
Non-User		67 54.0 57.8 27.1	57 46.0 43.5 23.1	124 50.2
Non-Preresearcher		24 44.4 20.7 9.7	30 55.6 22.9 12.1	54 21.9
Preresearcher		25 36.2 21.6 10.1	44 63.8 33.6 17.8	69 27.9
Column Total		116 47.0	131 53.0	247 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
5.881552	2	0.0546	25.360	None

Uncertainty Coefficient = 0.01147

Cramer's V = 0.15344 (U.L. = 0.8165)

$X(t)^2$ = 5.991 (p = 0.05)
4.605 (p = 0.10)

The null hypothesis is rejected at 90% confidence level. Thus, it can be said that the policyowners' preferences to make preresearch before buying a policy differ on the basis of the sex.

As it is seen in Table 6.39, most of the policyowners who made preresearch before buying their policies are males (63.8%). Moreover, the tendency of making preresearch is higher among males (33.6%). Therefore, it can be concluded that males consume the life insurance services much more rationally.

Life insurance companies should direct females towards making preresearch before buying a life policy to make much more satisfied by the consumption of the service.

Ho18: There is no difference between married and single people in terms of the preresearch.

Ha18: There is a difference between married and single people in terms of the preresearch.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
8.84688	4	0.0650	1.530	3 of 9 (33.3 %)

$X(t)^2$ = 9.488 (p = 0.05)
7.779 (p = 0.10)

To reject the null hypothesis at 95% confidence level and to decrease the percentage of empty cells, the marital status is grouped again and the following results have been obtained:

Table 6.40

Crosstabulation: V39 (Preresearch to buy a policy)
By V98 (Marital Status)

V39	Count / Row Pct / Col Pct / Tot Pct	V98 Married	Single	Row Total
Non-User	Count	65	59	124
	Row Pct	52.4	47.6	50.2
	Col Pct	45.1	57.3	
	Tot Pct	26.3	23.9	
Non-Preresearcher	Count	30	24	54
	Row Pct	55.6	44.4	21.9
	Col Pct	20.8	23.3	
	Tot Pct	12.1	9.7	
Preresearcher	Count	49	20	69
	Row Pct	71.0	29.0	27.9
	Col Pct	34.0	19.4	
	Tot Pct	19.8	8.1	
Column Total		144	103	247
		58.3	41.7	100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
6.51936	2	0.0384	22.518	None

Uncertainty Coefficient = 0.01310

Cramer's V = 0.16246 (U.L. = 0.8165)

$X(t)^2$ = 5.991 (p = 0.05)

$X(c)^2 > X(t)^2$, thus the null hypothesis is rejected at 95% confidence level. As it has seen from Table 6.40, most of the policyowners who have their policies by making preresearch are married (71%). Additionally, the married people do much more tend to make preresearch before buying a life policy (34%). As a consequence, it can be said that married people want to consume a life insurance service in a rational way and gathering more information, especially, more simple and satisfactory one will lead this group to consume more life insurance services.

Ho19: Having different professions does not affect to make preresearch before buying a life policy.

Ha19: Having different professions does affect to make preresearch before buying a life policy.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
46.72438	22	0.0016	0.216	23 of 36 (63.9 %)

Before rejecting the null hypothesis, the occupation level has been grouped again to decrease the high percentage of empty cells. As a consequence, the following findings have been obtained:

Table 6.41

Crosstabulation: V39 (Making preresearch)
By V102 (Occupation)

V39	Count Row Pct Col Pct Tot Pct	V102 Manager	Employee	Laborer	Profes- sional	Housew., Retired, Student	Row Total
Non-User		17 13.8 45.9 6.9	79 64.2 61.7 32.2	11 8.9 57.9 4.5	6 4.9 18.2 2.4	10 8.1 35.7 4.1	123 50.2
Non-Preresearcher		8 15.1 21.6 3.3	21 39.6 16.4 8.6	3 5.7 15.8 1.2	11 20.8 33.3 4.5	10 18.9 35.7 4.1	53 21.6
Preresearcher		12 17.4 32.4 4.9	28 40.6 21.9 11.4	5 7.2 26.3 2.0	16 23.2 48.5 6.5	8 11.6 28.6 3.3	68 28.2
Column Total		37 15.1	128 52.2	19 7.8	33 13.5	28 11.4	245 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
25.12052	8	0.0015	4.110	1 of 15 (6.7 %)

Uncertainty Coefficient = 0.05121
Cramer's V = 0.22642 (U.L. = 0.8165)
$X(t)^2$ = 15.507 (p = 0.05)

$X(c)^2 > X(t)^2$ therefore the null hypothesis is rejected at 95 % confidence level. As it has been seen from Table 6.41, most of the policyowners who make preresearch before buying a life policy are represented by employees. Professionals have the second highest percentage of making preresearch. This group has also the highest tendency on this subject (48.5 %) while managers follow them by 32.4 % . The same distribution as the consumption of life insurance services has been obtained in this hypothesis. Preresearch is mostly made by employees that have more life policies. Again, more tendency is seen within professionals that are mostly the future life policyowners.

Finally, it can be said that married male employees are the most rational consumers of life insurance services while married male professionals are the strongest candidates to be a rational consumer on the basis of their preresearch behaviours.

Since the hypotheses about education level, age level, income level and socio-economic groups could not be passed the tests despite all tries of grouping, the obtained results are not shown in the study. As a result, it can be said that policyowners do not show a big difference in terms of making preresearch on the basis of above four variables.

10. Do the means of different demographic variables differ in terms of the intensity of making preresearch?

T-test analysis has been use to find out the intensity of the preresearch according to different demographic variables.

Ho20: There is no difference between females and males in terms of the preresearch intensity.

Ha20: Males make more preresearch than females before buying a life policy.

T-test findings are as follows :

Table 6.42

	Number of cases	Mean	Standard Deviation	Standard Error
Group 1 (Female)	116	0.2931	0.575	0.053
Group 2 (Male)	132	0.4351	0.714	0.062

Pooled t Value	Variance Degrees of Freedom	Estimate 2-Tail Prob.	Separate t Value	Variance Degrees of Freedom	Estimate 2-Tail Prob.
-1.71	245	0.089	-1.73	242.91	0.085

t(table) = 1.96 (p = 0.05)
1.645 (p = 0.10)

The null hypothesis is rejected at 90% confidence level and it can be said that males make more preresearch than females before buying a life policy.

Ho21: Married people make as much preresearch as single people.

Ha21: Married people make more preresearch than singles.

The following T-test results have been obtained:

Table 6.43

	Number of cases	Mean	Standard Deviation	Standard Error
Group 1 (Married)	144	0.4167	0.609	0.051
Group 2 (Single)	103	0.2621	0.577	0.057

Pooled t Value	Variance Degrees of Freedom	Estimate 2-Tail Prob.	Separate t Value	Variance Degrees of Freedom	Estimate 2-Tail Prob.
20.1	245	0.045	2.03	226.69	0.044

As it is seen from the above findings, the null hypothesis is rejected at 95 % confidence level and it can be said that married people make preresearch before buying a life policy about twice as much as singles do.

The above hypotheses are the continue of Ha17 - Ha18. It can be concluded that the male and married policyowners who make preresearch before buying a life policy, also have the features of making more preresearch in other words they are mostly used to apply to several sources to gather information.

11. Are the policyowners who choose their life insurance company by themselves, happier than the others?

Ho22: The contentment from a company does not change according to decision-maker.

Ha22: The contentment from a company does change according to decision-maker.

Crosstab analysis has been used to find out this relationship.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
287.00387	24	0.0000	0.024	24 of 36 (66.7 %)

The high percentage of empty cells make irrelevant the results of the analysis, accordingly the rejection of the null hypothesis. Therefore, the decision-makers have been grouped again and the following results have been obtained:

Table 6.44

Crosstabulation: V38 (Decision-Maker)
By V62 (Contentment)

V38	Count / Row Pct / Col Pct / Tot Pct	V62: Non-User	Content	Discontent	Not time to comment	Row Total
Non-user		124 100.0 100.0 50.2				124 50.2
Contribution to buying decision			34 52.3 68.0 13.8	2 3.1 33.3 0.8	29 44.6 43.3 11.7	65 26.3
Nocontribution to buying decision			16 27.6 32.0 6.5	4 6.9 66.7 1.6	38 65.5 56.7 15.4	58 23.5
Column Total		124 50.2	50 20.2	6 2.4	67 27.1	247 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
263.03112	6	0.000	1.409	3 of 12 (25 %)

Uncertainty Coefficient = 0.63724

Cramer's V = 0.72969 (U.L. = 0.8165)

$X(t)^2 = 12.592$ ($p = 0.05$)

As a result of the above findings, the null hypothesis is rejected and it is certainly accepted that the policyowners who contribute to buying decision process are mostly content from their relationship with their company (52.3%). A few of the policyowners who contribute to buying decision are not content (3.1%) while the rest does not comment on. The percentage of the policyowners who do not comment on, is not negligeable and they need more time to say their opinion. Hence, the companies should consider this critical point and try to have good relationships with their customers, by promoting different services on the basis of their choices with respect to circumstances of their company. Within the content people the percentage of contributed people (68%) is much higher than the non-contributed people's one. Again, most of the discontent policyowners are represented by the non-contributed people.

In conclusion, it can be said that the policyowners who contribute to the policy choice is much more content from their relationship with the producer of this policy.

Even though the percentage of empty cells is greater than 20 % in this hypothesis, it has been neglected because of the high uncertainty coefficient which says that decision-making explains 63.724 % of the variation in the contenment and of high Cramer's V value that shows a strong association between these two variables, being very close to its upper limit.

12. Are the people who make preresearch happier to work with their company?

Ho23: The policyowners do not become content due to making preresearch before buying their policy.

Ha23: The policyowners do become content due to making preresearch before buying their policy.

Again, these hypotheses have been tested by Crosstab analysis and the following results have been obtained.

Even though the percentage of empty cells is greater than 25%, the below findings have been accepted relevant because of the high uncertainty coefficient and the high Cramer's V value.

Table 6.45

Crosstabulation: V39 (Making preresearch)
By V62 (Contentment)

V39	Count Row Pct Col Pct Tot Pct	V62 Non-user	Content	Discontent	Not time to comment	Row Total
Non-user		124 100.0 100.0 50.2				124 50.2
Non-Preresearcher			17 31.5 34.0 6.9	3 5.6 50.0 1.2	34 63.0 50.7 13.8	54 21.9
Preresearcher			33 47.8 66.0 13.4	3 4.3 50.0 1.2	33 47.8 49.3 13.4	69 27.9
Column Total		124 50.2	50 20.2	6 2.4	67 27.1	247 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
253.73841	6	0.000	1.312	3 of 12 (25 %)

Uncertainty Coefficient = 0.62865
Cramer's V = 0.71669 (U.L. = 0.8165)
$X(t)^2 = 12.592$ (p = 0.05)

The null hypothesis is rejected and the absolute relationship between the contentment and the preresearch is accepted. A few of the people who have made preresearch before buying their policy are discontent from their relationship with their insurance company. A half of other people who have made preresearch are content while the rest do not comment on. The discontendness of the non-preresearchers is not much high (5.6%) but most of the non-preresearchers need more time to declare their opinions (63%) The percentage of non-commenters is not much low in this case, again. Therefore, insurance people should always consider this critical point in their activities.

13. Does having a social security affect the consumption of life insurance services?

Crosstab analysis has been used to find out the relationship between social security and life policy ownerships.

Ho24: There is no significant relationship between social security and life policy ownerships.

Ha24: There is a significant relationship between social security and life policy ownerships.

Table 6.46

Crosstabulation: V22 (Life Insurance Consumption)
By V95 (Social Security Ownership)

V22 (Count / Row Pct / Col Pct / Tot Pct)	V95: Owner	Non-owner	Row Total
Non-user	59 96.7 26.7 23.8	2 3.3 7.4 0.8	61 24.6
Life Insurance Non-user	61 96.8 27.6 24.6	2 3.2 7.4 0.8	63 25.4
Life Insurance User	101 81.5 45.7 40.7	23 18.5 85.2 9.3	124 50.0
Column Total	221 89.1	27 10.9	248 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
15.00420	2	0.0006	6.641	None

Uncertainty Coefficient = 0.03183
Cramer's V = 0.24597 (U.L. = 0.8165)
$X(t)^2 = 5.991$ (p = 0.05)

The null hypothesis is rejected at 95% confidence level.

The aim of this hypothesis has not been only to find out the relationship between two variables but also the direction of the relationship. As it has been seen from above findings,most of the policyowners (81.5%) are related to a social security institution of the State. Additionally, approximately a half of the social security owners have a life policy. Again, 85.2 % of the people who have not any social security, have a life policy.

As a consequence of the above results, it cannot directly be said that life insurance services are mostly consumed by the social security either owners or non-owners. Most of the respondents (89.1%) are related to a public social security institution and approximately a half of them have a life policy (45.7%). Thus, one of the most mentioned topic of Turkish insurance sector becomes important again. Turkish people have awareness of the deficiency of social insurance services thus although most of them have a social security, they also prefer to buy a life policy to feel more secure and to replace the deficient social insurance services. Therefore, it can be said that the public social security institutions cannot be strong competitors for life insurance companies. If insurance companies define their strategies well, they will enlarge both the total insurance market and their market share. Accordingly, the consumption habit of Turkish people who have awareness of the deficiency of the State will increase and the public institutions will not be able to efficiently compete with private life insurance companies.

Besides the above result, it can also be concluded that the consumption tendency for life insurance services is high among the social security non-owners, depending upon the percentage of the policyowners who are social security non-owners (85.2 %).

14. Does the type of owned social security affect the consumption of life insurance services?

As a continue of the 13th analysis, the relationship between the type of owned social security and the consumption of life insurance services has been examined, by Crosstab Analysis.

Ho25: The consumption of life insurance services does not depend on the type of social security.

Ha25: The consumption of life insurance services does depend on the type of social security.

Table 6.47

Crosstabulation: V22 (Life Insurance Consumption)
By V96 (Type of social security)

V22	Count Row Pct Col Pct Tot Pct	No Social security	SSK	Retirement Bank	Bağ-Kur	Row Total
Non-user		2 3.3 7.7 0.8	48 78.7 26.4 19.4	10 16.4 34.5 4.0	1 1.6 9.1 0.4	61 24.6
Life Insurance Non-user		2 3.2 7.7 0.8	52 82.5 28.6 21.0	7 11.1 24.1 2.8	2 3.2 18.2 0.8	63 25.4
Life Insurance User		22 17.7 84.6 8.9	82 66.1 45.1 33.1	12 9.7 41.4 4.8	8 6.5 72.7 3.2	124 50.0
Column Total		26 10.5	182 73.4	29 11.7	11 4.4	248 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
18.34373	6	0.0054	2.706	2 of 12 (16.7 %)

Uncertainty Coefficient = 0.03825

Cramer's V = 0.19231 (U.L. = 0.8165)

$X(t)^2$ = 12.592 (p = 0.05)

$X(c)^2 > X(t)^2$, the null hypothesis is rejected at 95% confidence level. The consumption varies on the basis of different social security. Most of the policyowners (66.1%) are related to SSK, while 9.7% are related to Retirement Bank and 6.5% are related to Bağ-Kur. The highest life insurance consumption is seen among the social security non-owners. Bağ-Kur group follow them by 72.7% . The consumption tendency does not much differ between the SSK and the Retirement Bank groups whereas it is high among the Bağ-Kur group. This institution activities are so inadequate that most of its members need to buy a life policy to have stronger future security.

Therefore, the people who are not related to any social security institution or are related to Bağ-Kur compose an important segment of the potential consumers of life insurance companies.

15. Does the ideal payment condition vary depending upon the education level?

Crosstab analysis has been used to find out this relationship.

Ho26: The education level does not affect the preference of payment condition.

Ha26: The education level does affect the preference of payment condition.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
62.89462	30	0.0004	0.008	28 of 42 (66.7 %)

The high percentage of empty cells has made the results irrelevant, hence the education level hes been grouped again to provide the validity and the following findings have been obtained.

Table 6.48

Crosstabulation: V61 (Payment Condition)
By V99 (Education Level)

V61 (Count / Row Pct / Col Pct / Tot Pct)	V99: Primary School & Below	High School+ Lyce	University & Post Grad.	Row Total
Non-User	3 2.4 20.0 1.2	54 43.5 53.4 22.0	67 54.0 51.9 27.3	124 50.6
Modern Method	3 3.8 20.0 1.2	31 39.2 30.7 12.7	45 57.0 34.9 18.4	79 32.2
Classical Method	9 21.4 60.0 3.7	16 38.1 15.8 6.5	17 40.5 13.2 6.9	42 17.1
Column Total	15 6.1	101 41.2	129 52.7	245 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
21.39002	4	0.0003	2.571	2 of 9 (22.2 %)

Uncertainty Coefficient = 0.03238

Cramer's V = 0.20893 (U.L. = 0.8165)

$X(t)^2 = 9.488$ ($p = 0.05$)

The null hypothesis is rejected at 95% confidence level and the education level is accepted as one of the factors that affect the preference of payment condition. The modern method which comprises automatic payment conditions such as a bank deposit or a cash machine, are mostly chosen by the university and post gaduates (57%). It is also highly preferable among the secondary and high school level (39.2 %). The classical method that consists of payment to a company or an agent or a bank, payment by means of postal check or payment in its place is also mostly chosen by the university and post graduates, but when it is examined within the group, the primary and below group mostly chooses classical method (60.0 %) , especially the postal check while the secondary and above group chooses modern method (30.7% and 34.9%). Therefore, it can be concluded that an increase in education level directs the people's choices towards faster and easier payment conditions. According to this results, insurance companies should collect their premium by both modern and classical method to make their consumers more satisfied and more content. Although the modern methods are not applied in Turkey, the life insurance companies that are subsidary of a bank, can have a leadership for the application of these methods.

16. Is the fatalism an important reason for non-usage of life insurance services.

Since all crosstab analysis has been irrelevant because of the high percentage of empty cells, the test of hypotheses has not been possible despite all tries of grouping. Therefore, only the results of the fatalism that have been mentioned as the first, second and third reasons for non-usage of life insurance services are going to be shown below.

Table 6.49. The fatalism as a first, second and third reason for non-usage of life insurance services.

Reason	Consumption of life insurance services: Non-User	Life Insurance Non-user	Life Insurance User	Row Total
First	1 100.0 50.0 25.0	0 0.0 0.0 0.0	0 0.0 0.0 0.0	1 25.0
Second	1 100.0 50.0 25.0	0 0.0 0.0 0.0	0 0.0 0.0 0.0	1 25.0
Third	0 0.0 0.0 0.0	2 100.0 100.0 50.0	0 0.0 0.0 0.0	2 50.0
Column Total	2 50.0	2 50.0	0 0.0	4 100.0

The above table obviously shows the low effect of the fatalism on life insurance consumption. Thus, the slow development of Turkish life insurance sector does not depend on the fatalism. 3.22% of the non-users have chosen the fatalism as the first, second or third reason for the non-usage.

As a consequence, it can be deduced that the fatalism is not a serious danger for Turkish life insurance sector. Insurance people should not insist on this cause instead they should improve other important causes that prevent the development of the sector, being mentioned in the frequency analysis results of this study.

17. What are the characteristics of potential consumers?

Again, Crosstab analysis has been used to determine the characteristics of potential consumers.

Ho27: Sex does not affect potential consumption.

Ha27: Sex does affect potential consumption.

Table 6.50

Crosstabulation: V72 (Desire for Future Consumption)
By V97 (Sex)

V72	Count / Row Pct / Col Pct / Tot Pct	V97: Females	Males	Row Total
User		49 39.5 42.2 19.8	75 60.5 57.3 30.4	124 50.2
Yes		37 63.8 31.9 15.0	21 36.2 16.0 8.5	58 23.5
No		30 46.2 25.9 12.1	35 53.8 26.7 14.2	65 26.3
Column Total		116 47.0	131 53.0	247 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
9.37366	2	0.0092	27.239	None

Uncertainty Coefficient = 0.01841

Cramer's V = 0.19481 (U.L. = 0.8165)

$X(t)^2 = 5.991$ ($p = 0.05$)

$X(c)^2 > X(t)^2$, therefore the null hypothesis is rejected. Sex is one of the characteristics that determine the potential life policyowners. A majority of the potential consumers are females (63.8%). Thus, insurance companies should consider this group and also increase the usage willingness of life insurance services within males to enlarge the market, accordingly their market shares.

Ho28: The future consumption of life insurance services does not depend upon education level.

Ha28: The future consumption of life insurance services does depend upon education level.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
13.77343	10	0.1836	0.472	7 of 18 (38.9 %)

$X(t)^2 = 18.307\ (p = 0.05)$
$15.987\ (p = 0.10)$

To decrease the percentage of empty cells and to make relevant the results, the education level has been grouped again and the following findings have been obtained:

Table 6.51

Crosstabulation: V72 (Future Consumption)
By V99 (Education Level)

V72	Count / Row Pct / Col Pct / Tot Pct	V99 Primary School & Below	High School+ Lyce	University & Post Grad.	Row Total
User		12 9.8 80.0 4.9	47 38.2 46.5 19.1	64 52.0 49.2 26.0	123 50.0
Yes			23 39.7 22.8 9.3	35 60.3 26.9 14.2	58 23.6
No		3 4.6 20.0 1.2	31 47.7 30.7 12.6	31 47.7 23.8 12.6	65 26.4
Column Total		15 6.1	101 41.1	130 52.8	246 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
8.39742	4	0.0781	3.537	2 of 9 (22.2 %)

Uncertainty Coefficient = 0.02248

Contingency Coefficient = 0.18168 (U.L. = 0.8165)

$X(t)^2$ = 9.488 (p = 0.05)
7.779 (p = 0.10)

The null hypothesis can be rejected at 90 % confidence level. The education level also affects the demand for future consumption of life insurance services. Most of the non-users who want to buy a life policy are university or post graduates (60.3 %). The desire for future consumption is also higher within this group whereas there is no desire within the primary school and below group. Therefore, insurance companies should perform the activities that cause a demand for life insurance services within this group, such as giving as much as simple information or determining flexible payment conditions.

Ho29: The desire for future consumption of life insurance services does not vary on the basis of occupation.

Ha29: The desire for future consumption of life insurance services does vary on the basis of occupation.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
39.00563	22	0.0141	0.233	22 of 36 (61.1 %)

$X(t)^2$ = 33.924 (p = 0.05)

To decrease the high percentage of empty cells, the occupation level has been grouped again, and the following results have been found.

Table 6.52

Crosstabulation: V72 (Future Consumption)
By V102 (Occupation)

V72	Count / Row Pct / Col Pct / Tot Pct	Manager	Employee	Laborer	Profes-sional	Housew., Retired, Student	Row Total
User	Count	20	49	8	28	18	123
	Row Pct	16.3	39.8	6.5	22.8	14.6	50.2
	Col Pct	54.1	38.3	42.1	82.4	66.7	
	Tot Pct	8.2	20.0	3.3	11.4	7.3	
Yes	Count	6	243	5	1	2	57
	Row Pct	10.5	75.4	8.8	1.8	3.5	23.3
	Col Pct	16.2	33.6	26.3	2.9	7.4	
	Tot Pct	2.4	17.6	2.0	0.4	0.8	
No	Count	11	36	6	5	7	65
	Row Pct	16.9	55.4	9.2	7.7	10.8	26.5
	Col Pct	29.7	28.1	31.6	14.7	25.9	
	Tot Pct	4.5	14.7	2.4	2.0	2.9	
Column Total		37	128	19	34	27	245
		15.1	52.2	7.8	13.9	11.0	100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
30.37280	8	0.0002	4.420	1 of 15 (6.7 %)

Uncertainty Coefficient = 0.06660

Cramer's V = 0.24897 (U.L. = 0.8165)

$X(t)^2 = 15.507$ (p = 0.05)

$X(c)^2 > X(t)^2$, hence the null hypothesis is rejected at 95% confidence level. Different occupation groups have different desires for future consumption of life insurance services. Most of the people who want to buy a life policy in the future are represented by employee group (75.4%). Again, the highest desire for future consumption is seen within this group (33.6%).

As a conclusion, it can be said that male employees who are university or post graduates are the future life policyowners. Therefore, insurance companies should define their target markets on the basis of above characteristics and also increase the demand for life insurance services among the people that have other demographic and social characteristics.

18. What are the characteristics of the potential consumers that want to buy a life policy which includes the whole family ?

Crosstab analysis has been used to determine these characteristics.

Ho30: There is no relationship between sex and the demand for whole family life policy.

Ha30: There is a strong relationship between sex and the demand for whole family life policy.

Table 6.53

Crosstabulation: V77 (For Whole Family) By V97 (Sex)

V77	Count / Row Pct / Col Pct / Tot Pct	V97 Females	Males	Row Total
User	Count	49	75	124
	Row Pct	39.5	60.5	50.2
	Col Pct	42.2	57.3	
	Tot Pct	19.8	30.4	
Non-chosen	Count	55	43	98
	Row Pct	56.1	43.9	39.7
	Col Pct	47.4	32.8	
	Tot Pct	22.3	17.4	
Chosen	Count	12	13	25
	Row Pct	48.0	52.0	10.1
	Col Pct	10.3	9.9	
	Tot Pct	4.9	5.3	
Column Total		116	131	247
		47.0	53.0	100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
6.07246	2	0.0480	11.741	None

Uncertainty Coefficient = 0.01306

Cramer's V = 0.15680 (U.L. = 0.8165)

$X(t)^2 = 5.991$ (p = 0.05)

$X(c)^2 > X(t)^2$, thus the null hypothesis is rejected. The sex of the potential consumers affects the desire for whole family life policy. Most of the potential consumers of this type is males (52.0 %). Moreover, the desire for buying a whole life policy is higher within females (10.3 %). Females who have more protective motives, want to buy a policy who secures their whole family.

Ho31: Marital status does not lead people to demand for a whole family life policy.

Ha31: Marital status does lead people to demand for a whole family life policy.

Table 6.54

Crosstabulation: V77 (For Whole Family)
By V98 (Marital Status)

V77	Count Row Pct Col Pct Tot Pct	V98 Married	Single	Row Total
User		80 64.5 55.6 32.4	44 35.5 42.7 17.8	124 50.2
Non-chosen		49 50.0 34.0 19.8	49 50.0 47.6 19.8	98 39.7
Chosen		15 60.0 10.4 6.1	10 40.0 9.7 4.0	25 10.1
Column Total		144 58.3	103 41.7	247 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
4.777758	2	0.0917	10.425	None

Uncertainty Coefficient = 0.01023

Cramer's V = 0.13908 (U.L. = 0.8165)

$X(t)^2 = 5.991$ ($p = 0.05$)
4.605 ($p = 0.10$)

The null hypothesis is rejected at 90% confidence level. The whole family life policy is mostly demanded by the married potential consumers. In other words, this type of policy is mostly preferred by married people.

Ho32: Education level does not affect the demand for whole family life policy.

Ha32: Education level does affect the demand for whole family life policy.

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
19.84741	10	0.0307	0.203	6 of 18 (33.3 %)

To decrease the percentage of empty cells, the education level has been grouped again and the following findings have been obtained:

Table 6.55

Crosstabulation: V77 (For Whole Family)
By V99 (Education Level)

V77 (Count / Row Pct / Col Pct / Tot Pct)	V99 Primary School & Below	High School+ Lyce	University & Post Grad.	Row Total
User	12 9.8 80.0 4.9	47 38.2 46.5 19.1	64 52.0 49.2 26.0	123 50.0
Non-Chosen	3 3.1 20.0 1.2	49 50.0 48.5 19.9	46 46.5 35.4 18.7	98 39.8
Chosen		5 20.0 5.0 2.0	20 80.0 15.4 8.1	25 10.2
Column Total	15 6.1	101 41.1	130 52.8	246 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
14.70831	4	0.0053	1.524	1 of 9 (11.1 %)

Uncertainty Coefficient = 0.03486

Contingency Coefficient = 0.23752

$X(t)^2 = 11.070$ ($p = 0.05$)

The null hypothesis is rejected at 95% confidence level. The education level affects the demand for whole family life policy and this type of policy are mostly preferred by university and post graduates potential consumers.

According to the increasing consumption of packaged products, life insurance companies can also produce a packaged service as a policy who secure all elements of a family. Accordingly, it has been tried to find out the main characteristics of the consumers of this product to guide life insurance companies. As a conclusion, it can be said that this product is mostly preferred by married females who are university or post graduates. Therefore, insurance companies may produce packaged services to answer the needs of this group.

19. Does the most important condition that will lead potential consumers to buy a life policy depend on different demographic and economic variables ?

Crosstab analysis has been used to find out the effects of different demographic variables on the most important condition. The results which are meaningful to interprete are going to be presented.

Ho33: Sex does not affect the most important condition for future policy purchase.

Ha33: Sex does affect the most important condition for future policy purchase.

Table 6.56

Crosstabulation: V78 (The Most Important Condition) By V97 (Sex)

V78	Count / Row Pct / Col Pct / Tot Pct	V97 Females	Males	Row Total
User		79 42.0 68.1 32.0	109 58.0 83.2 44.1	188 76.1
An increase in age		6 75.0 5.2 2.4	2 25.0 1.5 0.8	8 3.2
An increase in income		17 85.0 14.7 6.9	3 15.0 2.3 1.2	20 8.1
Satisfactory Service		10 50.0 8.6 4.0	10 50.0 7.6 4.0	20 8.1
An increase in confidence		4 36.4 3.4 1.6	7 63.6 5.3 2.8	11 4.5
Column Total		116 47.0	131 53.0	247 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
16.55554	4	0.0024	3.757	2 of 10 (20.0 %)

Uncertainty Coefficient = 0.04130
Cramer's V = 0.25889 (U.L. = 0.894) $X(t)^2 = 9.488$ (p = 0.05)

The null hypothesis is rejected at 95% confidence level. The most important condition for future purchase varies on the basis of the sex. An increase in income is highly mentioned by 14.7 % of the females as the most important condition while the production of a service that answers all consumer's needs is highly mentioned by 7.6 % of the males. An increase in the age (75.0 %), and in the income (85.0 %) are the most important conditions that are mostly chosen by females. More confidence in insurance companies is mostly chosen by males (63.6 %) while the importance of production of a satisfactory service is the same for both groups.

As a result, it can be concluded that the premium rate is an important element of a life policy for most of the females while the confidence is for most of the males.

Ho34: The most important condition for future purchase does not vary depending upon income level.
Ha34: The most important condition for future purchase does vary depending upon income level.

Table 6.57

Crosstabulation: V78 (The Most Important Condition)
By V101 (Income)

V78 (Count / Row Pct / Col Pct / Tot Pct)	V101: - 3 Million	3 Million +	Row Total
User	66 35.5 79.5 27.2	120 64.5 75.0 49.4	186 76.6
An increase in age	3 37.5 3.6 1.2	5 62.5 3.1 2.1	8 3.3
An increase in income	10 52.6 12.0 4.1	9 47.4 5.6 3.7	19 7.8
Satisfactory Service	3 15.0 3.6 1.2	17 85.0 10.6 7.0	20 8.2
An increase in confidence	1 10.0 1.2 0.4	9 90.0 5.6 3.7	10 4.1
Column Total	83 34.2	160 65.8	243 100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
8.92724	4	0.0625	2.733	2 of 10 (20.0 %)

Uncertainty Coefficient = 0.02368

Cramer's V = 0.19167 (U.L. = 0.894)

$X(t)^2$ = 9.488 (p = 0.05)
7.779 (p = 0.10)

The null hypothesis is rejected at 90% confidence level. The most important condition for future purchase varies on the basis of the income level. An increase in income is highly mentioned by 12 % of the people who fall in 3 million and below income level as the most important condition while satisfactory service is highly mentioned by 10.6% of the people who fall in 3 million and above income level. An increase in income is the most important condition that is mostly chosen by females (52.6%) . The other three conditions are mostly chosen by males.

As a consequence, it can be said that the payment condition, accordingly income is the most important condition to purchase a life policy at low income level. After earning enough money, the trustworthiness and production of satisfactory services replace this condition. In other words, the choice criteria of high level income group increase and become complex. Therefore, life insurance companies should produce more developed and flexible services for this group.

20. What are the main factors that affect an insurance company choice?

Factor analysis has been applied for the variables of question 15 to determine the main factors.

Table 6.58.---------------FACTOR ANALYSIS-----------------------
Initial Statistics (Factor Loading Matrix)

Variable	Communality	Factor	Eigenvalue	Pct of Var.	Cum Pct.
V81	1.0	1	2.72742	21.0	21.0
V82	1.0	2	1.47700	11.4	32.3
V83	1.0	3	1.24499	9.6	41.9
V84	1.0	4	1.03622	8.0	49.9
V85	1.0	5	1.02755	7.9	57.8
V86	1.0	6	0.96664	7.4	65.2
V87	1.0	7	0.87531	6.7	72.0
V88	1.0	8	0.85195	6.6	78.5
V89	1.0	9	0.69831	5.4	83.9
V90	1.0	10	0.63376	4.9	88.8
V91	1.0	11	0.56878	4.4	93.1
V92	1.0	12	0.49053	3.8	96.9
V93	1.0	13	0.40154	3.1	100.0

Table 6.58 shows that there is no factor on that most of the variables heavily load.However,it will be continued the analysis to be able to summarize the choice criteria.Factor 1 which is the most loaded factor , explains 21.0% of the variation in thirteen variables. 11.4% of total variation is accounted for by Factor 2 while the other proportions of the variation in thirteen variables that is accounted for by from Factor 3 to Factor 13 are 9.6%, 8.0%, 7.9%, 7.4%, 6.7%, 6.6%, 5.4%, 4.9%, 4.4%, 3.8% and 3.1%.

The retaining factors have to explain at least 7.69% of total variation. Their eigen values have also not be less than one. As a conclusion, five factors are going to be retained due to the factor-loading matrix.

Table 6.59.----------------FACTOR ANALYSIS----------------------
Final Statistics

Variable	Communality	Factor	Eigenvalue	Pct of Var.	Cum Pct
V81	0.65751	1	2.72742	21.0	21.0
V82	0.57489	2	1.47700	11.4	32.3
V83	0.54149	3	1.24499	9.6	41.9
V84	0.56444	4	1.03622	8.0	49.9
V85	0.36765	5	1.02755	7.9	57.8
V86	0.67110				
V87	0.64536				
V88	0.54259				
V89	0.63977				
V90	0.52971				
V91	0.57613				
V92	0.77941				
V93	0.42311				

Five factors explain 57.8% of the total variation in thirteen variables. 65.751% of the variation in V81 is explained by five factors. They also account for 57.489% of the variation in V82; 54.149% in V83; 56.44% in V84; 36.765% in V85; 67.110% in V86; 64.536% in V87; 54.259% in V88; 63.977% in V89; 52.971% in V90; 57.613% in V91; 77.941% in V92 and 42.311% in V93. Since there is no communality value, being less than 0.30, it can be said that all variables are well represented by this factor analysis result.

Table 6.60 ---------------- FACTOR ANALYSIS --------------------
Rotated Factor Matrix:

	FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4	FACTOR 5
V81	0.14122	0.00238	0.28401	-0.28999	0.68761
V82	0.58677	0.21057	0.20381	0.29837	0.23600
V83	0.14510	0.71059	0.01993	-0.10379	0.06578
V84	0.17346	0.72301	-0.02369	-0.02399	-0.10231
V85	0.25043	0.46781	0.21779	0.12908	0.14830
V86	-0.01875	0.02880	0.81167	0.10358	-0.01961
V87	0.20943	0.05219	0.77231	0.04106	0.02519
V88	0.68409	0.17483	0.08401	-0.18278	0.05989
V89	0.77563	0.18965	-0.02748	0.03381	0.01745
V90	0.62324	-0.14961	0.17190	0.05197	-0.29437
V91	-0.13266	-0.04911	-0.31462	0.28325	0.61392
V92	0.02550	-0.03452	0.13818	0.87032	-0.03186
V93	-0.36920	0.52884	-0.00305	0.04338	-0.07242

V89 heavily loads on Factor 1; V83 and V84 heavily load on Factor 2; V86 and V87 heavily load on Factor 3; V92 heavily load on Factor 4 and V81 and V91 hevily load on Factor 5. Therefore Factor 1 is "modern operation system". Factor 2 is " complete and fast indemnification of damages'. Factor 3 is "an important subsidiary of a big bank or a big company". Factor 4 is "production of packaged services". At last, Factor 5 is " trustworthiness of a company ".

As a conclusion, thirteen choice criteria have been summarized as above five factors. These five factors can be accepted as the main choice criteria for an insurance company.

21.Do sex and education level have an interactive effect on the variables that heavily load on five factors of Factor Analysis?

Anova analysis has been used to find out the main and interactive effects of two variables on V81, V83, V84, V86, V87 and V89.

Ho35: Sex does not affect the choice of the trustworthiness of a company.

Ha35: Sex does affect the choice of the trustworthiness of a company.

Ho36: Education level does not affect the choice of the trustworthiness of a company.

Ha36: Education level does affect the choice of the trustworthiness of a company.

Ho37: Education level and sex do interactively not affect the trustworthiness of a company.

Ha37: Education level and sex do interactively affect the trustworthiness of a company.

Table 6.61.The Group Means

SEX	EDUCATION NonRead.& Writer	Reader& Writer	Prim. Sch.	Sec Sch.	High School	Univ.	Post Gr.	MEANS
Female	0.00	0.00	1.40	1.00	1.06	1.15	1.23	1.13
Male	0.00	2.00	1.25	1.11	1.11	1.19	1.18	1.18
MEANS	0.0	2.00	1.31	1.09	1.08	1.17	1.20	1.15

TABLE 6.62----------------ANALYSIS OF VARIANCE-----------------
V81(Trustworthiness of a company)
BY V97(Sex)
V99(Education Level)

Source of Variation	Sum of Squares	DF	Mean Square	F	Signif. of F.
Main Effects	2.351	6	0.392	2.913	0.009
V97	0.014	1	0.014	0.101	0.751
V99	2.187	5	0.437	3.252	0.008
2-WAY INTERACTIONS	0.171	4	0.043	0.317	0.866
V97 V99	0.171	4	0.043	0.317	0.866
Explained	2.521	10	0.252	1.874	0.050
Residual	28.248	210	0.135		
Total	30.769	220	0.140		

Table Values of F Distribution (p=0.05)

$F(1,210)=3.84$; $F(5,210)=2.21$; $F(4,210)=2.37$

$Fc(1,210) < Ft(1,210)$; $Fc(5,210) > Ft(5,210)$ and $Fc(4,210) < Ft(4,210)$ therefore Ho35 and Ho37 are accepted whereas Ho36 is rejected at 95% confidence level.

The sex does not affect the choice of the trustworthiness of a company whereas the education level does. Moreover, they do not affect the choice interactively.

The importance of trustworthiness for an insurance company varies on the basis of people's education level. An increase in education level results in more consideration of trustworthiness of a company.

As it is seen from Table 6.62, the effect of education level on the choice of trustworthiness is much greater than the effect of the sex and their interactive effect. Table 6.60 also shows that the means of females and males do not differ significantly.

As a conclusion of this analysis, the education level becomes an important variable for the choice of trustworthiness whereas sex fails.

Ho38: Sex does not affect the choice of complete indemnification of damages.

Ha38: Sex does affect the choice of complete indemnification of damages.

Ho39: Education level does not affect the choice of complete indemnification of damages.

Ha39: Education level does affect the choice of complete indemnification of damages.

Ho40: Education level and sex do interactively not affect the choice of complete indemnification of damages.

Ha40: Education level and sex do interactively affect the choice of complete indemnification of damages.

Table 6.63.The Group Means

	EDUCATION							
SEX	NonRead.& Writer	Reader& Writer	Prim. Sch.	Sec Sch.	High School	Univ.	Post Gr.	MEANS
Female	0.0	0.0	1.80	1.50	1.41	1.12	1.23	1.32
Male	0.0	1.0	1.13	1.22	1.19	1.16	1.04	1.14
MEANS	0.0	1.0	1.38	1.27	1.33	1.14	1.04	1.22

TABLE 6.64---------------ANALYSIS OF VARIANCE------------------
V83(Complete indemnification of damages)
BY V97(Sex)
V99(Education Level)

Source of Variation	Sum of Squares	DF	Mean Square	F	Signif. of F.
Main Effects	3.649	6	0.608	3.669	0.002
V97	1.123	1	1.123	6.775	0.010
V99	1.854	5	0.371	2.237	0.052
2-WAY INTERACTIONS	1.682	4	0.420	2.537	0.041
V97 V99	1.682	4	0.420	2.537	0.041
Explained	5.331	10	0.533	3.216	0.001
Residual	34.805	210	0.166		
Total	40.136	220	0.182		

Table Values of F Distribution (p=0.05)

F(1,210)=3.84 ; F(5,210)=2.21 ; F(4,210)=2.37

Fc(1,210) > Ft(1,210); Fc(5,210) > Ft(5,210) and Fc(4,210) > Ft(4,210) at 95% confidence level. As a result, the sex and the education level affect this choice separetly and interactively, on the basis of F values, it can be said that the effect of sex on the choice is much greater than the effect of education level and their interactive effect.

The complete indemnification of damages is more important for males while it is more for university and post graduates and especially reader and writer. It is also more important for university and post graduate females. The importance is approximately the same for all males.

Ho41: Sex does not affect the choice of fast indemnification of damages.

Ha41: Sex does affect the choice of fast indemnification of damages.

Ho42: Education level does not affect the choice of fast indemnification of damages.

Ha42: Education level does affect the choice of fast indemnification of damages.

Ho43: Education level and sex do interactively not affect the choice of fast indemnification of damages.

Ha43: Education level and sex do interactively affect the choice of fast indemnification of damages.

Table 6.65.The Group Means

	EDUCATION							
SEX	NonRead.& Writer	Reader& Writer	Prim. Sch.	Sec Sch.	High School	Univ.	Post Gr.	MEANS
Female	0.0	0.0	1.40	1.00	1.49	1.30	1.62	1.43
Male	0.0	1.0	1.13	1.22	1.15	1.23	1.14	1.18
MEANS	0.0	1.0	1.23	1.18	1.37	1.26	1.29	1.30

TABLE 6.66---------------ANALYSIS OF VARIANCE-----------------
V84(Fast indemnification of damages)
BY V97(Sex)
V99(Education Level)

Source of Variation	Sum of Squares	DF	Mean Square	F	Signif. of F.
Main Effects	3.803	6	0.634	2.962	0.008
V97	2.900	1	2.900	13.554	0.000
V99	0.273	5	0.055	0.255	0.937
2-WAY INTERACTIONS	1.554	4	0.388	1.815	0.127
V97 V99	1.554	4	0.388	1.815	0.127
Explained	5.357	10	0.536	2.504	0.007
Residual	44.933	210	0.214		
Total	50.290	220	0.229		

Table Values of F Distribution (p=0.05)

$F(1,210)=3.84$; $F(5,210)=2.21$; $F(4,210)=2.37$

$Fc(1,210) > Ft(1,210)$ whereas $Fc(5,210) < Ft(5,210)$ and $Fc(4,210) < Ft(4,210)$. Therefore, Ho41 is rejected and Ho42 and Ho43 are accepted at 95% confidence level. The sex absolutely has a high effect on the choice of fast indemnification. High F value and zero significance level obviously show this high effect.Since the value of 1 means that the high importance, it can be concluded that the fast indemnification of damages is more important for males.

The education level does not affect this choice separetly.F value of this variable is rather low whereas its significance is quite high. As it has been seen from Table 6.65, the importance of fast indemnification does not differ a lot, on the basis of education level.The sex and the education level do not also affect the choice interactively.Their interactive effect is valid for 87.30% confidence level.

As a conclusion, the sex becomes an important variable for the choice of fast indemnification whereas education level fails.

Ho44: Sex does not affect the choice of being a subsidiary of a big company or a bank.

Ha44: Sex does affect the choice of being a subsidiary of a big company or a bank.

Ho45: Education level does not affect the choice of being a subsidiary of a big company or a bank.

Ha45: Education level does affect the choice of being a subsidiary of a big company or a bank.

Ho46: Education level and sex do interactively not affect the choice of being a subsidiary of a big company or a big bank.

Ha46: Education level and sex do interactively affect the choice of being a subsidiary of a big company or a big bank.

Table 6.67.The Group Means

SEX	NonRead.& Writer	Reader& Writer	Prim. Sch.	Sec Sch.	High School	Univ.	Post Gr.	MEANS
	EDUCATION							
Female	0.0	0.0	1.80	3.00	1.85	1.77	1.92	1.86
Male	0.0	2.0	1.38	1.67	1.64	1.89	2.15	1.84
MEANS	0.0	2.0	1.54	1.91	1.78	1.84	2.08	1.85

TABLE 6.68---------------ANALYSIS OF VARIANCE-----------------

V86(Being a subsidiary of a big company or a big bank)
BY V97(Sex)
V99(Education Level)

Source of Variation	Sum of Squares	DF	Mean Square	F	Signif. of F.
Main Effects	3.900	6	0.650	1.232	0.291
V97	0.167	1	0.167	0.316	0.575
V99	3.890	5	0.778	1.475	0.200
2-WAY INTERACTIONS	4.728	4	1.182	2.241	0.066
V97 V99	4.728	4	1.182	2.241	0.066
Explained	8.629	10	0.863	1.636	0.099
Residual	106.564	202	0.528		
Total	115.192	212	0.543		

Table Values of F Distribution (p=0.05)

F(1,202)=3.84 ; F(5,202)=2.21 ; F(4,202)=2.37

Fc(1,202) < Ft(1,202), Fc(5,202) < Ft(5,202) and Fc(4,202) > Ft(4,202) at 95% confidence level.Hence, Ho44 and Ho45 are accepted while Ho46 is rejected.Altough the sex and the education level do not affect separetly the importance of being a subsidiary of a big company or a big bank, they affect interactively the importance. Working with an insurance company is important for reader and writer males and for all post graduates while it is very important for primary school graduate males.This characteristic is generally not much important for females. Even more, secondary school graduate females find it unimportant.

Ho47: Sex does not affect the choice of having a long and a good history for an insurance company.

Ha47: Sex does affect the choice of having a long and a good history for an insurance company.

Ho48: Education level does not affect the choice of having a long and a good history for an insurance company.

Ha48: Education level does affect the choice of having a long and a good history for an insurance company.

Ho49: Education level and sex do interactively not affect the choice of having a long and a good history for an insurance company.

Ha49: Education level and sex do interactively affect the choice of having a long and a good history for an insurance company.

Table 6.69. The Group Means

	EDUCATION							
SEX	NonRead.& Writer	Reader& Writer	Prim. Sch.	Sec Sch.	High School	Univ.	Post Gr.	MEANS
Female	0.0	0.0	1.80	1.50	1.98	1.97	2.00	1.96
Male	0.0	2.0	1.63	1.67	1.84	2.09	2.12	1.97
MEANS	0.0	2.0	1.69	1.64	1.93	2.04	2.08	1.97

TABLE 6.70---------------ANALYSIS OF VARIANCE--------------

V87(Having a good and a long history)
BY V97(Sex)
V99(Education Level)

Source of Variation	Sum of Squares	DF	Mean Square	F	Signif. of F.
Main Effects	3.162	6	0.527	1.078	0.377
V97	0.010	1	0.010	0.020	0.886
V99	3.150	5	0.630	1.288	0.270
2-WAY INTERACTIONS	0.828	4	0.207	0.424	0.792
V97 V99	0.828	4	0.207	0.424	0.792
Explained	3.990	10	0.399	0.816	0.614
Residual	98.780	202	0.489		
Total	102.770	212	0.485		

Table Values of F Distribution (p=0.05)

F(1,202)=3.84 ; F(5,202)=2.21 ; F(4,202)=2.37

$Fc(1,202) < Ft(1,202)$, $Fc(5,202) < Ft(5,202)$ and $Fc(4,202) < Ft(4,202)$ at 95% confidence level. Thus, all null hypotheses are accepted. The sex and the education level do not affect neither separetly nor interactively the importance of having a good or a long history for an insurance company.Although a little differentiation is seen between the means, it is not significant and not meaningful to deduct a relationship between the variables.

Even though the education level has not a significant effect on the choice, its effect is much greater than the sex and the interactive effect.

Ho50: Sex does not affect the choice of modern operation system.

Ha50: Sex does affect the choice of modern operation system.

Ho51: Education level does not affect the choice of modern operation system.

Ha51: Education level does affect the choice of modern operation system.

Ho52: Education level and sex do interactively not affect the choice of modern operation system for an insurance company.

Ha52: Education level and sex do interactively affect the choice of modern operation system for an insurance company.

Table 6.71.The Group Means

	EDUCATION							
SEX	NonRead.& Writer	Reader& Writer	Prim. Sch.	Sec Sch.	High School	Univ.	Post Gr.	MEANS
Female	0.0	0.0	1.80	1.00	1.94	1.65	1.69	1.79
Male	0.0	1.5	1.25	1.44	1.52	1.69	1.58	1.57
MEANS	0.0	1.5	1.46	1.36	1.79	1.67	1.62	1.67

TABLE 6.72---------------ANALYSIS OF VARIANCE-----------------

V89(Modern Operation System)
BY V97(Sex)
V99(Education Level)

Source of Variation	Sum of Squares	DF	Mean Square	F	Signif. of F.
Main Effects	4.154	6	0.692	1.794	0.102
V97	1.317	1	1.317	3.413	0.066
V99	1.780	5	0.350	0.923	0.467
2-WAY INTERACTIONS	2.914	4	0.729	1.889	0.114
V97 V99	2.914	4	0.729	1.889	0.114
Explained	7.068	10	0.707	1.832	0.057
Residual	77.927	202	0.386		
Total	84.995	212	0.401		

Table Values of F Distribution (p=0.05)

F(1,202)=3.84 ; F(5,202)=2.21 ; F(4,202)=2.37

All null hypotheses are accepted at 95% confidence level. The sex and the education level do not affect neither separetly nor interactively the choice of a modern operation system for an insurance company. The effect of the sex is valid for 93.4% confidence level. Although there are differences between the means, they are not significant at 95% confidence level. Neverthless, the sex affects the importance of having a modern operation system much more than the education level. Its effect is also higher than their interactive effect. The importance of having a modern operation system is a little more important for males.

6.3. Conclusions and Suggestions

The main goal of this study was to determine the consumer's decision making process for life insurance services.Turkish people's insurance knowledge and their consumption habit have also been examined as a subgoal.As a result of the researche, the above goals have been reached. Moreover, the important findings have been obtained to improve the weak points and to profit from the advantageous point of Turkish life insurance sector.

Turkish people generally remember first the social insurance services then the private insurance services. Although the consumption of private insurance services has shown a sharp increase for last years, it could not decrease the importance of social insurance services for Turkish people in terms of future security and precaution against unexpected evils. Therefore, insurance companies should successively continue both their promotional and educational activities that have been increasing for last years. These activities and their positive results will lead Turkish people to see the private insurance services as the real means of future security and of precaution against unexpected evils. The increasing deficiency of social insurance services for Turkish people will also support this replacement.

Life is the first and traffic is the second known types among the private insurance services. Recent reformative activities have led Turkish life insurance sector to the developing (growth) stage. As a result, the sector has been developing and its importance has been increasing in last years, especially since 1990. Being the most known private insurance type is a good symptom for the last progress of Turkish life sector similar to the sharp increase in the sales of the sector in 1990.

The main advantage of insurance services is a protection against risk for most people. Future security and replacement of inadequate social insurance services are other important advantages. The view of protection against risk is more dominant among males who fall in high income group and belong to B and mostly to A socio-economic groups. Again, the view of future security is more dominant among females who fall in low income group and belong to B socio-economic group. The security view is also dominant among C(1) and C(2) groups. Thus, it can be said that an increase in income level and an increase in socio-economic level cause the transformation from security feeling to risk feeling. These tools that show the reasons for usage, should heavily be used in marketing plans, especially in promotion part, of insurance companies. They should send the messages of security or protection against risk to different consumer groups on the basis of their demographic and socio-economic features.

The number of people who mention the aim of saving as the main advantage of insurance services is so low that it can be concluded that Turkish people do not see life insurance services as a means of saving.

The consumption habit of insurance services is low among Turkish people. The lack of consumption habit is one of the main problems of Turkish insurance sector. The lack of information about insurance services and of required services and recent passive activities of insurance companies are the principal causes of this problem.

First of all, comprehensible and necessary information should be given to consumers. It is a fact that knowledge has an effect on the consumption of insurance services. Also, it becomes certainly effective when it is supported by efficient marketing strategies. Then the number of required insurance services should increase in the short run. Moreover, insurance companies should produce their services on the basis of consumers' needs.They should also revise and improve their presales and postsales activities. In other words,insurance companies try to profit due to consumer's satisfaction. Males consume more insurance services than females while married people have more different policies than singles. Therefore, these low user groups should be heavily considered in strategic marketing plans of insurance companies.

The traffic is the highest consumed non-life service. The positive effect of required insurance services arises again.Since it is a required service, it has the highest consumption within the non-life services.

Since the social insurance service and the traffic insurance service represent the most remembered and the most used insurance services,making certain types of life insurance services mandatory may be a good application to increase the usage of life insurance services. Health insurance service is the most convenient type fo this application in Turkey . The State can make regulations which make health insurance service mandatory.Consequently, the consumption of life insurance services, especially low consumption of health insurance service can increase and also problems about health services of the State can be solved.

Şark and Anadolu Insurance Companies are the primary and the secondary companies of the non-life sector again. Both of these companies have shown an important development in their area. First of all, they have started to operate on the basis of the marketing concept. They successively produce new services or renovate the old ones. They also concentrate on promotional and introductional activities and they try to increase the attractivity of their products by means of good and interesting advertisements. Being a subsidiary of a big company (for Şark) and a big bank (for Anadolu) is also much advantageous for them. First of all, their trustworthiness increase and they heavily use this feature in their advertising messages. Then, it is mostly relevant for Anadolu that it has a wide distribution system since it benefits from the branches of İşbank which is an old and a big bank of Turkey. Both of these companies can well guide to other companies which want to increase their sales and their market shares.

Most of the users have life insurance services. The retirement services is the second. The consumption of health and infant services that have been in Turkish insurance market for last few years, is not much high. To increase the consumption habitude of these services may take a little time therefore companies should heavily concentrate on the introductional and promotional activities of these services. Retirement service also need to be heavily considered because of having much lower usage habit than the life one.

Anadolu-Hayat is the first company of the life sector, on the basis of sales volume. There is no doubt that this company is at the right place now. It has concentrated on the marketing, especially promotional activities when the competition has started to increase and it can profit the deep opportunities of Turkish life insurance sector now. Moreover, it continues to increase its activities in the market.

Şark Insurance Company is the first company for the retirement service while Hayat Insurance Company accompagnes this company for the health service.

According to the general attitude of the people, most of the policyowners have bought their policies to secure the future or to be protected from risk . There are a few people who consume life insurance services as a health precaution or a means of saving. The usage of life insurance services to replace the deficient social security of the State is neither high nor low. Therefore, it can be concluded that Turkish people are aware of the deficiency of social insurance institutions, life insurance companies should determine their strategic plans and should put them into action in the short run to benefit from being the single alternative in the market, as much as possible. The results of the study show that Turkish life sector is going to meet with a highly challenging environment in the short run. The consumption of life insurance services is higher among males, especially married people, university and post graduates, 26-35 age group, 1 million and above income group, employees and A and B socioeconomic groups.

Since the number of the respondents for each subgroup is not equal, it would be better to evaluate the general tendency of the people. The usage tendency for life insurance services is higher among males, married people, primary school and below education group, 36-45 age group, 1 million and below income group, professionals, housewives, students, retired people, and A, B, C(1) and C(2) socioeconomic groups.

As people show different tendency depending upon different demographic and socioeconomic features, the necessity of product differentiation, even more price differentiation cannot be neglected by insurance companies. This is one of the main conditions for the development of life insurance sector. Furthermore, the flexibility of companies subjected to their private circumstances is also necessary for the development.

Social security non-owners have more tendency to have a lifepolicy than the owners. However, approximately a half of the social security owners have a lifepolicy. Therefore, both of these groups compose the potential consumers. It is obvious that Turkish people are not satisfied by the social insurance services, anymore. They need additional insurance services to feel more secure for both their families and themselves even though they have a social security.

The widest segment of the potential consumers' market consists of people who have not any social security and people who are related to Bağ-Kur that provides rather low security to its members. The members of both SSK and Retirement Bank have the same tendency towards to buy a lifepolicy.

There is a sharp increase in the sales of the sector in recent years. Most of the users bought their policies in between 1986 and 1990. The number of new policyowners is also quite high in first five months of 1991. Therefore, the claims that have mentioned a higher growth rate than the last year for the sector can be repeated again as a result of this study.

Most of the users decide to buy their policies by themselves. These users are mostly represented by males. Again, most of the females do not contribute to buying decision. They get their policies by their husbands' decision or by taking as a present. Decision point is very important for the sector. Hence, the companies should not try to directly send their messages to policyowners by accepting them as main decision makers.

Taking the policies as a present is also widespread among lifepolicyowners. Banks that have an insurance company give their customers free insurance policies to promote them. Accordingly, this method is also used for the promotion of lifepolicies. It is a good promotional way for insurance companies that are affiliated with a bank. Moreover, some consumers take their policies as a present from their relatives.

The contribution to buying-decision does also affect the contendness from an insurance company.

Most of the policyowners who contribute to buying decision are content from their relationship with their company.

More than a half of the users make preresearch before buying their policies. They usually apply to a single source to gather information. Since life insurance services are a little complicated, they should be consumed by gathering adequate information. In other words, they should be consumed rationally. Turkish lifepolicyowners can be accepted as rational consumers but to give more comprehensible information and to communicate them easier will increase the number of applying information sources, accordingly will make them much more rational.

Males and married people mostly make preresearch before buying their policies. Even more they make intensive preresearch to gather adequate information. Again, making preresearch is widespread among professionals. As a conclusion, these three groups can be accepted as rational consumer groups.

Since the rational consumption of life insurance services make the policyowners much more satisfied and since there is an absolute relationship between making preresearch and the contentment from a company, insurance companies should easily communicate much more information to both the preresearchers and the non-preresearchers to increase their consumption habit,accordingly to develop the sector.

Agents are the most applied source among Turkish policyowners. The number of consumers who gather information from their relatives or neighbours is not negligeable thus companies should give more information as much comprehensible as to their customers to provide right information communication among people. Since television and newspapers are mostly watched or read by all consumers, both of these sources are the most important means of communication for producers. Unfortunately, these sources are not mostly applied by lifepolicyowners. Probably, the given information in them may not be satisfactory. Therefore, insurance people should give as much satisfactory information as possible in their advertisements. More information can easily be given in neswpapers rather than television because of the cost element. However, the aim of television advertisements should not only to mention the companies and their products but also to give more information about the main elements of services.

The number of group life insurance policies that are bought by companies for their workers also increases in Turkey. This is also a good way to increase the consumption habit of Turkish people, consequently the sales of the sector.

Most of the users buy the policies that either completely or partly answer their needs. Operating by marketing concept becomes inevitable for insurance companies again. If they aim to profit as a result of consumers' satisfaction, they will succesfully operate and compete in the market. Premium rate and payment conditions are also important in the buying decision of policyowners.They generally prefer low premium rate and flexible installment condition. Again, consumers prefer to buy the policies of insurance companies in that they have confidence. Hence, insurance companies should provide the confidence of consumers by means of their good performances.

As it has also been mentioned before in the literature survey part that the high inflational environment prevents the development of Turkish life insurance sector. The importance of this subject is approved again by the results of this study. Most of the people want to buy policies that hedge against negative inflational effects.

As a conclusion, insurance companies should absolutely make service and price differentiation to have the features that highly affect lifepolicyowners' choices. Also, they can cover negative inflational results in this way.

Although there are a few policyowners who buy the same policy as their acquaintances, this subject should also be considered by insurance companies. Since good presales and postsales activities create positive attitudes towards both insurance companies and their services (policies) among the present policyowners, insurance companies should try to impress their customers by their presales and postsales activities to gather their confidence.

Even though the consumers do not heavily consider the feature of getting back their rights in case of the end of a contract, life insurance companies should give back all accrued rights of policyowners. This will also increase both the trustworthiness and the reputation of life insurance companies.

Advertisements of insurance companies make the services attractive for a few consumers. In other words, a few consumers interest in and buy their policies depending upon the advertisements about the policy.Therefore, it can be repeated again that the objective of life insurance companies advertisements should not only be to mention the companies and their services but also to give necessary and satisfactory summarized information about the services.

Most of the people think that a lifepolicy has to include both the element of indemnities and the element of accumulated money. Consumers generally prefer accumulated money to indemnities. Unwillingness to be interested in, the postdeath period may be the cause of this preference.

Most of the consumers buy their policies from a salesman. Agencies and banks are other preferable distribution channels. Consumers prefer to buy their policies from a bank rather than buy from the home office of an insurance company. Thus, it can be concluded that people mostly prefer indirect distribution channels to direct channels to buy a lifepolicy.

Automatic payment conditions are quite attractive for consumers. They mostly prefer to automatically pay their premiums by means of bank deposit or of cash machine. High educated group prefers modern payment conditions while low educated group does classical payment ones. Hence, insurance companies should also make differentiation in their premium collection method to satisfy their consumers.

Automatic payment method is not applied in Turkey, yet. The application of this method may also lead people to buy more lifepolicies. Insurance companies that are subsidiaries of banks might be pioneers of this subject in the sector. Moreover, the premium collection difficulties of the sector may considerably decrease.

There are a few consumers who are not content from their relationship with their insurance companies whereas approximately a half of them are content. More than a half of policyowners do not comment on this subject. This non-commenter group that is quite critical for insurance companies, is mostly represented by policyowners who bought their policies for last years. Therefore, insurance companies should also concentrate on the postsales activities and have good relationships with their customers to make the increasing growth of sales last in the sector.

Good presales and postsales activities, non-meeting of any problem during the policy period and payment facilities (in terms of both premium rate and installment period) are the most important causes of the contentment for lifepolicyowners.

Again, premium collection difficulties, non-hedging premium rate against inflation, insufficient information and lack of interest in clients' problems are the reasons for the discontendness for policyowners.

The importance of good presales & postsales activities and premium rate flexibility & correction against inflation arises here, again. Thus, insurance companies should highly consider these subjects and make necessary improvements not to lose both the present and the potential consumers.

Unproductivity and meaningless of life insurance services in the inflational environment and lack of information are the most important reasons for the non-usage of life insurance services. As a result of this study, it can undoubtedly be concluded that high inflation rate and lack of information are the biggest threats of Turkish life insurance sector. Therefore, insurance companies should take the efficient precautions against them as soon as possible. Otherwise, all their efforts would be wasted and the sector could not develop.

Deficient guarantees, low indemnities, existence of more efficient saving instruments and lack of confidence in insurance companies are other mostly mentioned non-usage reasons.

In case of adequate and comprehensible information and of production of different services that hedge against the inflation, Turkish people will have more confidence in life insurance companies and will find life insurance services meaningful and productive, accordingly they will need to buy a policy, especially in a country as Turkey where there is no sufficient social security.

6 The fatalism that has been mentioned for a long time as one of the main causes that prevent the development of Turkish life insurance sector, is really neither a cause of undevelopment nor a serious threat for the sector. A few of the people (3.22%) do not use life insurance services because of being fatalist.

A half of the non-users do not desire to buy a lifepolicy in the future. Thus the sector necessitates more efforts to develop. Also, all insurance companies should operate with the marketing concept to increase the desires and to replace them with the demands for services.

A majority of the potential consumers are females, university & post graduates and employees. Probably, these are the groups that are aware of the deficiency of social security services in Turkey. Insurance companies should heavily concentrate on these groups and to produce services on the basis of their needs. Also, they should heavily consider other groups to make them aware of the deficiency of social insurance services. It is obvious that life insurance companies should demonstrate to Turkish people in the short run that they are the strongest alternative of the social security institutions of the State. They should also make their services attractive to cause high demands for this single alternative among people. Since the desire for future consumption is low within the primary school and below group, the information necessity arises again. More comprehensible information should communicate to this group to educate them more, about life insurance services.

The potential consumers generally want to buy a lifepolicy for themselves or for whole family. Probably, in case of more production of packaged services that ensure all elements of a family, the single desire of the consumers may be captured by these policies, accordingly the consumption of life insurance services may increase. The desire for buying a survivorship life policy is higher among females, married people and university & post graduates. Higher protective motives among these groups lead them to desire more this type of policy.

Income is the most important factor that will affect the future consumption. Production of a policy that answers all consumer's needs and trustworthiness of a company are other factors that will lead the potential consumers to buy a lifepolicy. There is no doubt that a sharp increase will be seen in the market in case of the combination of three major factors. The desire for buying a lifepolicy - among different policies that are arranged on the basis of consumers'needs - of a trustworthy life insurance company will be supported by income - that is quite high to be allocated to buy a lifepolicy - in other words the desire will replace with the demand for a lifepolicy. Thus the sector will have an active market where there are higher demands for lifepolicies.

Income and age are more important factors for females while trustworthiness of life insurance companies is for males. Production of a satisfactory policy has the same importance for both groups.Satisfactory policies and trustworthiness of life insurance companies become more important than income depending upon increasing income level. Since people consider the features of both insurance companies and their services after having enough purchasing power, insurance companies should make differentiate their services to answer different needs of people and have good performance in the market to gather people's confidence.

There are five main factors that affect the choice of an insurance company. These are :

1. Modern operation system
2. Complete and fast indemnification of damages
3. Being an important subsidiary of a big company or a big bank
4. Product differentiation
5. Trustworthiness.

Turkish people want to have a lifepolicy of an insurance company that has above five characteristics. Thus insurance companies should make necessary reformation to have these characteristics in order to be a preferable life insurance company of Turkey. Furthermore, they can mention the above five characteristics in their advertisements to create a good image for the company among people.

Trustworthiness is considered more by high educated people while the complete indemnification of damages are considered more by both university&post graduates and reader&writers.Males do not consider only complete but also fast indemnification of damages. Buying a lifepolicy of a company which is a subsidiary of a big bank or a big company is important for all reader&writers and postgraduates. Also, it is very important for primary school graduate males. Moreover, male policyowners want to work with a company that has a modern operation system.

A majority of the people prefer to apply first to a company or an agent to gather any information about insurance services. Therefore, insurance companies require well-trained staff or agents to give comprehensible and adequate information to consumers. Insurance people should absolutely be professional in their subject. Otherwise, they will fail to explain the elements of a complicated product as a lifepolicy. Although people do usually not prefer to gather information from printed sources, their preference might increase if they easily obtain and understand them. Since a quarter of the people prefer acquaintances in order to gather information the importance of presales ans post-sales activities arises again.

Companies absolutely need an efficient portfolio management in addition to all above suggested methods to solve the main problems of the sector that have been mentioned in this study. Portfolio manager should know well that his or her department highly contribute to the objectives of the marketing department. Also,the State should support insurance companies on this subject by changing regulations to remove investment restrictions of the sector and to provide facilities for an efficient portfolio management.

The State should also help in the education of the consumers and also find ways by which the awareness of the potential customers about life insurance services can be increased.

Consequently, it can be said that working with the marketing concept is the single way to solve the biggest problems of Turkish life insurance sector. The companies should aim to operate and accordingly to profit on the basis of consumer's satisfactions and to educate Turkish people about life insurance services by means of intensive promotional and introductional activities and well-trained (professional) staff. Therefore, Turkish people will have much more knowledge about life insurance services and have much more confidence in life insurance companies and moreover will find lifepolicies more satisfactory. As a result , they will demand more for lifepolicies. and will accelerate the development of the sector.

6.4. Suggestion on The Marketing Strategy for The Life Insurance Sector

It would be better to determine a marketing strategy for companies of Turkish life insurance sector, on the basis of the primary and secondary research conducted on the study.

Turkish life insurance sector is in the growth stage of its life cycle now. The actual purchaser/user characteristics in the market are males, married people, university and post graduates, 26-35 age group, 1 million and above income group, employees, A socio-economic group, social security owners and members of SSK.

Since the sector will pass to the maturity stage of its life cycle in the near future, it would be more meaningful to give the characteristics of potential consumers in order to guide life insurance companies in their market segmentation. The user characteristics of future market are; both males and females, married people, primary school and below education group, 36-45 age group, 1 million and below income group, professionals, housewives, retired people and students. C(1) and C(2) socio-economic groups, social security non-owners and members of Bağ-Kur. Therefore, life insurance companies should define their target markets and their segments on the basis of these features, in other words on the basis of these people who have not any social security or have a deficient one.

Since different segments will have different needs depending upon the compaund characteristics, insurance companies should develop different policies to satisfy these needs. Security need is higher among all above segmentation variable whereas risk protection is higher within males. Consequently, companies should mostly produce policies for security needs. In case of having male consumers group, they should produce policies for risk protection. They should also produce packaged policies that ensure all elements of a family, for females and married people. They should also produce policies that hedge against the inflation.

Since the level of premium rates is important for Turkish people, price differentiation is also necessary for insurance companies. Turkish people prefer low premium rate. Different premium rates arrangements sould be made depending upon features of the target market. Again, as high inflation rate is one of the biggest threats of Turkish life insurance sector, companies should continuously adjust premium rates on the basis of changes in inflation rate.

Life insurance companies should distribute their products by indirect distribution channels, such as agencies and banks and also by direct distribution channels as an integral part. Salesmen are not only an important distributional but also an important promotional element in life insurance marketing. Accordingly, life insurance companies should have a strong salesforce Since a lifepolicy is not a widely accepted product in Turkey, salespeople should be very well-trained.Also, they should have a trustworthy image. They should make people perceive their needs and make agree to purchase a lifepolicy. Moreover, they should give satisfactory and educational information to Turkish customers. Thus companies should have affiliation with agents that are really professional on their subject, in other words "insurance agency" should be the sole business of these affiliations.

Since Turkish people, especially males prefer to work with a company that has a modern operation system, life insurance companies should have modern organizations. It should be a developed computer network between the companies and their agencies. Therefore, salespeople can easily choose the type of policy, its premium rate and installment condition on the basis of a consumer's needs and desires.

All qualities of the staff and salesforce of a life insurance company represent qualities of a service during the presale and postsale activities. Therefore, companies should try to gather confidence of customers by means of qualified staff and salesforce. Modern organizations and well decorated offices may also be a quality of a service for customers.

Salespeople should also contact with husbands for female consumers group.

Furthermore, companies and agencies should consider postsales activities. All damages should be indemnited completely and on time. Also, more comprehensible, detailed and required information should periodically be disclosed to customers. During the sale of the policies, the procedure should be simple enough that people can understand it.The language of the policies should be simplified.

Since the lack of information and of confidence are the mains problems of Turkish life insurance sector, insurance companies should give adequate information, furthermore should educate Turkish people about life insurance services. Advertisements are the most effective promotional means and social marketing is the most effective way on this subject. All life insurance companies should try to educate people showing a strong solidarity. After making life insurance services conceptualize in Turkish people mind, companies and their policies should be promoted.Consequently, Turkish people will gather more satisfactory and correct information from advertisements instead of acquaintances. Life insurance companies should also continue their sales promotional activities, such as giving free lifepolicy and should concentrate more on public relation activities.

Although low educated people prefer to pay their premiums in a classical way, companies should also have automatic payment conditions to satisfy people who like automation depending upon their nature.

In conclusion, life insurance companies should determine an optimum marketing mix to successfully operate in the mature market, consequently to have high profits.

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APPENDIX 1

QUESTIONNAIRE

Sayın Denek,

Bu anket, Boğaziçi Üniversitesi Sosyal Bilimler Enstitüsü İşletme Anabilim Dalı bünyesinde ve Prof.Dr.Ahmet N. Koç ile Doç.Dr.Selime Sezgin'in danışmanlıklarında hazırlanan yüksek lisans tezinin bir parçası olup, tüketicilerin hayat sigortası satın alma süreci konusunda bilgi edinmek amacıyla düzenlenmiştir.Sonuçlar genel olarak değerlendirileceği için isim yazmanız gerekmemektedir.Ancak,çalışmanın güvenilirliği açısından tüm soruları tam ve doğru olarak yanıtlamanız çok önemlidir.Ankete gösterdiğiniz ilgi ve değerli yardımlarınız için çok teşekkür ederiz.

1.Hangi tür sigortaları tanıyorsunuz?(Lütfen ilk işaretlediğinize 1,diğerlerine 2,3... verecek şekilde işaret sırasını belirtiniz).

( ) SSK
( ) Hayat Sigortaları
( ) Ferdi Kaza Sigortaları
( ) Trafik Sigortaları
( ) Yangın Sigortaları
( ) Hırsızlık Sigortaları
( ) Emeklilik Sigortaları
( ) Sağlık Sigortaları
( ) Çocuk Sigortaları
( ) Diğer(Lütfen belirtiniz)----------
( ) Hiçbirini bilmiyorum.

2.Sizce sigortanın en önemli faydası nedir?(Lütfen tek bir cevap işaretleyiniz.)

( ) Riske karşı koruma
( ) Geleceği güvenceye almak
( ) Sağlıkla ilgili tedbir
( ) Tasarruf yapmak
( ) Devletin sunduğu yetersiz sosyal güvenlik hizmetlerinin eksikliklerini kapatmak
( ) Diğer(Lütfen belirtiniz)-------------------------

3.Hangi tür sigortanız olduğunu ve bu sigortaları satın aldığınız şirketleri belirtiniz.

SİGORTA TÜRÜ		ŞİRKET ADI
( ) Ferdi Kaza		--------------
( ) Trafik		--------------
( ) Yangın		--------------
( ) Hırsızlık		--------------
( ) Hayat(SSK dışı)		--------------
(Birden fazla hayat sigortanız	1.-------------	--------------
var ise lütfen hepsini belir-	2.-------------	--------------
tiniz.)	3.-------------	--------------
( ) Diğer(Lütfen belirtiniz).---------------------		--------------
( ) Hiç yok.(LÜTFEN 13.SORUYA GEÇİNİZ).		

Not: HAYAT SİGORTANIZ YOK İSE LÜTFEN 13. SORUYA GEÇİNİZ.

4.Hangi yıldan beri hayat poliçeniz olduğunu,satın aldığınız şirket ile birlikte belirtiniz.

ŞİRKET	BAŞLAMA YILI
---------------	----------
---------------	----------
---------------	----------

5. Sahip olduğunuz hayat poliçesini almaya nasıl karar verdiniz?

( ) Kendim karar verdim.
( ) Eşim karar verdi.
( ) Birlikte kararlaştırdık.
( ) Şirketçe karar verildi.
( ) Bana hediye edildi.
( ) Diğer(Lütfen belirtiniz)----------

6. Bu poliçeyi almadan evvel sigorta hakkında bilgi topladınız mı?

( ) Evet
( ) Hayır(LÜTFEN 8.SORUYA GEÇİNİZ).

7.Nereden ve kimden bilgi topladığınızı belirtiniz.

( ) TV Reklamları
( ) Gazete reklamları
( ) Reklam panoları
( ) Komşu,arkadaş ve akrabalar
( ) Broşürler
( ) Satış elemanı gelip anlattı
( ) Acentadan bilgi aldım
( ) Diğer(Lütfen belirtiniz)--------------------------

8.Sahip olduğunuz hayat poliçelerinin seçiminde etken olan kriterlerin etki derecesini belirtiniz.

	Hiç Etkilemedi	Biraz Etkiledi	Çok Etkiledi
-Poliçeyi seçmeye ve satın almaya ben karar vermedim.	(1)	(2)	(3)
-Poliçenen benim ihtiyaçlarıma tam uygun olması.	(1)	(2)	(3)
-Priminin düşük olması.	(1)	(2)	(3)
-Ödeme vadelerinin uygunluğu.	(1)	(2)	(3)
-Şirketin güvenilir olması.	(1)	(2)	(3)
-Poliçenin enflasyona karşı korumalı olması	(1)	(2)	(3)
-Diğer bir yakınımın/tanıdığımın aynı poliçeye sahip olması	(1)	(2)	(3)
-Poliçeyle ilgili reklamlar	(1)	(2)	(3)
-Poliçeden vazgeçecek olduğumda haklarımın kaybolmaması	(1)	(2)	(3)
-Diğer(Lütfen belirtiniz)------------------	(1)	(2)	(3)

9.Bir hayat sigortası poliçesinde,sizin için aşağıdakilerden <u>en önemlisi</u> hangisidir?(Lütfen <u>tek bir cevap</u> işaretleyiniz)

( ) Ölüm ya da sakatlık halinde alınacak tazminat
( ) Süre sonunda alınacak yüklü para
( ) Her ikisi

10.Sahip olduğunuz hayat poliçesini nasıl aldınız?

( ) Şirkete gittim yaptırdım.
( ) Bankaya gittim yaptırdım.
( ) Acenteye gittim yaptırdım.
( ) Acente bana gelip sattı.
( ) Satış elemanından aldım.
( ) Çalıştığım işyerinde düzenlendi.
( ) Bana hediye edildi.
( ) Diğer(Lütfen belirtiniz)---------------------------

11.Sizce aşağıdaki ödeme koşullarından en uygunu hangisidir?(Lütfen tek bir cevap işaretleyiniz).

( ) Banka aracılığı ile(bankanızdaki hesabınızdan otomatik olarak) ödenmesi.
( ) Sigorta şirketine ya da acentaya gidip ödeme.
( ) Posta çeki ile ödeme.
( ) Bankamatik kartı ile otomatik ödeme.
( ) Diğer(Lütfen belirtiniz)----------------------------

12.Poliçesini aldığınız sigorta şirketi ile ilişkilerinizden memnun musunuz?

( ) Evet ( ) Hayır ( ) Henüz birşey söylemek mümkün değil (LÜTFEN 15.SORUYA GEÇİNİZ).

12.a.Memnun olma nedenlerinizi belirtiniz.

Memnun olmama nedenlerinizi belirtiniz.

LÜTFEN 15.SORUYA GEÇİNİZ.

13.Sizin hayat poliçesi satın almamış olmanızı en iyi açıklayan sebeplerden üçünü, önem derecesine göre 1 (en önemlisi), 2 , 3 şeklinde işaretleyiniz. (Lütfen, bütün şıkları okuduktan sonra işaretleyiniz).

( ) Böyle bir sigortaya ihtiyaç duymadım.
( ) Hayat sigortaları hakkında yeterli bilgiye sahip değilim.
( ) Poliçelerle ilgili bilgiler çok karmaşık.
( ) Sigorta şirketlerini yeterince tanımıyorum.
( ) Sigortacılara güvenmiyorum.
( ) Ben bu işleri kadere bırakırım.
( ) Enflasyon ortamında sigorta anlamsız ve verimsizdir.
( ) Teminatlar eksik ve tazminatlar düşük.
( ) Primler yüksek.
( ) Prim ödeme taksitleri bana uygun değil.
( ) Sigortaya ayıracak param yok.
( ) Paramı başka alanda daha iyi kullanabilirim.
( ) Devlet yeterince sigorta sağlıyor.
( ) Diğer(Lütfen belirtiniz)--

14.İleride hayat sigortası yaptırmak istiyor musunuz?

( ) Evet ( ) Hayır (LÜTFEN 15. SORUYA GEÇİNİZ).

14.a.Kimin için yaptırmak istiyorsunuz?

( ) Kendim için
( ) Eşim için
( ) Çocuklar için
( ) Bütün aile için
( ) Diğer(Lütfen belirtiniz)--

14.b.Aşağıdaki koşullardan hangileri gerçekleştiğinde yaptırmayı düşünürsünüz?Lütfen önem derecesine göre 1 (en önemlisi), 2 , 3.... şeklinde işaretleyiniz.

( ) Yaşım ilerledikçe.
( ) Gelirim arttığında.
( ) Kendime uygun bir hizmet sunulduğunda.
( ) Sigorta sektörüne güvenim arttıkça.
( ) Diğer(Lütfen belirtiniz)--

15.Bir sigorta şirketi seçiminde aşağıdaki faktörlerin önem derecesini belirtiniz.

	Çok Önemli	Önemli	Önemsiz
-Şirketin sağlam ve güvenilir olması.	(1)	(2)	(3)
-Şirketin topladığı primleri güvenilir ve verimli alanlarda kullanması.	(1)	(2)	(3)
-Şirketin hasarları tam olarak ödemesi.	(1)	(2)	(3)
-Şirketin hızlı hasar ödemesi.	(1)	(2)	(3)
-Sigortadan vazgeçmek istediğinizde, şirketin haklarınızı eksiksiz geri vermesi.	(1)	(2)	(3)
-Şirketin arkasında güçlü bir holding veya banka bulunması.	(1)	(2)	(3)
-Şirketin eski ve köklü bir geçmişe sahip olması.	(1)	(2)	(3)
-Satış elemanlarının bilgili olması.	(1)	(2)	(3)
-Modern yöntemlerle çalışan bir şirket olması.	(1)	(2)	(3)
-Şirketin etkin reklam politikasına sahip olması.	(1)	(2)	(3)
-Diğer(Lütfen belirtiniz)-------------	(1)	(2)	(3)

16.Sigorta konusunda bilgi edinmek isterseniz, ilk önce kime ya da neye başvurursunuz? (Lütfen tek bir cevap işaretleyiniz).

( ) Bir şirkete veya acentaya.
( ) Tanıdıklara.
( ) Yazılı kaynaklara.
( ) Broşürlere.
( ) Diğer (Lütfen belirtiniz)-------------------------

17.Devlete ait herhangi bir sosyal güvenlik kurumuna bağlı mısınız?

( ) Evet ( ) Hayır (LÜTFEN 18.SORUYA GEÇİNİZ)

17.a.Bağlı olduğunuz güvenlik kurumunu belirtiniz.

( ) SSK
( ) Emekli Sandığı
( ) Bağ-Kur
( ) Diğer (Lütfen belirtiniz)-----------------------

18.Cinsiyetiniz?

( ) Kadın ( ) Erkek

19.Medeni Durumunuz?

( ) Evli ( ) Bekar ( ) Dul

20.Eğitiminiz?

( ) Okur-yazar değil
( ) Okur-yazar
( ) İlkokul
( ) Ortaokul
( ) Lise
( ) Üniversite
( ) Üniversite Sonrası

21.Yaşınız?

( ) 18 - 25
( ) 26 - 35
( ) 36 - 45
( ) 46 - 55
( ) 56 +

22.Aylık hane geliriniz?

( ) - 1.000.000
( ) 1.000.001 - 3.000.000
( ) 3.000.001 - 5.000.000
( ) 5.000.001 - 7.000.000
( ) 7.000.001 +

23.

	Mesleğiniz	Eşinizin Mesleği
- Özel Sektör Yönetici	( )	( )
- Kamu Sektör Yönetici	( )	( )
- Özel Sektör Memur	( )	( )
- Kamu Sektör Memur	( )	( )
- Özel Sektör İşçi	( )	( )
- Kamu Sektör İşçi	( )	( )
- Serbest Meslek	( )	( )
- Tüccar	( )	( )
- Esnaf	( )	( )
- Ev Hanımı	( )	( )
- Emekli	( )	( )
- Öğrenci	( )	( )

24.Aşağıdaki dayanıklı tüketim mamullerinden hangileri evinizde bulunmaktadır?

( ) Otomatik Çamaşır Makinesi
( ) Otomatik Bulaşık Makinesi
( ) Renkli Televizyon
( ) Çöp Öğütme Makinesi
( ) Çamaşır Kurutma Makinesi
( ) Video
( ) Müzik Seti
( ) Araba
( ) Araba Telefonu

25.Oturduğunuz Semt?

APPENDIX 2

DEFINITIONS OF C(1) AND C(2) SOCIO-ECONOMIC GROUPS

C(1) group is represented by the people who have secondary and high school education level and fall within 1 million and 3 million income group and who live in quarters such as Fatih, Üsküdar or Florya.,

C(2) group is represented by the people who have secondary school and primary school degree or no education degree and fall between 1 million and below income group and who live in quarters such as Gültepe or Avcılar.