AN ANALYSIS OF SALES CHANNEL ON ANNUITY LIFE INSURANCE IN THAILAND

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Abstract

The research problem is Thailand has become aging society since 2005 and will grow into aged society in 2021. If an individual savings is not enough, it may affect the livelihood that became a burden to society. This is an important problem. Thailand should have a pragmatic policy to encourage voluntary savings as annuity life insurance implications of population aging. Thus, the objective in this paper is investigating the sales channel for annuity life insurance in Thailand. Research methods include: (a) the scope of the studies in this research is the change in sales channel on annuity life insurance (b) The method of analysis in this research is qualitative and quantitative research. The study by using both secondary data from book, journal, website and related organizations and primary data from research questionnaire. The results of the research find multi sales channel in annuity life insurance in Thailand; Agent, Bancassurance, Telemarketing and Online marketing. The Agent is the first rank sales channel because for the competition in the life insurance business in Thailand usually use non-price competition behavior. The products derived from consumer sentiment such as after-sales service, is the personality of the life insurance agent. This paper will be helpful to understanding the sales channel on annuity life insurance in Thailand and the importance of voluntary saving especially the long-term savings for Thailand's population aging in the future.

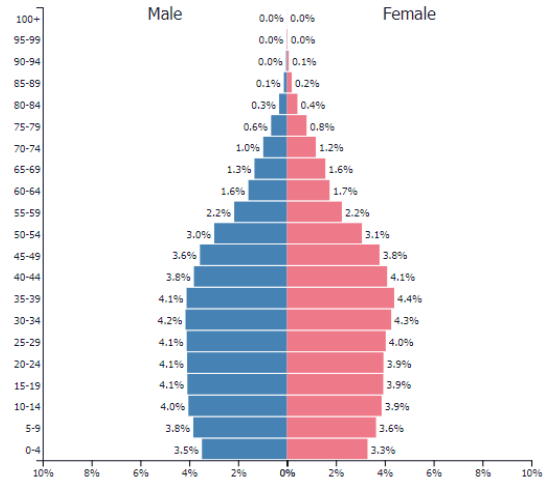
Keywords: Population aging, Aging society, Aged society, Voluntary saving, Annuity life insurance, Sales channel

1. BACKGROUND & PROBLEM STATEMENT

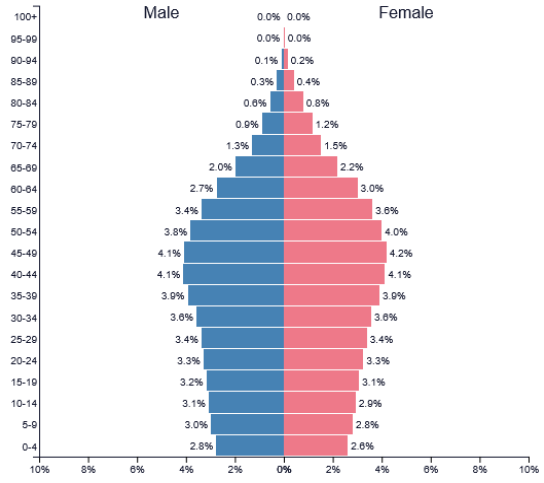
Aging Society is the situation which population ages 60 and above becomes a proportionally larger share of the total population more than 10 percent. Thailand has become an aging society since 2005 which has population ages 60 and above accounted for 10.3 percent. This is the successful population's control from The Nation Family Planning Program which launched in 1970. The results lead the fertility rates fell from 6.1 in 1965 to 1.5 in 2015. (World Bank, 2017). Additional, the primary driver of aging in Thailand is from the advances in medicine and public health as well as progress in economic and social development. Thailand has population ages 60 and above accounted for 15.5 percent in 2017. Considering the numbers of population projections from the Office of the National Economic and Social Development Board, between 2010 - 2040, Thailand has population ages 60 and above accounted for 20.0 percent in 2021. This means that Thailand will become "Aged society" within 3 years from now. Additional, Thailand has population ages 60 and above accounted more than 32 percent in 2040. (Office of the National Economic and Social Development Board, 2018). The situation changed quickly so may disrupt the economy and quality of life of the population aging in the future.

Figure 1

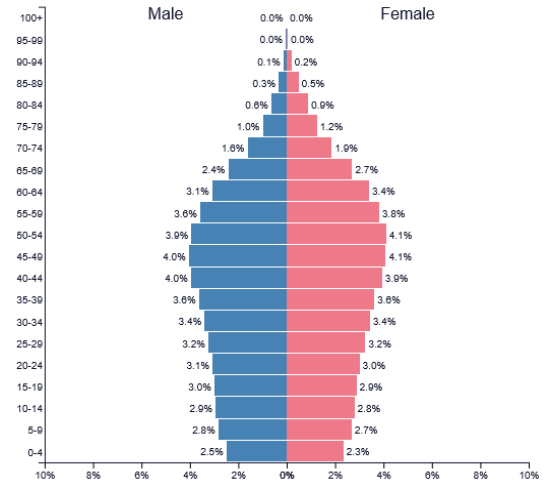
Thailand's Population Pyramid in 2005, 2017, 2021 and 2040



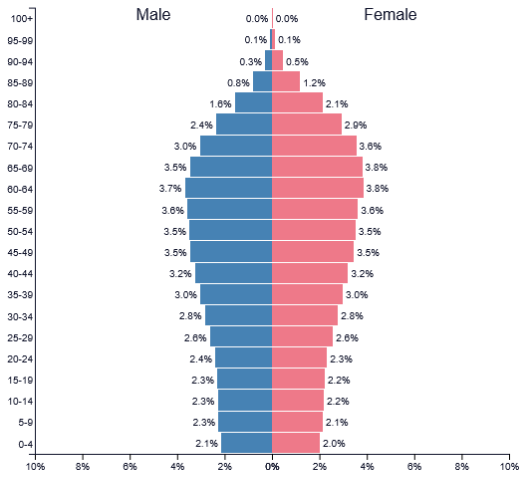
Thailand's Population Pyramid in 2005



Thailand's Population Pyramid in 2017



Thailand's Population Pyramid in 2021



Thailand's Population Pyramid in 2040

Source: PopulationPyramid.net

According to Thailand's population structure changes; the number of children and working-age decreased. Considering the amount of labor force between 2010 and 2040. Thailand has population in working-age 42.74 million people in 2010 and 35.18 million people in 2040. The numbers of labor force decrease about 7.6 million in 30 years while the tread of population ages 60 and above increase. (Office of the National Economic and Social Development Board, 2018). The medicine development increasing leads to the elderly live longer. The trend of living together as one big family is slow down. Moreover, the elderly is more likely to live alone with their spouses so the elderly must to use income savings to spend in retirement. If the savings are not enough, it may affect their livelihood. This situation becomes a burden to society.

Table 1
National Income, Public Revenue and Public Expenditure for Elderly Welfare Projection
Projection in 2012-2021

Year	National Income (Million Baht) (1)	Public Revenue (Million Baht) (2)	Public Revenue to National Income (%) (3) = (2)/(1)	Public Expenditure for Elderly Welfare (Million Baht) (4)	Public Expenditure for Elderly Welfare for National Income (%) (5) = (4)/(1)	Public Expenditure For Elderly Welfare to Public Revenue (%) (5) = (4)/(1)
2012	11,382,602	2,250,674	19.8	170,528	1.50	7.58
2013	12,179,384	2,580,934	21.2	190,957	1.57	7.40
2014	13,031,941	2,871,702	22.0	217,191	1.67	7.56
2015	13,944,177	3,146,808	22.6	249,510	1.79	7.93
2016	14,920,269	3,418,560	22.9	281,893	1.89	8.25
2017	15,964,688	3,700,968	23.2	314,661	1.97	8.50
2018	17,082,216	3,996,009	23.4	352,450	2.06	8.82
2019	18,277,971	4,312,720	23.6	389,565	2.13	9.03
2020	19,557,429	4,653,521	23.8	427,570	2.19	9.19
2021	20,926,449	5,016,065	24.0	464,009	2.22	9.25

Source: Thailand Development Research Institute (TDRI), 2012

According to the data in Table 1 shows the Public Expenditure for Elderly Welfare to National Income and Public Expenditure for Elderly Welfare to Public Revenue are increasing. The public expenditure for elderly welfare will pose large long-term financial burdens. It reflects the need to prepare a savings by financial arrangements early to help appropriate and adequate support various welfare of elderly.

Under the theoretical savings system from World Bank; Multi Pillars. Pillar 0: A non-contributory "zero pillar" of the social security system. This fund does not pay, non-contributory. It provides grant money to the elderly for living a basic minimum. Pillar 1: A mandatory "first pillar" is compulsory. This fund paid by the individual and the government will pay the subsidy part. Pillar 2: A mandatory defined-contribution "second pillar" is compulsory. The government forced an individual to increase savings during the working period to have money guarantee in retirement period. Pillar 3: A funded voluntary "third pillar"

of the voluntary sector. The amount accumulated for retirement (defined contribution system) is formed by individual savings accounts. Pillar 4: A non-financial "fourth pillar" of the system to maintain adequacy, affordability, sustainability, equity, predictability, and robustness. This includes access to support such an informal family support. (Robert Holzmann, Richard Paul Hinz and Mark Dorfman, 2008).

The only saving money from compulsory in Pillar 1 and Pillar 2, retirement savings may not enough to count the cost of living is rising steadily. The voluntary savings in Pillar 3 while in the working period is particularly important. People can save any how much in order to have income enough for retirement period. There are many forms in Pillar 3, such as provident fund, mutual fund, retirement fund, life insurance, pensions, etc. The savings in the form of annuity life insurance is a special saving because gives both of protection of life and retirement income for the elderly. It is not a burden on society and families.

Table 2

Domestic savings, Household Savings, Life Insurance premiums, Annuity life Insurance premiums, Annuity income in 2008-2013

Unit: Million Bath

Transactions	2008	2009	2010	2011	2012	2013
Domestic savings [1]	2,902,576	2,801,554	3,227,126	3,382,080	3,422,084	3,234,897
Household savings [1]	490,091	536,367	575,781	601,443	611,933	646,979
Life Insurance premium [2]	223,354	258,545	296,106	329,112	390,998	443,233
Annuity life insurance premiums [2]	153	180	210	854	1,322	3,163
Annuity income [2]	89	18	34	49	68	259
Gross Domestic Product (GDP) [3]	4,364,833	4,263,139	4,596,112	4,599,655	4,898,189	5,039,794
% Household savings						
Life Insurance premium [2]	45.57	48.20	51.43	54.72	63.90	68.51
Annuity life insurance premiums [2]	0.03	0.03	0.04	0.14	0.22	0.49
Annuity income [2]	0.02	0.00	0.01	0.01	0.01	0.04
% GDP						
Domestic savings [1]	66.50	65.72	70.21	73.53	69.86	64.19
Household savings [1]	11.23	12.58	12.53	13.08	12.49	12.84
Life Insurance premium [2]	5.12	6.06	6.44	7.16	7.98	8.79
Annuity life insurance premiums [2]	0.00	0.00	0.00	0.02	0.03	0.06
Annuity income [2]	0.00	0.00	0.00	0.00	0.00	0.01
Growth rate (%)						
Domestic savings [1]		-3.5	15.2	4.8	1.2	-5.5
Household savings [1]		9.4	7.3	4.5	1.7	5.7
Life Insurance premium [2]		15.8	14.5	11.1	18.8	13.4
Annuity life insurance premiums [2]		17.9	16.6	306.5	54.8	139.3
Annuity income [2]		-79.3	83.1	45.9	37.5	282.1
Gross Domestic Product (GDP) [3]		-2.3	7.8	0.1	6.5	2.9

Source: [1] Bureau of savings and saving policy, Fiscal Policy Office
[2] Office of Insurance Commission
[3] Office of the Nation Economic and Social Development Board

The proportion of life insurance premium and annuity life insurance premium to household savings in Table 2 are increasing. The proportion of life insurance premium to

household savings in 2008-2013 was 45.57%, 48.20%, 51.43%, 54.72%, 63.90% and 68.51%, respectively. In Thailand, annuity life insurance is another form of life insurance and retirement savings, only the insured pays a premium to the life insurance company for a specified period. When the insured person 55 or 60 years old, the life insurance company will pay the regular amount of money, annuity income, to the insured on a regular basis every month or every year until the age with the conditions set out in the insurance policy. The proportion of annuity life insurance premium to household savings in 2008-2013 was 0.03%, 0.03%, 0.04%, 0.14%, 0.22% and 0.49%, respectively. It means that Thai people are interested in the voluntary savings, especially annuity life insurance more than the past.

1.1 Objectives

According to the data in Table 2 shows the proportion of annuity life insurance premiums to GDP in 2011-2013 was 0.02%, 0.03% and 0.06%, respectively. It means that the growth rate of annuity life insurance premiums is increasing when relative to GDP. The main reason of household sector is more likely to focus on the long-term saving for quality of retirement life.

However, when considering in terms of the proportion of annuity income to gross domestic product, this proportion is still very small. It is only 0.01% in 2013, or only 259 million Baht for retirement payments to the insured. Thus, it is an urgent matter that Thailand should have a clear, supportive policy to encourage people to save on annuity life insurance while they stay in the working period in order to prepare themselves for entering the aged society in 2021. Developing the sales channel suit to people is the most important.

Thus, this paper investigates the sales channel on annuity life insurance in Thailand. It is helpful to understand the current situation on the sales channel on annuity life insurance in Thailand.

1.2 Theory, Literature Review and Conceptual framework research

1.2.1 Theory and Literature Review

This section examines the various theories that will be used to inform the study of insurance business in an economy.

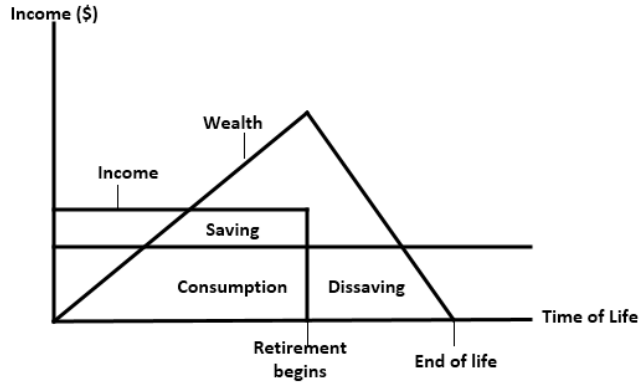
1.2.1.1 The life-cycle hypothesis

The life-cycle hypothesis provides a direct theoretical relationship between aging, income, consumption and household savings in the economy. Consumption is not based on revenue at the current time, but based on estimates of income throughout of life span to get maximize utility and smooth consumption over time. The life-cycle hypothesis represents savings is positive for young households and negative for the retired. Regarding, People will save more when they younger, they will have money to spend when they are older and either cannot or do not wish to work (Tullio Jappelli and Franco Modigliani, 1998) in Figure 2.

The savings plan in the life-cycle model decides on the basis of self-interest, trying to take advantage of the wealth and not save for anyone. This view is contrary to the fact for Thailand and several countries in Asia. Schunk (2007) has expanded analytical framework savings, self-interest, but that does not mean that. "Do not care for people". For a typical household, many considerations influence saving decision over the life-cycle. For example,

households save to finance consumption after retirement. They save for supporting their children or grandchildren, e.g. during their education, or for leaving a bequest to them. These considerations and circumstances imply explicit saving targets which reflected in the behavior of giving behavior and bequest transfer.

Figure 2
Franco Modigliani and Life cycle hypothesis



If people has smooth consumption over their life as indicated by the horizontal consumption line, they will save and accumulate wealth during their working years and after then run down their wealth during the retirement time.

Source: Mankiw, 2013

Later, Extended Life Cycle Model is a new alternative. The definition includes the transfer of money or property, as well as non-monetary while still alive or after death in the model. Life insurance is the framework of the extended life cycle model because the main of life insurance reason is prevent financial risks as their own lives. At the same time, it shows the intention to grant compensation to the children or the beneficiary when they died. Addition, savings with life insurance allows the saving to be time-consistency because the insured will pay a regular amount every year or every period as defined in the policy to have enough savings for retirement.

Another theory developed the theory of the life cycle model is Overlapping Generations Model, OLG. The one originally proposed by Diamond (1965) building on Samuelson (1958). The model emphasizes on the relationship of people across overlap generations. Everyone goes through three generations of life; childhood, adult and elderly. By modeling this relationship across the generations which means a transfer of income and help each other, the childhood relies on parents to raise tuition and alimony as well as elder rely on his child. Regarding, the second generation is a very high social and economic role because they are working age who support both of children and their parents. In fact, several the elderly have self-reliant, they have accumulated enough wealth. Some people receive annuity earning from life insurance and pension as national pension, employee pension, and etc. However, a dependence that may not mean just only money, but rely on non-monetary support such as health care in daily life, getting out of the house, etc.

The savings in the form of life insurance, annuity life insurance is a voluntary savings to protect life and retirement income. This saving helps the elderly is not a burden on society and families. There is academic research which relates to annuity life insurance as Katharine G. Abraham and Benjamin H. Harris (2014) find the United States are alert and prepare retiree with annuity life insurance because of populations live longer. The annuity life insurance is a financial instrument as a way to make enough income during retirement. The largest population

in the world, savings in the form of annuity life insurance is popular increasingly because the policy guaranteed the income of elderly people in China. When seniors have enough income from pensions, it will increase in spending behavior which leads investors to produce more goods and services (Katharine G. Abraham and Benjamin H. Harris, 2014; Zhenhui, 2014). Increasing consumption and investment will lead to economic growth finally.

1.2.1.2 Theory of Push and Pull Customer Service

Fredrick (1911) find The Principles of Scientific Management is the ideas to listen need from customers. Many companies are changing the way from the push theory to a pull theory. They provide the information and allowing the customer to determine what best suits with their needs.

Zubes (1999), Abdullaev Shuhrat and Abdurahmonov Sharof. (2006) state the purpose of the insurance marketing is the maximization profit and earning highest premium. Even though, the companies must get increasing budgets and marketing efforts to get the positive results. Insurers attempt to balance the customer satisfaction with the administrative handling expenses, and reimbursement claims (Mills and Morris 1986).

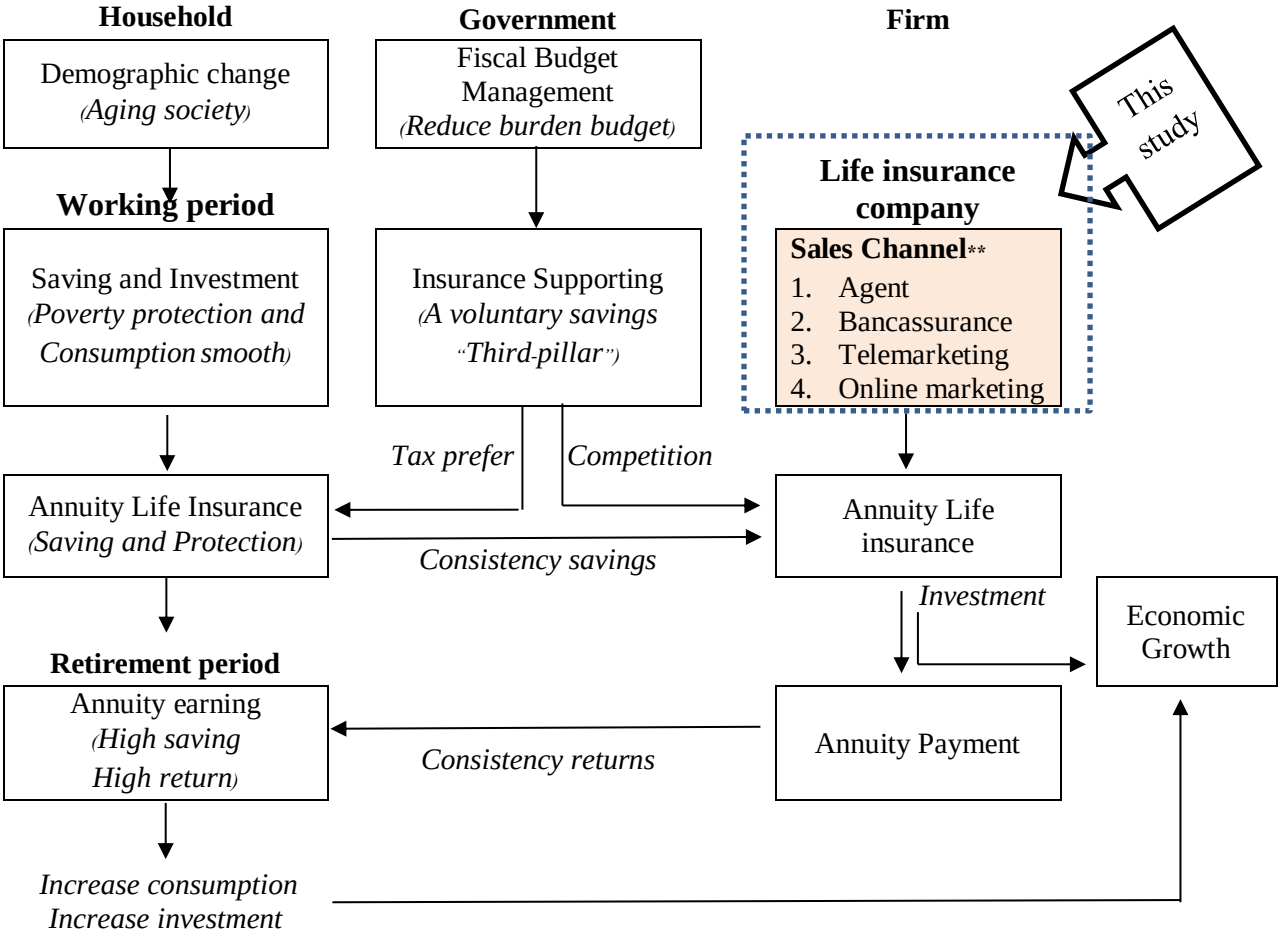
1.2.1.3 Marketing Mix Theory

Neil H. Borden (1964) published his article, *"The Concept of the Marketing Mix*". After then, the term of marketing mix is becoming popular. The elements in the Borden's marketing mix included product planning, pricing, branding, distribution channels, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. Later, E. Jerome McCarthy (1993) grouped these elements into the four categories as known as the 4 P's. The marketing mix are Price, Product, Promotion and Place.

However, the consumer today not only wants a good product with a great price, they also want a personal relationship and after sales services, especially the financial contract, such as an insurance policy (Bakos, 2008). Walker (2008) observe that the consumers today has knowledge about the products and services offering. The most valuable insurance marketing tips include the salesperson who serve the financial information for the customers all time by newsletters, email, and notifications updates to inform about issues surrounding insurance and other financial programs in order to keep their customer. Additional, the insurance companies measure a customer satisfaction surveys in order to get qualitative information and viewpoint for customers to improve services to customer need (Robert, 2001).

1.2.2 Conceptual Framework Research

Figure 3
Conceptual Framework Research



Source: Prepared by author

2. METHOD AND PROCEDURE

1) This study concerns the Place; sales channels only. Sales channels in the insurance industry in Thailand can be classified into four types: (1) agent; (2) bancassurance; (3) telemarketing; and (4) online marketing
2) The method of analysis in this research is both qualitative and quantitative analyses.
3) This study using both secondary data and primary data to analysis of sales channel on annuity life insurance in Thailand. The secondary data from book, journal, website and related organizations such as the Office of the national economic and Social Development Board, Bureau of savings and saving policy, Office of Insurance Commission, and Revenue Department of Thailand. The primary data from the questionnaire by online survey to find the reason why individuals want to purchase or not to purchase annuity life insurance in each sales channel.

3. RESULTS

The results of this study present in the 2 important parts. The first part analyses of the sales channel on life insurance. The second part analyses the reason why individuals want to purchase or not to purchase annuity life insurance.

3.1 An analysis of the sales channel on life insurance

There were 24 life insurance companies in Thailand, which 23 companies are direct insurers and 1 is a reinsurer. The name of life insurance companies by this following;

1) The American International Assurance Co., Ltd.
2) Muang Thai Life Insurance Public Co., Ltd.
3) Thai Life Assurance Public Co., Ltd.
4) Krungthai-AXA Life Assurance Public Co., Ltd.
5) SCB Life Assurance Public Co. Ltd.
6) Bangkok Life Assurance Public Co., Ltd.
7) Allianz Ayudhya Life Assurance Public Co., Ltd.
8) FWD Life Insurance Public Co., Ltd.
9) Prudential Life Assurance (Thailand) Public Co., Ltd.
10) Ocean Life Insurance Public Co., Ltd.
11) South East Life Public Co., Ltd.
12) Dhipaya Life Ansurance Public Co., Ltd.
13) Generali Life Insurance Public Co., Ltd.
14) Tokio Marine Life Insurance Public Co., Ltd.
15) Thai Cardif Life Insurance Public Co., Ltd.
16) Chubb Life Insurance Public Co., Ltd.
17) Siam Samsung Life Insurance Public Co., Ltd.
18) Advance Life Insurance Public Co., Ltd.
19) MBK Life Insurance Public Co., Ltd.
20) Phillplife Assurance Public Co., Ltd.
21) Manulife Insurance Public Co., Ltd.
22) Union Life Insurance Public Co., Ltd.
23) BUI Life Insurance Public Co., Ltd.
24) Thai Re Life Insurance (Reinsurance) Public Co., Ltd.

Table 3
The top ten leaders of life insurance companies in 2016

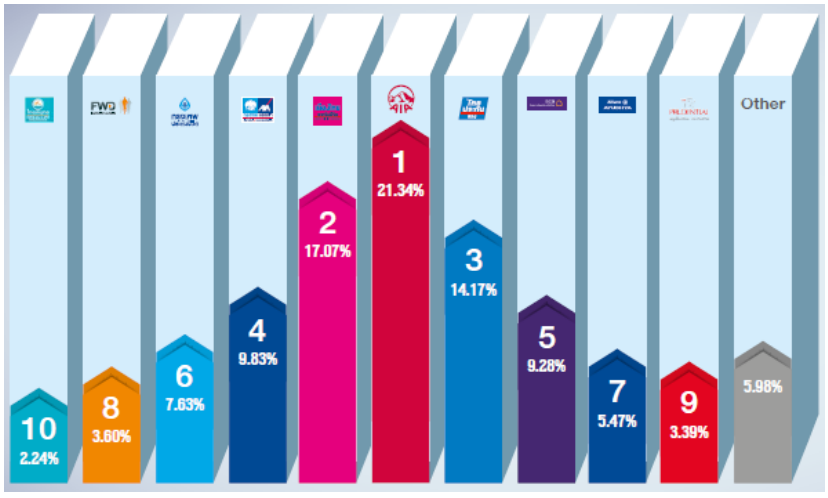
Unit: Million Baht

Life insurance companies	Market Share (%)	Gross premium income (Million Baht)
(1) The American International Assurance Co., Ltd.,	21.34%	121,254
(2) Muang Thai Life Insurance Public Co., Ltd.,	17.07%	97,012
(3) Thai Life Assurance Public Co., Ltd.,	14.17%	80,523
(4) Krungthai-AXA Life Assurance Public Co., Ltd.,	9.83%	55,875
(5) SCB Life Assurance Public Co. Ltd.,	9.28%	52,721
(6) Bangkok Life Assurance Public Co., Ltd.,	7.63%	43,333
(7) Allianz Ayudhya Life Assurance Public Co., Ltd.	5.47%	31,073
(8) FWD Life Insurance Public Co., Ltd.	3.60%	20,463
(9) Prudential Life Assurance (Thailand) Public Co., Ltd.	3.39%	19,241
(10) Ocean Life Insurance Public Co., Ltd.,	2.24%	12,708

Source: TLAA Por Chor 1-2 Report

These top ten companies hold about 94.02% of total market share while the other 13 companies share the remaining 5.98%. When consider with the concentration ratio (CR), the measure of the percentage market shares in an industry held by the largest firms within that industry. CR4 is the percentage of market share, which taken up by the 4 largest firms shows that (1) The American International Assurance Co., Ltd., (2) Muang Thai Life Insurance Public Co., Ltd., (3) Thai Life Assurance Public Co., Ltd., 12.72% and (4) Krungthai-AXA Life Assurance Public Co., Ltd. The 4 major providers held 62.41% of total market share.

Figure 4:
The top ten leaders of life insurance companies in 2016



Source: TLAA Por Chor 1-2 Report

There are four sales channel in life insurance in Thailand; Agent, bancassurance, telemarketing and online marketing. The first, agent is an employee sales representative who sells for a single company. The second, bancassurance is an arrangement between a bank and an insurance company, allowing the insurance company to sell its products to the bank's client

base. The third, telemarketing is the mass direct marketing method via telephones to prospect customer. Finally, online marketing is the internet marketing via application mobile phone or website directly.

Table 5
Life insurance premium by sales channel in 2012-2016

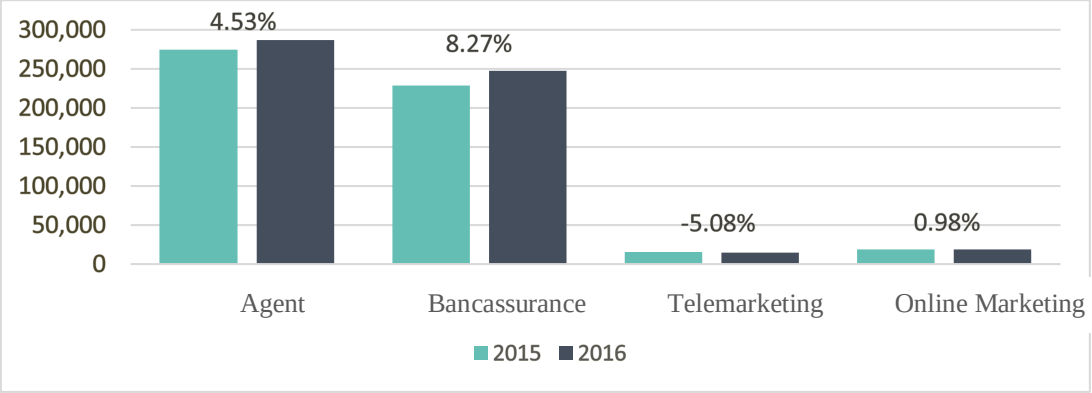
Unit: Million Baht

Sales Channel	2012	2013	2014	2015	2016	Growth rate (%)
Agent	224,671	241,871	260,014	274,763	287,214	4.53%
Bancassurance	143,668	172,323	210,895	228,582	247,495	8.27%
Telemarketing	12,129	14,016	15,242	15,663	14,868	-5.08%
Online marketing	11,584	14,664	17,698	18,501	18,683	0.98%
Total	392,052	442,874	503,849	537,509	568,260	5.72%

Source: TLAA Por Chor 1-2 Report

The statistics on life insurance premium income from 2012 to 2016 in Table 5 shows that agent has always ranked the number one channel, followed by bancassurance which has attracted a lot of attention because its premium income proportion has increased every year and is now close to that of agent channel.

Figure 6
Growth rate of selling by sales channel 2016



Source: TLAA Por Chor 1-2 Report

Figure 6 shows agent and bancassurance sales channels on life insurance in Thailand have an increasing growth rate. Exceptionally, the telemarketing is decreasing because other channels such as online marketing via by internet have been replacing and rapidly gaining momentum.

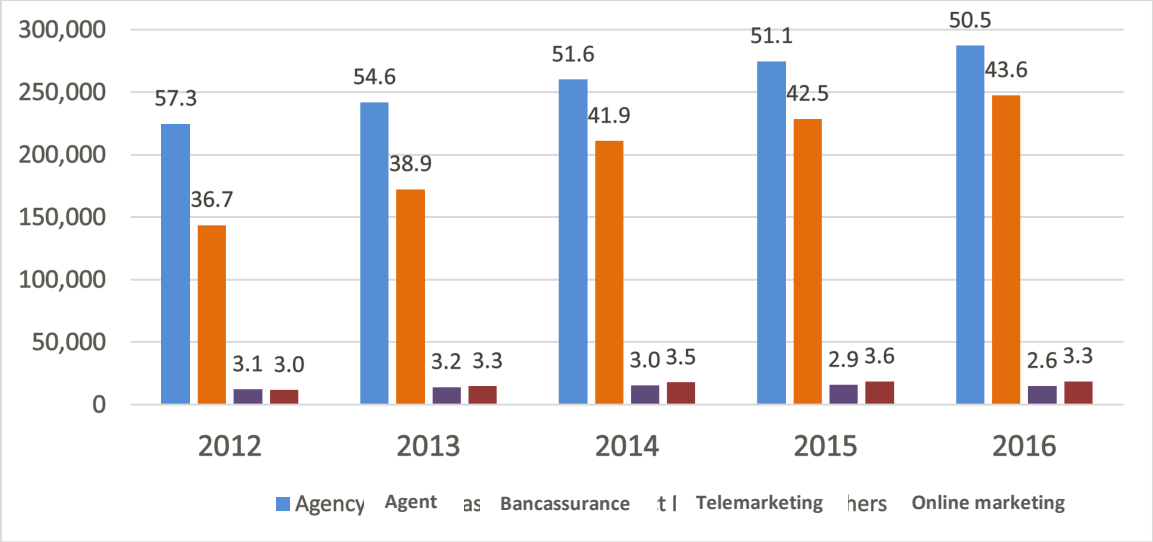
Table 6
Premium income ratio by sales channel in 2012-2016

Unit: Percent

Sales Channel	2012	2013	2014	2015	2016
Agent	57.3%	54.6%	51.6%	51.1%	50.5%
Bancassurance	36.6%	38.9%	41.9%	42.5%	43.6%
Telemarketing	3.1%	3.2%	3.0%	2.9%	2.6%
Online services	3.0%	3.3%	3.5%	3.4%	3.3%

Source: TLAA Por Chor 1-2 Report

Figure 7
Premium income ratio by sales channel in 2012-2016



Source: TLAA Por Chor 1-2 Report

Table 6 and Figure 7 indicate the latest market statistics suggests that more than 90% of total direct premiums was generated through two major distribution channels, agent and bancassurance. Agent distribution channel is the first rank on life insurance in Thailand for many years. This pattern has remained unchanged for many years.

Table 7
Agent license examination statistics in 2015-2016

The Examination for license Agent	2015	2016	Growth rate (%) in 2016
Total number of applicants	181,330	194,147	Growth rate = 7.06%
Number of Testees	128,242	136,670	Examination ratio = 70.40%
Passed and got an Agent's license	49,077	51,018	Pass ratio = 37.32%

Source: TLAA Por Chor 1-2 Report

The data in Table 7, the Agent channel is an important sales channel in Thailand, it is the first ranked in with 50.5% of life insurance premiums in 2016. The total number of applicants in 2016 was 194,147, an increase of the total 181,330 by 12,817 or 7.06% in the

previous year. The number of persons who sat for the test was 136,670 and a total of 51,018 or 37.32% passed.

3.2 An analysis of the reason why individuals want to purchase or not to purchase annuity life insurance

This part analyses the sales channel on annuity life insurance from the online survey in December 2017. The questionnaires ask 400 individuals who stay in working period in Thailand. There are two parts in the questionnaires. The first asks for general information. The second asks for specific information to find the reason why want to purchase or not to purchase annuity life insurance in each sales channel.

3.2.1 General information

The individuals answered the questionnaire which gives a response rate of 100.0%. There are 131 males, or 32.7%, and 269 females or 67.3%. The individuals who have an age between 41-50 years' response in this survey about 214 persons or 53.5%.

Table 8
Respondents separate by gender, age, and sales channel annuity life insurance

General Information	Number	Percentage (%)
Gender		
Male	131	32.7
Female	269	67.3
Age		
21-30 Years	68	17.0
31-40 Years	58	14.5
41-50 Years	214	53.5
51-60 Years	30	7.5
Over 61 Years	30	7.5
Total	**400**	**100**

Source: Survey by author

3.2.2 Specific information

Sales channel in the insurance industry in Thailand can be classified into four types: (1) agent; (2) bancassurance; (3) telemarketing; and (4) Online marketing. This part asks for the reason why the individual's interest to purchase or not to purchase annuity life insurance from each sales channel.

1) Agent sales channel

From the total of 400 respondents, there are 344 people who interest in purchasing by agent, or 86.0%. The survey finds that the first reason is the advice and recommend an appropriate insurance product for insurer, 123 persons, accounting for 30.8%. The second reason is the saving time on all matters and every step because agent will take care in every aspect, 71 persons, accounting for 17.8%. The third reason is the agent take care and give after

sales service such as payment of insurance premiums or reimbursement claims, 60 persons, accounting for 15.0%., respectively.

There are 56 persons, accounting for 14.0% who not interest to purchase from agent. The survey finds that the first reason doesn't trust the agent, 19 persons, accounting for 32.8%.

Table 9
The reason why interested to purchase or not to purchase from agent

The reason why interested to purchase or not to purchase	Number	Percentage (%)
Interested in agent sales channel	**344**	**86.0**
• Advise and recommend an appropriate insurance product	123	30.8
• Save time on all matters and every step because agent will take care in every aspect	71	17.8
• After sales service such as payment of insurance premiums or reimbursement claims	60	15.0
• Have a caregiver, financial consultant and get new information all time	51	12.8
• Close together	26	6.5
• Not the answer	13	3.3
Not interested in agent sales channel	**56**	**14.0**
• Do not trust the agent	19	32.8
• Not comparable to other companies, introduce the information which gives a higher commission only	17	30.7
• Get advice that does not suit of life, Higher payment but less coverage	11	20.8
• Not receive after-sales service because agent wants the commissions from the first year premium only	9	15.7
Total	**400**	**100**

Source: Survey by author

2) Bancassurance sales channel

From the total of 400 respondents, there are 325 people who interest in purchasing by bancassurance, or 81.2%. The survey finds that the first reason is easy to purchase in convenient branch banking, 98 persons, accounting for 24.5%. The second reason is the confidential gateway because purchased through direct financial institutions, 94 persons, accounting for 23.5%. The third reason is the bank branch sell the savings product with life protection, 73 persons, accounting for 18.2%, respectively.

There are 75 persons, accounting for 18.8% who not interest to purchase from bancassurance. The survey finds that the first reason is no consultants or who serve as personal insurance agent, 27 persons, accounting for 36.0%.

Table 10
The reason why interested to purchase or not to purchase from bancassurance

The reason why interested to purchase or not to purchase	Number	Percentage (%)
Interested in bancassurance sales channel	**325**	**81.2**
• Easy to purchase in convenient branch banking	98	24.5

The reason why interested to purchase or not to purchase	Number	Percentage (%)
• Confident because purchased through direct financial institutions	94	23.5
• Savings product and get life protection	73	18.2
• Do not worry about payment, can use direct debit	56	14.0
• Not the answer	4	1.0
Not interested in bancassurance sales channel	**75**	**18.8**
No consultants or who serve as personal insurance agent	27	36.0
• Does not meet the protection of life on the other side, all most is the endowment product	17	22.7
• Employees have no knowledge of life insurance, just only describe by the brochure	16	21.3
• Introduce information only to life insurance companies affiliated with the bank	12	16.0
• Not the answer	3	4.0
• **Total**	**400**	**100**

Source: Survey by author

3) Telemarketing sales channel

From the total of 400 respondents, there are 130 people who interest in purchasing by telemarketing, or 32.5%. The survey finds that the first reason is quick and easy to purchase via telephone, 65 persons, accounting for 16.2%. The second reason is easy to used credit card for payment, 33 persons, accounting for 8.3%. The third reason is recognizing the importance of annuity life insurance but no time to contact to purchase, 16 persons, accounting for 4.0%., respectively.

There are 270 persons, accounting for 67.5% who not interest to purchase from telemarketing. The survey finds that the first reason is May not receive the complete information via telephone, 93 persons, accounting for 34.4%.

Table 11

The reason why interested to purchase or not to purchase from telemarketing

The reason why interested to purchase or not to purchase	Number	Percentage (%)
Interested in telemarketing sales channel	**130**	**32.5**
• Quick and easy to purchase via telephone	65	16.2
• Can be used credit card for payment	33	8.3
• Recognize the importance of annuity life insurance, but no time to contact to purchase	16	4.0
• Not the answer	16	4.0
Not interested in telemarketing sales channel	**270**	**67.5**
• May not receive the complete information via telephone	93	34.4
• Worry about the security payment by credit card number	68	25.2
• No after sale service	67	24.8
• No comparable information available, Telesales introduce the insurance information just only they want to sell	37	13.7

• Not the answer	5	1.9
Total	**400**	**100**

Source: Survey by author

4) Online marketing sales channel

From the total of 400 respondents, there are 152 people who interest in purchasing by online marketing, or 38.0%. The survey finds that the first reason is quick and easy to calculate premium via internet by yourself, 74 persons, accounting for 18.5%. The second reason doesn't want anyone to suggest because can compare and select by yourself, 55 persons, accounting for 13.8%. The third reason is recognizing the want to contact the company directly, 16 persons, accounting for 4.0%., respectively.

There are 248 persons, accounting for 62.0% who not interest to purchase from online marketing. The survey finds that the first reason is nobody provide advice and take care after sales service, 68 persons, accounting for 27.4%.

Table 12

The reason why interested to purchase or not to purchase from online marketing

The reason why interested to purchase or not to purchase	Number	Percentage (%)
Interested in online marketing sales channel	**152**	**38.0**
• Quick and easy to calculate premium via internet by yourself	74	18.5
• Do not want anyone to suggest because can compare and select by yourself	55	13.8
• Want to contact the company directly	16	4.0
• Not the answer	7	1.8
Not interested in online marketing sales channel	**248**	**62.0**
• Nobody provides advice and take care after sales service	68	27.4
• Do not believe in the life insurance information system	67	27.0
• Take time to study life insurance information by yourself	64	25.8
• Do not meet the requirements because some types of insurance are not available through online.	46	18.6
• Not the answer	3	1.2
Total	**400**	**100**

Source: Survey by author

4. CONCLUSIONS

The agent sales channel is the first rank on life insurance in Thailand for many years. It is a priority because Thai customers still want to purchase a face to face policy with someone who explains various insurance policies and helps clients choose plans that suit them. Moreover, Thai customers want someone who gives a good after sales service such as keeping policy records, handling policy renewals and help settle claims. However, there is someone don't trust in the agent sales channel. The government must to control the ethics of the life insurance agents for the people to accept and believe. The recognizing ethics, duties and

responsibilities of agents is important because the agent is a mediator between the general public or the insured with life insurance company

In recent years, bancassurance have growth rates and a higher proportion of premiums which close to agent sales channel. Banks, including finance companies, with their huge database of customers, sell insurance through a network of branches. It is easy to purchase in convenient branch banking. Almost all of the local banks in Thailand own or have partnership agreements with insurance companies. It is the confidential gateway because purchased through direct financial institutions. This channel suit to the people level that the agent cannot be reach because the bank branch sells the savings product with life protection. In order to improve the efficiency in bancassurance, the government must to control the policy offering. Bank officer must explain the difference with the deposit with the bank, avoid using deposits instead of paying premiums, do not force or use as a bargain on the loan or other bank transactions because life insurance is the voluntary savings.

Telemarketing is the mass direct marketing method via telephones to prospect customer. This channel suit to the people who, recognizing the importance of annuity life insurance, but no time to contact to purchase. Telemarketing is easy to purchase via telephone and can use a credit card for insurance payment. However, someone worry about the complete information via telephone, the government must control the quality of policy offering. Telesales must explain the benefit and coverage clearly, do not say ambiguous in order to have a quality marketing management system, transparency and built the confidence in the insured.

Insurers today leverage multiple distribution channels to reach and engage with their customers. With advancements in technology, insurers have started exploring ways to develop newer distribution channels in the online space. The new channels have provided insurers with opportunities to increase sales while keeping costs low. They have also increased customers' convenience when buying insurance products via internet. In recent years, online marketing has growth rates more than telemarketing because online marketing is more quick and easy to calculate premium via internet, doesn't want anyone to suggest because can compare and select by themselves, and recognizing the want to contact the company directly. In order to improve the efficiency in, online marketing the government must control the insurance company to serve the after sale service for the insured.

However, this study is primary survey the sales channel on life insurance in Thailand only. The next research direction will survey of "Distribution channels in ASEAN countries" in order to find more information, especially the competition and regulatory intensity among these countries. So, the future work will be tested "The regulatory framework is of major influence on market shares of distribution channels, is it or not?"

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