

## **Identification and Prioritization Effective Factors on Selling “Life and Investment Insurance” Using Multivariate Decision Making Technic in Insurance Companies of Bushehr Province**

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**Abstract:** Today, insurance is an important tool for economic, social and as an industry that is important and has effective role in sustainable economic growth and development. In the meantime, life insurance policies and investment have great role both to meet the financial needs of family members after the death of its head and to invest in the types of policies. However, despite the above advantages, these policies do not have a good position in the country. The main objective of this research is identification and prioritization effective factors on selling life and investment insurance using multivariate decision making technic in insurance companies of Bushehr province that to get this matter factors and barriers to the development of life insurance through library and field studies were identified. Then, data was collected by providing specialized questionnaire (pairwise comparisons) which was distributed among 10 experts insurance companies. Identified factors were prioritized using AHP multivariate decision making technic. The findings of this study indicate that factors affecting the sales of life insurance and investment in the province in order of priority include: economic, marketing and sales, socio-cultural, public policy, organizational structure and management insurance companies. Meanwhile, the subplot of a low family income, low level of inflation and inclusive policy of promoting and advertising and short-term attitude to investment are the most important factors which were identified.

**Key words:** Life and investment insurance, insurance company, Bushehr province, multivariate decision making technic AHP, income

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### **INTRODUCTION**

“Risk” that history is as old as human history and not the result but destruction and losses at the beginning. Risk scope was too wide because the capital was minimal. Gradually, with the development of human societies, wealth and greater human assets and the risk increased conflict with humans. By presenting the industrial revolution, diversity, frequency and severity of risk, expanded day by day. Even today with the advancement of technology and various types of industrial products in human life, in spite of the many facilities that lead to human welfare, with new risks into the community. (Ayat, 2011).

People in everyday life, are faced with hazards and risks. The father may suddenly die and his widow and children penniless and destitute stay. House or shop, the family may be destroyed in the fire. When people have the

ability to earn money, often difficult to do and when necessary prudence, in poverty and are constrained. At such times, insurance with the participation of the compensation provides money to help people. (Fakharzadeh, 2014).

### **Problem statement**

**The definition of expression issue:** The insurance industry also one of the most economic institutions and economic institutions the other hand, is considered the strongest institution other support.

Legally speaking, life insurance is a contract whereby the insurer undertakes in exchange for a premium that the insured in case of death or survival he took a certain amount of money (capital allowances) to policyholders or a third party designated by him. At the micro level the importance of life insurance, can increase life expectancy, encourage labor force in high-risk jobs, increasing

prosperity of life. At the macro level also increases life insurance operating efficiency, increase production, conserve resources and enhance the economic security of societies is human (John, 1993).

In a general classification, insurance, property insurance and personal insurance are divided into two fields. Between majors and a variety of different insurance people and in particular, the brightness of life and investment insurance and place special have because this kind of insurance with benefits that in section construction hidden is the payment capital full in the age of death ordinary and three equal or possibly more in the age of death in accident and lack of pay right insurance at the time of disability and benefits section saving including full funding for life-payment at the end of the insurance period, profit sharing benefit, etc., can be a complete coverage for each person. In fact, this type of life insurance policies as an addition, they provide comfort and peace to policyholders but also as an investment option considered. But, despite the need for this type adequate coverage insurance, the insurance unfortunately for some reason the country has not enjoyed significant growth compared to other countries.

According to the statistical year book of the central Insurance at the end of 2014, the share of life insurance in the insurance industry about 10.5% of the total, compared with 78 million population of the country the figure is negligible. If life premiums of total premiums collected in the world, about 60% or an average of about 59.3% and the backwardness compared to the sale and delivery of these policies shows.

In fact, the development of life insurance in Iran are faced with factors and difficulties including: Barriers to organizational structure of life insurance in insurance companies from two perspectives for the development of life insurance in the country is not working. One of the specific organization and expertise to provide life insurance does not exist. And other technical and support in the organization of insurance companies in a way that does not help to develop individual life insurance. Central insurance public policy barriers and affiliated organizations, no doubt meet strategic goals requires study, planning and trying to make it happen. Economic factors, including low income, inability to inflation, etc., cultural barriers such as fatalism, barriers to marketing and sales, including advertising and many other factors.

Previous studies each one factors effective on sale insurance life separate or a few together in articles and end letters of available case check the they got and result from their presentation. In this research, scholar on it are until with attention to importance life insurance ID Factors

effective on sale life and investment insurance and then prioritizing these factors pay until the finally to results from research and in sales network insurance company Bushehr province to work closed and a step in direction development insurance industry to be picked up .

**Types of life insurance:** A critical requirement (capital-an immediate pension pension) (Ayat, 2011):

- On condition feet (life time ; lifetime)
- Mixed (saving one and two ; fixed term insurance)
- Investment children

#### **Literature review**

**Domestic sector:** Rad (1998) in a study entitled “review obstacles development insurance life In “An examination of structural factors, economic and social and cultural factors, eight factors (components) important and influential on the development of life insurance that would include people per capita income, inflation and investment returns life insurance and savings in the form of payment advertising, the social security insurance, ignorance and superstitious beliefs of some segments of society, macro-economic factors were the most important factor to providing for the purchase of life insurance and non-insurance insurance by planners and decision-makers.

Partoi (2002) demand life insurance and check and the most important factors effective on demand life insurance in Iran and earnings per capita, education and inflation expected that among this variables, only inflation expected with relation reverse and negative with demand life insurance and variables other relation positive and straight.

Mahadavi (2011) in their study titled “evaluation of marketing and sales of life insurance and financial obstacles” to the conclusion that life insurance needs to sell and develop a strong box and publicity campaign to help us by arousing the emotions experienced and the need to cover the insurance and we offer to him but through him we can to persuade and convince others and more people purchase this insurance and in accordance with the conditions of their present and future opportunities for the supply of new coatings and we seek but the this is the only complete one side is the other side of this lack of awareness and preparedness of the general public to the subject of insurance, especially life insurance, etc. the different marketing problems and vendors who all obstacles in the way of development and the development of life insurance and financial which we have to the pathology.

Khatami *et al.* (2011) applied different multiple criteria decision making approaches to rank the portfolio of the

Table 1: Factors affecting the sale of primary and secondary life insurance and investment

Main factors (indicators)	Components (options)
Organizational and management structure (Insurance company)	Poor organization and technical support to payment of appropriate dividends to policyholders' participation Providing poor service to policyholders in all fields of insurance (on payment) No place in the life insurance sector insurance company organizational structure Underutilization of information technologies IT
Public policy	Inappropriate investment life insurance mathematical reserves by insurance company Lack of macro policies and strategies for the development of life insurance in the insurance industry Inappropriate policy of assimilation of new members of the central insurance Despite support from the state of insurance (social security, health and pensions, etc.) in the country Bad planning in direction recognition requirements
Sociocultural	Tariff and non-exclusive supervision by the central Insurance Fatalism believe to existent ironically and so Existence vacuum cultural in using insurance in country Low literacy level of Women's lack of willingness to buy life insurance (Sex) The high number of dependents
Economic	Decrease value of time money and and Low level of families earnings and Helpful investment in sectors other because difference in rate technical interest life insurance and Attitudes and preferences to investments short term inflation
Marketing and sales	Inefficient sales network Groups other professional researches marketing section companies insurance Low levels of inclusive policy of promoting and advertising Inefficient incentive policies to enable representatives of the insurance company Non-continuous and strategic monitoring of representative performance and

life insurance. They obtained the criteria, the weight of the criteria, finally ranked the alternatives based on the weighted criteria.

Khezri (2011) in his thesis entitled "identifying and prioritizing factors affecting the sales of life insurance in Tehran" has concluded that widespread and continuous publicity through the mass media to make known to the more people types of insurance as the main reason for the increase in sales of life insurance is introduced.

Shojaee in his study entitled "identifying and prioritizing factors affecting life insurance sales using multi criteria decision making (a case study in Mazandaran province in Iran Insurance Company)" came to the conclusion that the main factors in order of effectiveness include: commercial and marketing factors, economic, strategic and cultural. Sub-agents, a wide and varied advertising through mass media, low family income and reducing the time value of money, respectively, were identified as important factors.

Abbasi (2013), a study entitled "Identification and prioritization of financial and economic factors affecting buy life insurance" with the results of exploratory factor analysis showed that 5 of the income tax, the macroeconomic situation, the investment income persons, persons paid the landlord the order of priority for investment and economic and financial factors affecting their life insurance.

Saeedpoor *et al.* (2015) applied the SERVQUAL Model approach to obtain the criteria and then applied integrated with fuzzy AHP and fuzzy TOPSIS methodologies to rank the insurance firms.

**Secondary objectives:**

- Identify factors related to the socio-cultural and prioritize them
- Identify factors related to economic factors and prioritize them
- Identify and prioritize the factors related to the marketing and sale
- Identify factors related to the organization and management structure and prioritize them
- Identify factors related to the government policy and prioritize them

**MATERIALS AND METHODS**

In this study, library research, interviews with experts and literature and documentation were used to identify the criteria and factors affecting sales of life insurance and investment have been used. In this study, a questionnaire and also paired comparison method (AHP) was used to collect data and to prioritize these factors. In this context, five main factors affecting sales of life insurance and investment were identified, including: organizational structure and management of insurance company, economic, socio-cultural factors, sales and marketing factors and public policy factors. Each of the main factors that are components is in Table 1. Continue to prepare a questionnaire (pairwise comparisons) were measured among qualified employees (heads of departments and senior executives life insurance) insurance company Bushehr province using this information was distributed and multi-criteria decision models is about ranking.

**RESULTS AND DISCUSSION**

Rating factors (leading indicators) affecting the sales of life insurance and investment. Given that the rate is <0.1 incompatibility comparisons can be used to rank the factors influencing the sales of life insurance. Results ranking factors in Fig. 1.

The data in Fig. 1 shows that the factors affecting life insurance sales agent “economic” weight 0.331 in the first place, marketing and sales ranks second with a weight of 0.26, cultural and social with a weight of 0.19 in third place, public policy weight 0.135 0.084 in the fourth and weight management and organizational structure is in last place.

Ranking in each of the main aspects. Cultural-social dimensions ranking results in Fig. 2 is shown.

The economic component of the ranking is stated after T ranking results in Fig. 3

**Ranking of the components of the marketing and sales:** The ranking results are stated in Fig. 4

**Ranking of the components of the organizational and management structure:** The ranking results are stated in Fig. 5.

**Ranking of the components of the public policy:** The ranking results are stated in Fig. 6

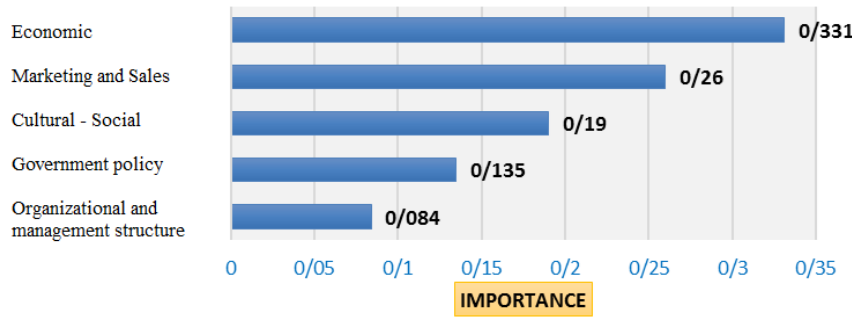


Fig. 1: The main factors affecting the sales of life insurance and investment ranking

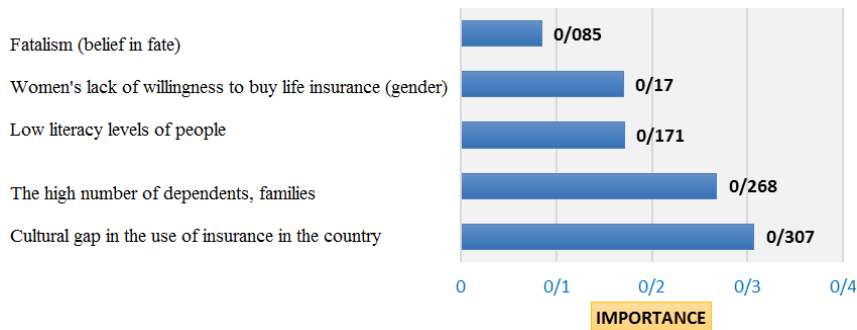


Fig. 2: Rating cultural-social componentd

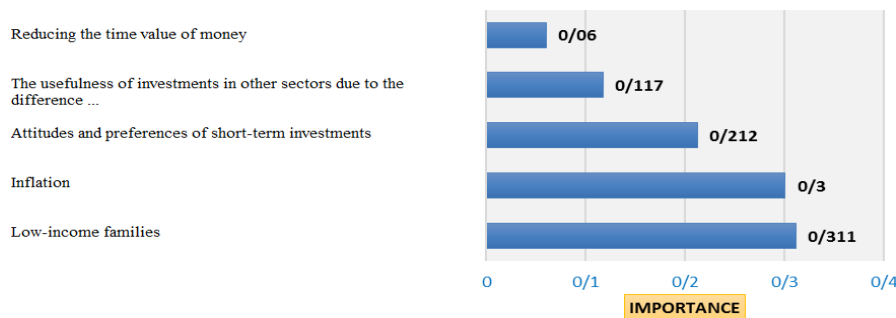


Fig. 3: Economic component of the ranking

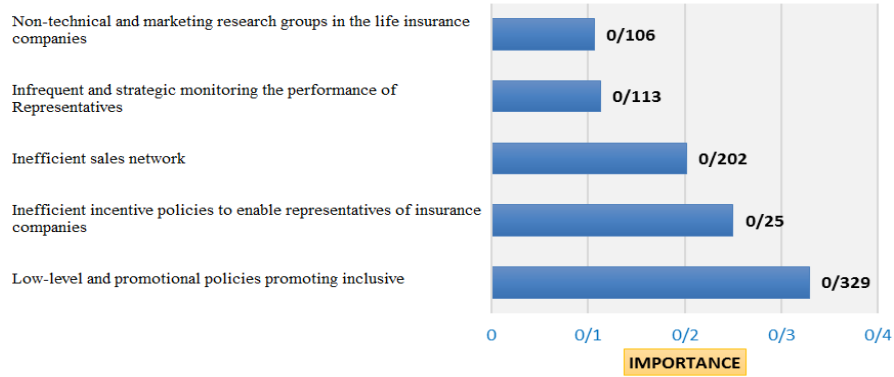


Fig. 4: Ranking after sales and marketing components

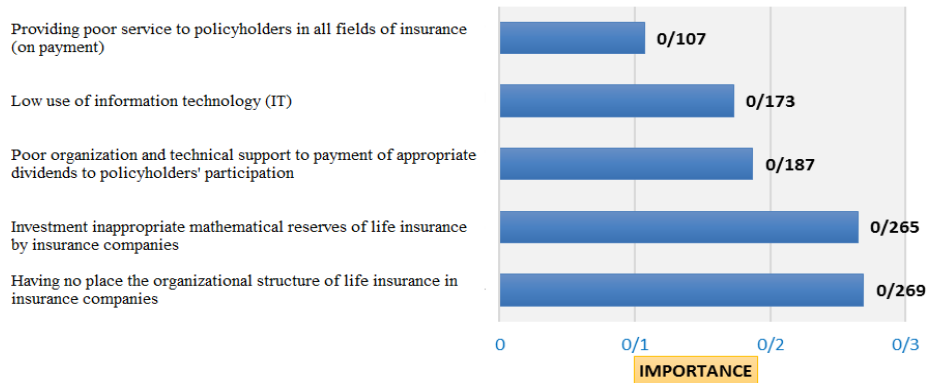


Fig. 5: The ranking elements of the organizational and management structure

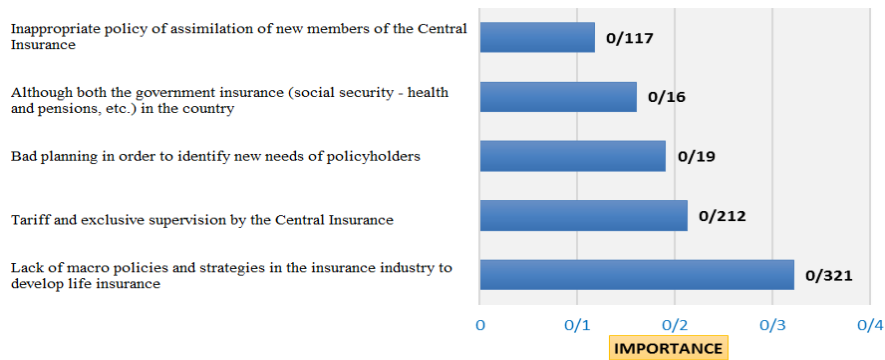


Fig. 6: Ranking elements of the public policy

**Ranking secondary elements:** In previous episodes in which any component ratings were then determined separately. The following sub-components were ranked based on the total weight regardless of size. The ranking results in Fig. 7 are shown.

Cultural factors as shown in Fig. 1, ranking in terms of importance, ranking third among the five main factor affecting sales is according to the Fig. 3, the components

of the low level capable of life and investment insurance, however is one of the most important factors as well as Fig. 2 of the its components and the cultural gap in the use of insurance in the country and the number of family dependents.

Economic factors, according to Fig. 1, the first factor are the impact on the sale of life and investment insurance. Also, of family income and inflation higher

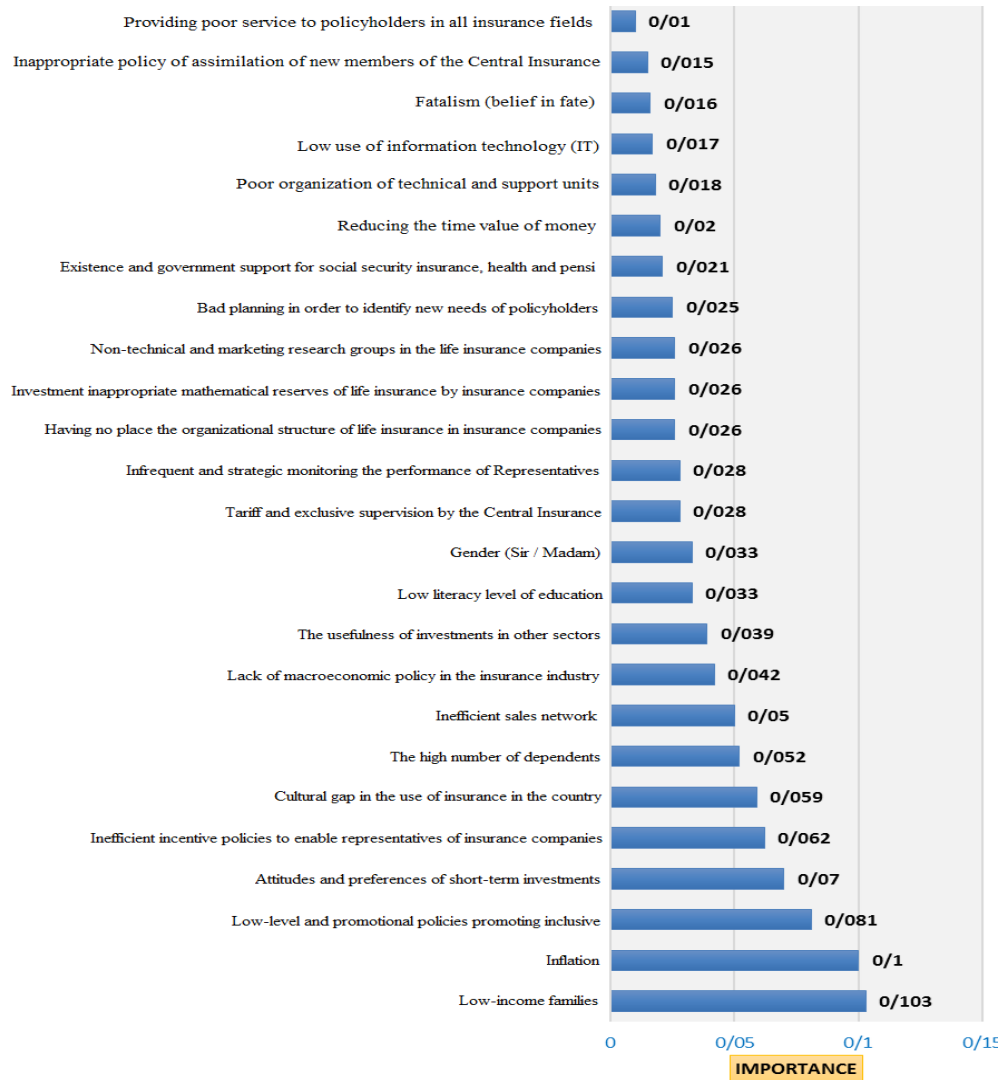


Fig. 7: Diagram of ranking secondary factors effective on life insurance selling and investment

priority to selling life insurance and investment, these factors are compared to other components. According to the research of Shojaei and Memarian, economic factor is in the second priority of effectiveness which difference from this research is number of participators so that participators in Shojaei and Memarian research are senior executives life insurance company active in life insurance) in order to prioritize the factors affecting the sale of life and investment insurance have been responsive to the operating account first place.

Marketing and sales agents, according to the Fig. 1 the ranking of importance, ranking second among the five main factor affecting sales is capable life and investment insurance as well as the Fig. 4 Among the components of the operating components of “low-level and promotional policies promoting inclusive” and “inefficient incentive

policies to enable representatives”, priority and have a greater impact on life and investment insurance. Organizational and management structure of insurance companies in terms of ranking according to hierarchical process (AHP) is in last place among subsets of these factors, the impact of “no position in the organizational structure of life insurance and investment insurance company inappropriate mathematical reserves life insurance “is the priority of the respondents.

Government policy factors, according to the Fig. 3, in fourth place in terms of impact on the sale of life and investment insurance are respondents. Also, according to the Fig. 5 the component of “lack of macro policy and strategy in the insurance industry” the most important components of an effective policy on the sale of life and investment insurance is in terms of the respondents.

Results of ranking of components (sub-agents) based on total weight regardless of size Hierarchy Process (AHP), the Fig. 7.

## CONCLUSION

The findings show that low levels of family income component with a weight of 0.103 compared to other components in the first place. Inflation-weight and low-level 1 is second in the overall policy of promoting and advertising are in third place with a weight of 0.081, the most important factors affecting the sale of life and investment insurance were identified. Other components based on the above graph are next in rank.

## SUGGESTIONS

**Suggestions related to cultural-social factors:** Cultural factors, as Chart 1 ranking in terms of importance, has the third ranking among the five main factor affecting sales is capable of life and investment insurance, however, is one of the most important factors as well as Fig. 2 shows the its components and the cultural gap in the use of insurance in the country and the number of family dependents.

Economic factors, according to Fig. 1, shows the first factor are the impact on the sale of life and investment insurance. Also, the components of the low level of family income and inflation higher priority to selling life insurance and investment, these factors are compared to other components.

Continuous relationship with the University of insurance companies and insurance and insurance training centers (science and execute)

**Suggestions related to economic factors:** It is recommended, insurance agents, to sell group life insurance policies and investment in staff and office action (according to income and sales) Design and issue life insurance policy and investing in gold and Foreign currencies (dollar and euro) provides life insurance with premiums lower and therefore, more balanced insurance funds for rural areas and small cities

**Suggestions related to marketing and selling:** Create study groups consist mainly of indigenous people. Pay Commission awards and facility representatives, with multiple ways, according to sales use mass media to develop life insurance and investment Concessions and special bonuses to life insurance policyholders issuing life insurance policy and invest and donate it to the winners (especially early), Olympiad and the university entrance exam.

**Suggestions related to management organizational structure:** Establishment of a specialized company as a subset life insurance in insurance companies. mathematical reserves and the long-term life insurance because of insurance and calculation Profit Sharing Benefit, must be kept separate and invested by the insurance company. Insurance Bank formed with the participation of insurance companies in order to support the sale of insurance, facilitating the collection of premiums, facilitate the investment of technical reserves and etc. diversify the means of receipt of premium by the insured, particularly the use of new technologies, including cards and electronic money etc.

**Suggestions related to government policy factors:** Identifying and formulating the overall strategy and vision 20 years of insurance industry according to Article 44 of the Constitution Act, legal and operational planning and to determine the contribution of each field of insurance, including the insurance Tariff rate liberalization and empowerment at large premiums to insurance companies to compete on price and premium rate. Full and comprehensive cooperation with government insurance company and the unwavering support of the government to promote this type of insurance policy as one of the best tools and levers to fight inflation and poverty through the provision of facilities, assistance in preparing and presenting their experiences to the population insurance company Life insurance and investment guarantees and acceptable as collateral for use of facilities or enjoying various banking and judicial affairs Central insurance to process formation companies life insurance that only activities this insurance and performance they give speed.

Meanwhile, the permission log in companies foreign to market life insurance to increase competition and facilitators log in science and art it to country and also Encouraging activity companies national insurance in our country with target transfer science and technology industry life insurance to inside country issue. Granting an investment license from the life insurance technical reserves on insurance companies that are based in the same province (combination of insurance and investment culture).

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