

CITY UNIVERSITY OF HONG KONG

香港城市大學

**Analysis of Insurance Customers Attraction
and Development in Hong Kong**

香港保險客戶推廣及拓展分析研究

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Abstract

Protection for citizen is always the top priority for most of the places around the world. It can range from direct subsidy for the needy by the Government and Charitable Organization which are not beneficial to all the population. Protection can also be in the form of insurance in which individuals can seek for the protection of loss from unexpected events in the future. However, being the second most developed insurance market around the globe, Hong Kong has a relatively low penetration rate in the life insurance. Protection eagerness for other insurance is intensified as shown by the initiation of the Health Protection Scheme (HPS) in the market and uniform retirement benefit scheme. The contradiction between the high sales volume (in premium) and the low penetration rate in the market provides a research opportunity for the customer development analysis. However, it has not been addressed by the researchers.

The current thesis would like to go beyond the traditional setting which treats the insurance policies separately according to the type of product that are involved. Instead, policyholders would be the unit of analysis with the consideration of all the insurance products, endowments and riders they have engaged in. The policyholders would be segmented according to their characteristics. Other than the explicit behaviors and characteristics, the underlying drives for the purchase of insurance products would be analyzed from the policyholders and the general environment perspectives. Special focus would be on the affordability of the insurance customers. New perspective in defining the affordability would be suggested in the thesis. With all this analyses and investigations, the customer profile and the purchase rationale of insurance for the existing customers can be revealed. This can be used as the base and

direction for carrying out targeting and product development in the insurance market especially for the case in Hong Kong. With the better needs fulfillment to the prospects through better targeting and positioning, the penetration rate and the protection provided to the citizen can be enhanced in the long run.

The result shows that income is still the most important factor that would hinder the purchase of the insurance. It is suggested that small premium amount can be used attract the customers at their young age as the policy starting age factor suggest a desire for protection in the city at the early life cycle. It can lower the customer loss rate due to the failure to get a protection with the present of health problem which is accompanied by high premium charges. The concern of personal finance and the desire of annual payment would lead to different preferences and effect over various insurance riders. This shows that affordability management is valid over insurance purchase decision.

On the other hand, economic fluctuation is not as significant as one may thought in the insurance purchase decision making process when compare to unexpected event like disaster. Agent introduction can provide some support to the low educated group who lack of knowledge over the protection that they can seek for. More importantly, upgrade offer would obviously attract further policy engagement.

The study also confirmed that similar pattern can be found for the people who have engagement over the life insurance purchase and general insurance purchase. For example, people are hinder by the income for both type of purchase and young starters in life insurance policies are also more likely to get general insurance.

The ultimate research significance is to provide an:

Insurance customer behavior analysis with mixture of research tools under complete customer life cycle among life and general insurance policy using extensive list of variables in Hong Kong.