

## Improving the Supply Quality of Rural Commercial Pension Insurance in Guangdong Province

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**Keywords:** Rural Endowment Insurance, Commercial Endowment Insurance, Social Endowment Insurance.

**Abstract:** The pension system of our country is mainly composed of three pillars: basic old-age insurance, enterprise annuity and individual commercial old-age fund. Because the aging trend of our country is rising obviously, the first pillar sustainable pressure is big, the second category reserve is insufficient, the third category needs to develop urgently. At present, the urban basic old-age insurance system has basically matured, while the rural population is large and the insurance system is relatively backward, the vast majority of the rural population only know social security and do not know commercial old-age insurance. Through the methods of investigation, evidence collection and comparative analysis, this survey studies the reasons for the relative lag of commercial old-age insurance in rural areas in the form of questionnaires and visits, and puts forward some suggestions to improve the current situation of rural commercial old-age insurance, such as increasing the credibility of commercial old-age insurance, simplifying the insurance process, establishing a diversified insurance model and establishing farmers' awareness of old-age insurance.

### 1. Reasons for the Lag of Rural Commercial Old-Age Insurance Market

#### 1.1. Confusion of Commercial Old-Age Insurance

In this survey, there is a very common situation, the subjects in the "whether to buy commercial pension insurance" column has chosen "yes ", but only after the fact that they all is social pension insurance. When it comes to old-age insurance, the first reaction of the vast majority of people in rural areas is social security, thinking that old-age insurance is borne by the state and has state security. But the commercial endowment insurance is issued by the insurance company, the propaganda is not in place, and does not have the state support, has been rarely known to the rural people. The confusion of social security and commercial old-age insurance can also see that the propaganda of commercial insurance companies in rural areas is not in place or even blank, since they do not understand nature will not choose, this should be one of the important reasons for commercial insurance companies in rural areas.



Figure 1 Rural old-age insurance

## **1.2. Poor Creditworthiness of Commercial Old-Age Insurance**

The construction of a socialist society with Chinese characteristics makes the Chinese people rich, and the Chinese countryside solves the problem of food and clothing. The people, under the leadership of the government, move towards a new era and make the people more dependent on the government. Social old-age insurance is based on the government, although the level of security compared with commercial old-age insurance is to meet the lower standard of living security. Commercial insurance companies, which are mostly private, regulate their behavior through certain regulations and mechanisms, and belong to profit-oriented business institutions. Even if commercial old-age insurance can meet people's needs for a higher standard of living, the respondents are more suspicious and reserved attitude, fully show distrust. When it comes to trusting the government a little more or trusting the insurance companies a little more, most people answer the government. It can be seen that the image of commercial insurance companies with low reputation in rural areas has seriously affected the expansion of their rural market

## **1.3. Complex Commercial Pension Insurance Processes**

As commercial insurance companies in the premise of high premiums often accompanied by high compensation, the phenomenon of insurance fraud also followed. In order to prevent the occurrence of insurance fraud, insurance companies have to set up a series of audit level, the insurer layer by layer confirmation. Strict audit standards, cumbersome audit process, although can effectively identify the true and false insurance reimbursement, reduce the loss of insurance companies, but increased the burden of policy-holders, policy-holders sometimes for insurance reimbursement, a department to visit, an invoice to each level of leadership to sign and seal. In addition, insurance contracts signed in the early stage of insurance, the daily payment of premiums and after the settlement of claims are more complex. may cause trouble for rural customers with lower levels of education. Therefore, the complicated process of reimbursement also affects the development of commercial insurance companies in the rural market.

## **1.4. High Premiums are a Barrier**

Compared with social old-age insurance, commercial old-age insurance has a distinct characteristic is high premium payment. According to the survey, whether it is China Life or China Ping An and other commercial insurance companies in the pension insurance payment of this piece is basically similar, the average annual premium is 5 More than 1000 yuan, compared with social endowment insurance only need to pay a few hundred yuan to see, for living conditions are not rich enough, basic income and expenditure balance of rural families, the cost of commercial old-age insurance is undoubtedly a huge expense, many families can not afford. Moreover, the long interval between payment and receipt of insurance fees is also a factor that many people consider. In short, the tug of war between high premiums and low incomes has shut out the vast majority of rural people.

## **1.5. Lack of Awareness of Farmers' Participation**

The Chinese nation's idea of providing for the aged for thousands of years is "raising children and preventing the elderly ", which is the thought left over from China for thousands of years, especially in rural areas, which is deeply rooted, so many rural residents would rather spend more money to raise a son than take the money to participate in the insurance. In the course of the research, most of the respondents said that their spare money is to leave their children to marry and have children, buy a house to buy a car. At the same time, they fear that it will increase their burden if their children are insured for them. The idea of this generation of parents is to think for their children, not more for themselves. This is also caused by their lack of understanding of pension insurance. Therefore, the rural residents' consciousness of conservative participation in insurance is low, which makes the development of rural commercial old-age insurance extremely difficult.



Figure 2 Rural old-age insurance

## **2. Suggestions for Improving the Present Situation of Rural Commercial Old-Age Insurance**

### **2.1. Increased Advocacy**

In view of commercial endowment insurance in rural areas and social endowment insurance situation, should start from two aspects. First of all, the commercial insurance company should cooperate with the village committee, because the rural social old-age insurance mostly starts from the village committee, and the village committee organizes the related lectures, so it will be more efficient to concentrate the villagers than the commercial insurance company to send people to visit the house door to door. Second, village committees are more persuasive than commercial insurance companies. Commercial insurance companies should increase their own publicity efforts, change the way of publicity. In contrast to television advertising, perhaps directly into the countryside to do more offline activities, so that rural people can directly participate in the experience may bring better publicity results. At the same time, commercial insurance companies in publicity should be easy to understand, not too professional. Only when the propaganda is in place and the people in rural areas have a clear and accurate understanding of commercial insurance companies, it is possible to expand the market and find business opportunities.

### **2.2. Increased Credibility of Commercial Pension Insurance**

As a strong backing of social endowment insurance, the government has greatly improved the credibility and participation of social endowment insurance. By contrast, the majority of rural people to commercial insurance institutions doubt, do not understand, distrust makes the image of commercial pension insurance companies in the countryside is "selling insurance to cheat money ." Therefore, commercial insurance companies must improve their own image, reflect on why people have such an illusion. Understanding is the premise of trust, after the commercial insurance company will do the early publicity in place, what to do is to change people's "fear of being cheated" psychology, to do a good job, the commercial insurance company must let the insured know their rights, and the relevant laws and regulations that bind the commercial insurance company. Under the double safeguard can enhance own credibility, increases the credit score.



Figure 3 Pension insurance

### 2.3. Simplification of the Insurance Process

The commercial endowment insurance company should change the traditional insurance process properly for the customers with low education level, from the customer's point of view, to facilitate the customer as their own responsibility. In the early period both sides sign the insurance contract, the daily payment premium and the later period settlement, each link should carry on the certain reform. Can not let the customer feel insurance is trivial, complex, only let the customer feel convenient, simple, can really understand the significance of insurance to open up a larger insurance market. Commercial old-age insurance companies can use the current trend of intelligent Internet development, the tedious process into a concise and clear operation steps, using computer Internet or even artificial intelligence, to change the current operation mode.

### 2.4. Establishment of a Diversified Insurance Model

In view of the high premium, the commercial insurance company should proceed from the actual situation, fully consider the customer's demand and the actual maneuverability and feasibility, the premium is not necessarily fixed, since the individual income tax has a hierarchical level, the premium should be the same. Different groups of people apply to different packages, flexible adjustment of the premium level, the establishment of a diversified insurance model. Second, the Government should do the same in supporting pillar III development. For the rural population purchase of commercial old-age insurance, the government should give appropriate subsidies to reduce its burden, which is also conducive to the early establishment of a well-off society in an all-round way.

### 2.5. Awareness of Farmers' Pension Insurance

Because of the uneven economic development between regions, the traditional concept of old-age care in rural areas is still deeply rooted in the hearts of the people. Raising children to prevent old age, land pension and savings pension are still the majority of rural people uphold the concept of old age, they have little understanding of insurance, insurance awareness is extremely weak. Therefore, insurance companies should pay attention to the rural market to strengthen the promotion, vigorously publicize the important role of commercial old-age insurance in the old-age system, so that farmers can really understand commercial old-age insurance, set up the awareness of old-age insurance, and fully promote the enthusiasm of farmers to participate in insurance. Let potential clients know that commercial old-age insurance is not a burden, but a long-term solution to improve life.

## 3. Theoretical Significance and Practical Value

### 3.1. Theoretical Significance

The construction and improvement of rural commercial old-age insurance system is a major issue concerning the national economy and people's livelihood. Because of the large rural

population, limited national financial resources, unbalanced regional development and other factors, it is impossible for our country to simply choose the high welfare model, and it is impossible to adopt the rural old-age insurance system with the complete self-help model. According to the latest published data, China's current economic steady and rapid development, economic and social overall coordination presents a sustainable development trend, urban basic old-age insurance system has become mature, and the rural social old-age insurance system is still blank, this study can theoretically pick up the gaps and provide theoretical reference for the establishment of rural social old-age insurance system suitable for China's national conditions.

### **3.2. Practical Value**

For individuals, in the investigation of the current situation of rural old-age insurance, the villagers are transmitted to the villagers about the knowledge of old-age insurance, so that the villagers have a further understanding of old-age insurance. For commercial insurance companies, through the analysis of the current situation of rural old-age insurance survey results, insurance companies can aim at the resulting problems, corresponding solutions, and then open up the market and increase market share. To sum up, the establishment and improvement of rural commercial old-age insurance system is an important part of speeding up the establishment of a social security system covering urban and rural residents. It can bring great practical value to ensure the basic life of rural residents, promote rural poverty reduction and gradually narrow the gap between urban and rural areas, maintain basic stability in rural areas, eliminate rural poverty, especially the poverty of the elderly in rural areas, and provide certain basic living security for the elderly in rural areas.

### **Acknowledgements**

2019 school-level Quality Engineering Project "construction of practical teaching quality evaluation system in application-oriented universities" (ZL20191114)

2018 Guangdong Province universities key platform young innovative talent category project: Rural Revitalization Strategy Implementation of Guangdong Rural Commercial Endowment Insurance Supply Quality Improvement (2018WQNCX224)

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