



The Art of Getting the Best from Your Bank Partner to Optimize Your Potential in Bancassurance

– An Insurer's Case Study

August 29th , 2006

Neelesh Garg, Head – Bancassurance

Agenda

Non-life sector – Indian perspective

Bancassurance “*EDGe*”

Bancassurance – *IL way*

Case studies - Bancassurance

The Non-life scenario in India

- **Market opened up in 2000**
 - 4 Public Sector Companies originally
 - 8 new private sector players in the fray
 - Private sector share up to 27% in the current fiscal
- **Present market size - US\$ 4 billion**
 - 48% personal lines – mainly motor
 - Property & motor under tariff (comprises 2/3rd of GWP)
- **Market expecting de-tariffing over next 6 months**
- **New players expected as foreign shareholding norms are relaxed beyond 26%**
- **Market expected to double over the next 4 years**

Non-life: Significant opportunity in retail

- **Retail financing growing at ~40% y-o-y**
- **Private motor (1 million last calendar year) growing at 20% - seventh largest in the world**
 - **85% financed**
- **Huge potential in Individual Health (only ~1.5% of health spends through insurance)**
- **Home insurance : virtually untapped and ~1% penetration**
 - **1.5 million homes added every year of which 80% financed by banks**
- **6 million credit card users**
 - **Expected to grow at 30% y-o-y**

Agenda

Non-life sector – Indian perspective

Bancassurance “*EDGe*”

Bancassurance – *IL way*

Case studies - Bancassurance

The traditional selling model hampered retail growth in India...

- **Traditionally, non life General Insurance Companies have operated with their large branch network**
 - **Only those products ,which were mandatory by law, were selling on the retail side, i.e. Motor Insurance**
 - **General customer awareness very low**
 - **Ticket size being low, these policies were not actively sourced by the agency channel**
 - **Companies did not set up independent distribution channels anticipating high acquisition cost**
 - **Being push products, very few branch walk-ins for buying these products**

Our learnings from bancassurance

- **“Off the shelf” / standard insurance product does not necessarily work for bancassurance**
- **Insurance delivery process to be seamless for customer and channel partner**
 - **Minimum intervention on basic process and no effect on bank’s TATs**
- **Dedicated distribution channel that “breathes” bank’s fee target**
- **Channel activation and support**
 - **Continuous interaction with bank executives and channel partner to ensure**

Our learnings from bancassurance

- **Clear understanding of roles and responsibilities**
 - Customer, channel, branding ownership – Bank
 - Product & Process design, Ownership of fee targets – Joint
 - Channel training, risk participation, customer service – IL
- **Rewards & Recognition**
 - Channel level excitement on cross-sell to help attain mind-share
- **Continuous review mechanism**

Agenda

Non-life sector in India

Bancassurance “*EDGe*”

Bancassurance – *IL way*

Case studies - Bancassurance

ICICI Lombard: philosophy for bancassurance

- **Subservient to the bank's brand and offerings**
- **Complete respect for the partner's business model and "ownership" of customer**
- **Credit screened customers enable higher risk appetite**
- **Integration with the partner bank's products and processes - Customization is the key**
- **Managing the complete relationship cycle of customer**
 - **Policy issuance → Customer Service → Claims → Retention**
- **Training and motivation of bank channels**

Agenda

Non-life sector

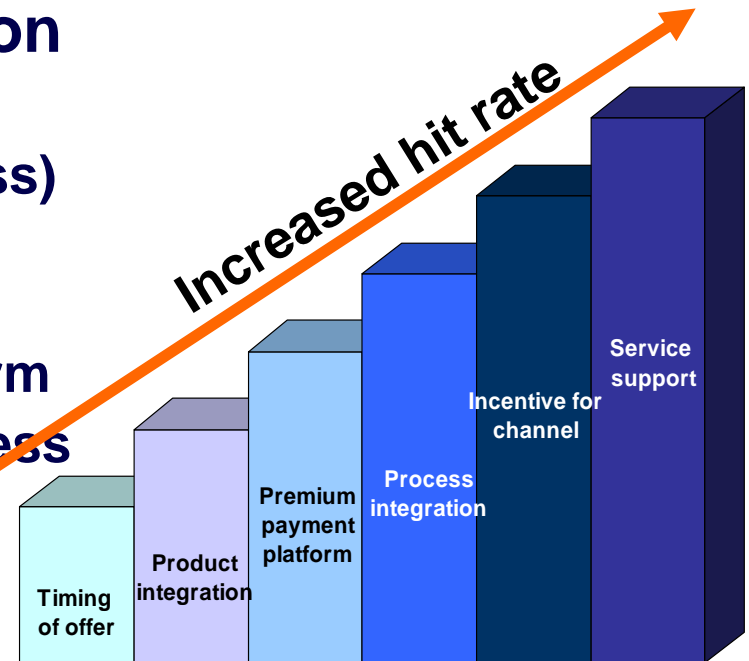
Bancassurance “*EDGe*”

Bancassurance – *IL way*

Case studies - Bancassurance

Case studies in bancassurance

- Bancassurance is about increasing the “hit rate” on the “profiled” contact available
 - Hit rate becomes function of
 - Timing of offer (awareness)
 - Integration with the core product
 - Premium payment platform
 - Integration with the process
 - Incentive for the channel partner
 - Service support





Thank you
for your
time!