



United India Insurance Co. Ltd.
युनाइटेड इंडिया इन्शुरेन्स कंपनी लिमिटेड

Bancassurance – Evolution in India



Bancassurance – Introduction

- Huge bank network- surpassed only by Postal dept
- Public trust on Banking Institutions
- Complementary nature of bank loans and insurance products
- Improved accessibility – Core Banking System.
- One stop shop convenience for customers.



Bancassurance – Introduction

- Large employee strength of banks – redeployment of excess employees due to core banking
- Banking Industry looking for fee based income as lending margins are under strain in view of competition
- Win- Win situation for banks, insurance companies & customers



The Ready Indian Market

- **80,000 Bank branches** - 14000 metro, 16000 urban, 18000 semi-urban and 32000 rural branches.
- **Customer base** - 310 million SB of which 200 million are individuals
- **Bankers knowledge of customers** – long standing relationship provided total profile of the customer base and needs
- **Exploding GDP from 2000 onwards** - creating the need of the insurance and security .



The Ready Indian Market contd...

- **Opening up of the markets** - Introduction of liberalization policies and deregulation of insurance sector.
- **Product Diversity** - More number of products from Insurers (In place of one standard medical policy of 90's we have 18 standard policies)
- **Marketing Diversity** - aggressive sales strategies of white goods and FMCGs were adopted by sales personnel migrating into a the challenging new market for General Insurance.



The Ready Indian Market contd...

- **Booming Automotive and Housing Sectors** -The Banking industry with liberalized approach and increased private sector competition spearheaded a consumption revolution
- **The GenNext** – Demographic change to a huge young workforce with disposable income, global exposure and IT industry unleashed a national boom.



Support Regulation

- IRDA came into existence in 2000 and the Government of India notification(Banking Regulation Act) dated August 3rd 2000,laid out the Bancassurance clearance.
- Notification of IRDA 2002 – Paved way for Banks as Corporate Agents.
- RBI regulations allowed Banks to participate as Corporate Agency with “No Risk Participation” or JV with “ Risk Participation” .



IRDA modelling of Bancassurance

- ❑ Pure Distribution (Without risk participation)
- ❑ Referral - Database Sharing
- ❑ Corporate Agency
- ❑ One Insurer



Genesis of Bancassurance

- PSU General Insurers tied up with leading PSU and Pvt. Banks from 2002 onwards.
- Individual agent oriented products evolved into Bancassurance friendly adaptations and aligned with the bankers customer needs.
- By 2005 ,the Bancassurance channel had established as a mainstay in Marketing/ Sales, Growth path of the Insurers.



Bancassurance - Products

- **Bank loan linked products**

- Home loans
- Transport Loans
- Industrial Loans
- Educational loans
- Small Loans /Micro Insurance

- **Deposit Linked Products**

- Personal Accident Cover
- Health Cover
- Package Covers (viz., Shopkeeper's & Householder's Policies)



Product Value

WIDTH & DEPTH OF COVERS

- Single Peril
- Multi Peril
- Package
- All risk

BETTER INDEMNITY

- Basic value
- Higher order values
- Cash-flow covers
- Pays other monetary losses



Successful Bancassurance Product

- Product – Simple and Useful
- Distribution- Availability – Anytime /Anywhere
- Service – Delivery -Policy and Claims
- Brand Equity – Banker and Insurer

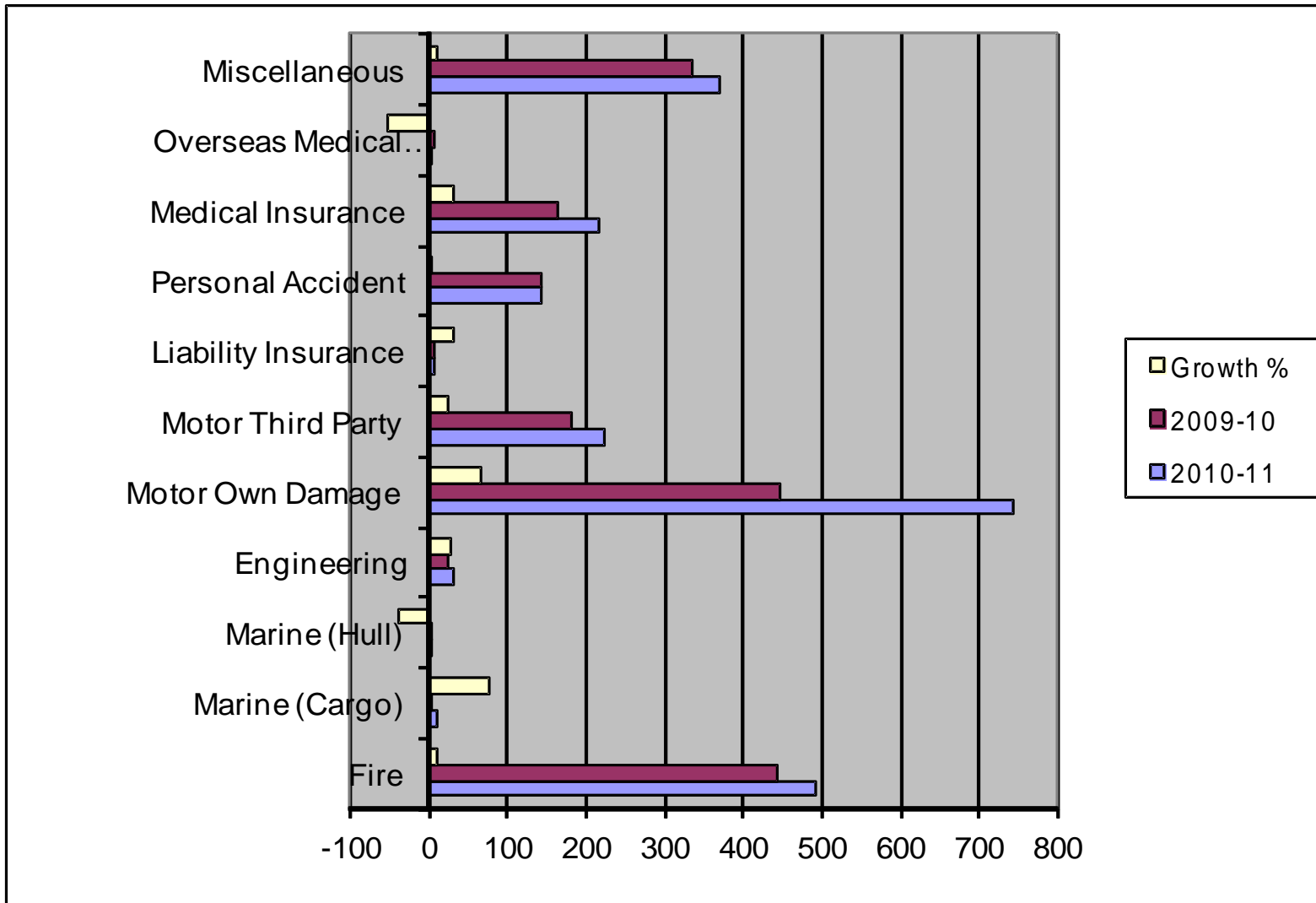


Bancassurance Growth- 2010 & 2011

Type of Channel	Corporate Agents - Banks	Corporate Agents - Banks	
	2010-11 (Rs. In crores)	2009-10 (Rs. In crores)	Growth %
Fire	494	443	12
Marine (Cargo)	10	6	77
Marine (Hull)	2	4	-37
Engineering	32	24	(21) 29
Motor Own Damage	746	447	(22) 67
Motor Third Party	225	181	24
Liability Insurance	8	6	(22) 32
Personal Accident	145	144	1
Medical Insurance	217	166	(19) 30
Overseas Medical Insurance	3	6	-51
Miscellaneous	372	336	11
TOTAL	2254	1763	27.85



Bancassurance Growth- 2010 & 2011





Micro Insurance-Welfare for the Masses

- IRDA through Micro Insurance regulation 2005 simplified the reach for essential small ticket insurance to the economically lower strata across the country.
- Micro agents were created from serving NGOs, SHGs and MFIs.
- IRDA opened up the access of micro-insurance to the deep reaches of Indian countryside.



Financial Inclusion

The Financial Inclusion Plan of the Government of India has created the ultimate challenge to the banks to reach and cover 600000 villages by 2013.

- The RBI Target is to provide banking facilities to all 72,800 villages with a population above 2,000 by March 2012; and all 3,48,000 villages with a population of above 1,000 by March 2013.
- Micro Insurance aims to protect BPL in the eventuality of a loss.
- Synergy between banks and Insurers essential for success of Financial Inclusion Plan.



Challenges in Bancassurance

- Banks to step into the role of Risk Manager for their clients.
- Banks to develop core teams to handle Insurance.
- To suggest tailor-made products for specific industries , homogenous groups.
- To promote personal insurance products aggressively to the individual banking with them.
- Online sale and issue of plain vanilla policies.
- Reward schemes/ incentives to be well defined for employees involved in Bancassurance.



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THANK YOU