Canara HSBC OBC Life Insurance

FICCI

LIFE INSURANCE

A Consumers' Perspective



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LIFE INSURANCE: A Consumers' Perspective

Foreword

The Government of India's recent initiative in the form of the passage of the long-awaited Insurance (Amendment) Bill (2015), paving the way for higher foreign investment in the sector to 49% and many other significant provisions has renewed enthusiasm in the Indian Insurance Industry. Other major steps taken by the Government to enhance financial inclusion and provide insurance cover and social security to the economically vulnerable section of the society will also help increase the insurance penetration level in the country.

Life insurance penetration as well as density in India has increased gradually over the years. Nevertheless, when compared globally, these parameters indicate much scope for improvement.

There have been relentless efforts from the industry to reach out to people through offering innovative products, using new distribution channels like banks which have extensive network as well as tapping digital technology. While we have seen much progress, yet there is a long road ahead of us to traverse.

Life insurance is a product that promises to provide financial and social security to the dependants at the time of the unfortunate demise of the insured. Therefore, it should emerge as an important asset that everybody should like to possess. On the contrary, it continues to be a product that needs to be sold. This makes it imperative to recognise the prime reasons that motivate people to buy life insurance products in India. It is also important to examine whether such decisions are based on correct assessment of their future needs and the adequacy of coverage that the purchased policies provide to them.

The present study conducted jointly by FICCI and Canara HSBC Oriental Bank of Commerce Life Insurance Company has attempted to understand the overall perception of an individual towards various aspects of life insurance and the decision making process that a person undergoes while making a choice, in favour or against life insurance. The report highlights that people understand the significance of life insurance and aspire to purchase such products for a better and secure future. The study also identifies the major gaps present in the existing procurement and sales process and showcases the factors which can boost insurance penetration in India, particularly through the Bancassurance channel.

We hope that the observations presented in the report would guide the insurance industry in devising appropriate product designing, marketing and distribution measures which could help increase the level of penetration and density of insurance in India.

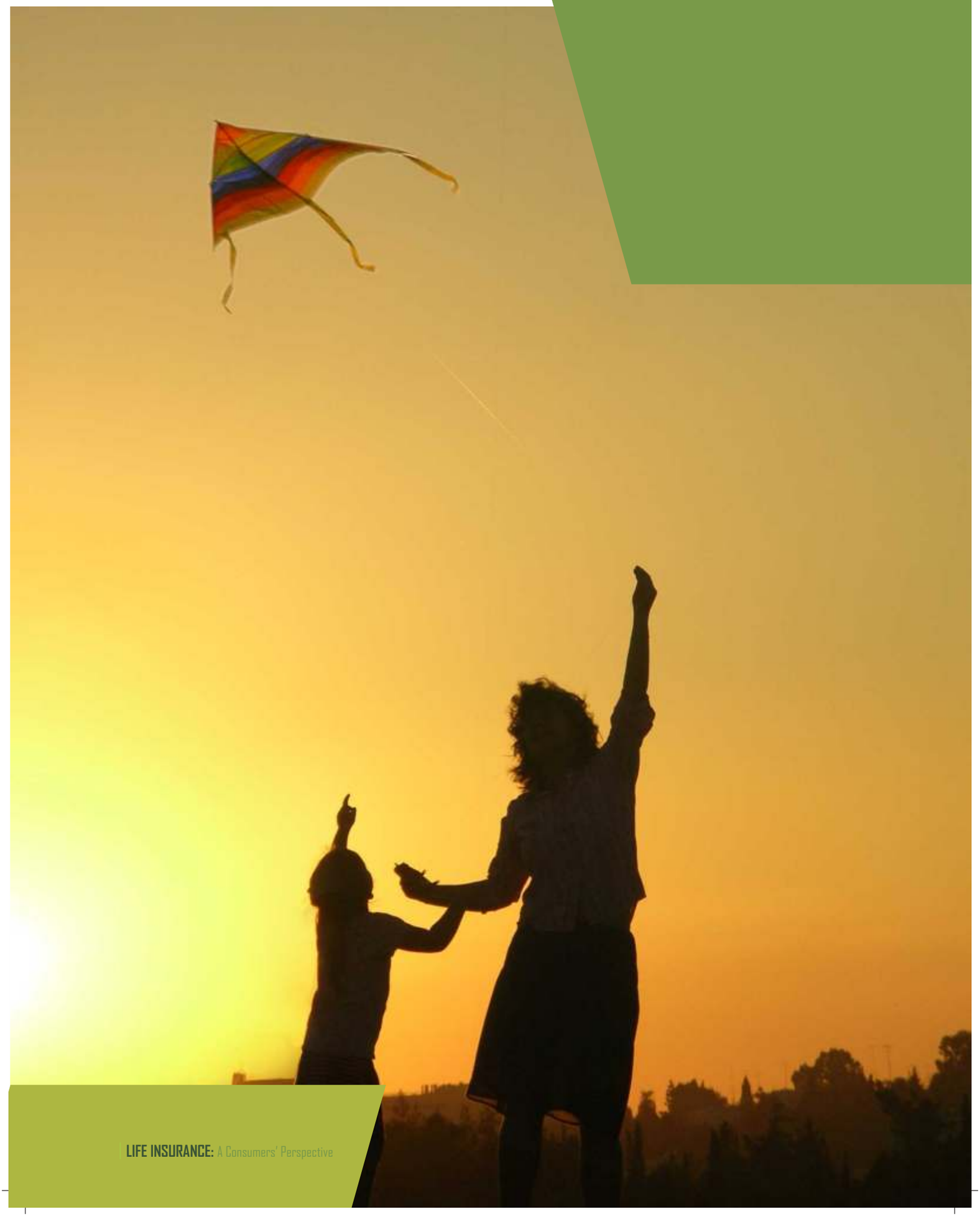


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LIFE INSURANCE: A Consumers' Perspective

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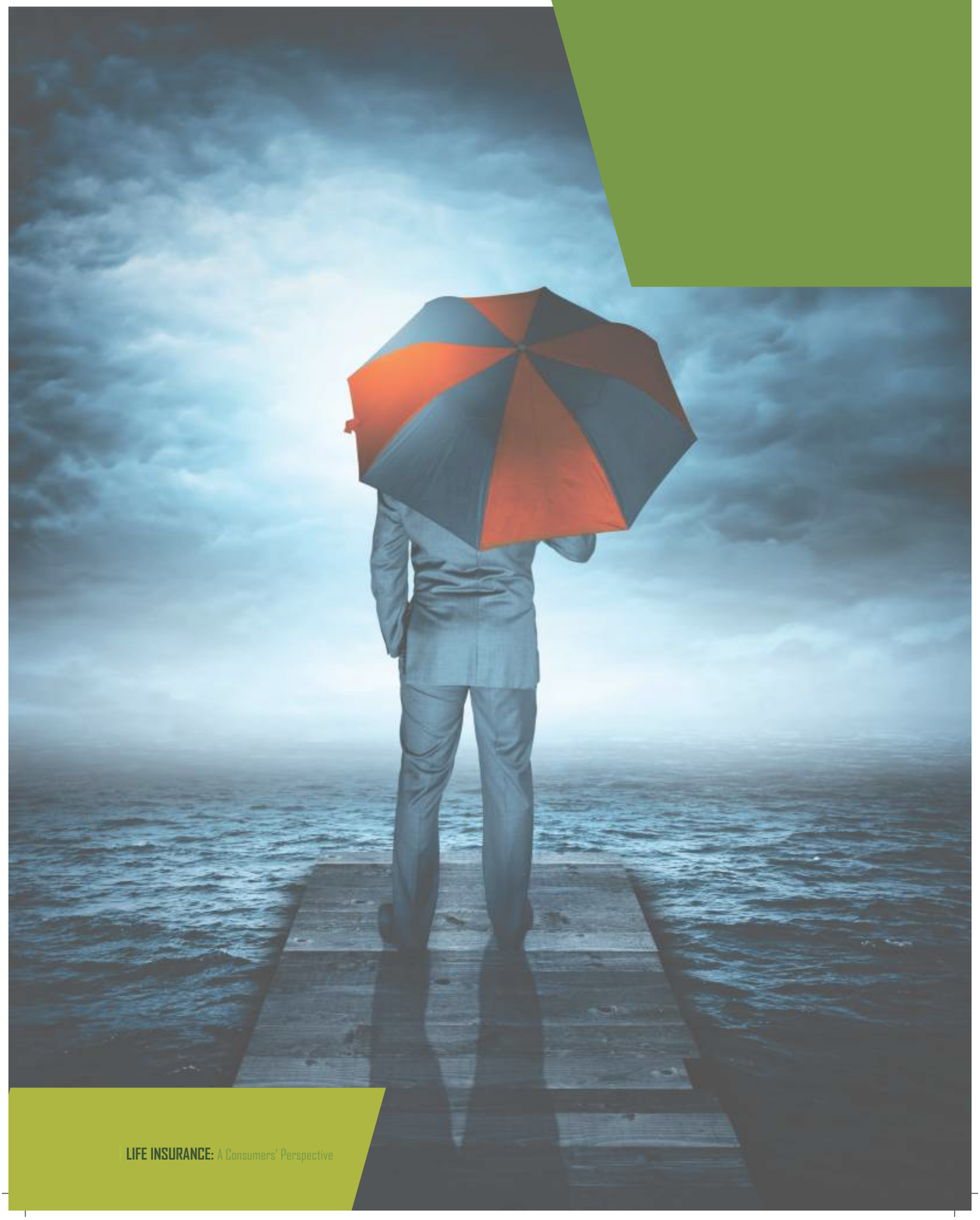
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LIFE INSURANCE: A Consumers' Perspective

Introduction

Life Insurance is an important financial instrument which provides safety and security to the family of the insured by providing protection cover at the time of unfortunate/untimely incident. For this it should be a well-accepted product featuring prominently in the financial portfolio of all. However, low insurance penetration and density reveal a different story. As compared to global average penetration and density level of 3.4% and US$ 368, India's insurance penetration and density levels are much lower at 2.6% and US$ 44.

Though there have been improvements in these parameters which are the key indicators of growth for the industry, the progress has been rather tepid. A major factor for the same is the fact that insurance products are largely push products till date, with people having little idea of the true benefits of life insurance even today. This necessitates analysis of the mindset of consumers towards life insurance products on one hand and the robustness of the existing industry practices on the other.

FICCI and Canara HSBC Oriental Bank of Commerce Life Insurance Company therefore embarked on the present study which is based on Consumer Survey to understand consumers' views on life insurance and assess their overall experience of buying life insurance products in India. The study was conceived also to ascertain the expectations that the consumers have from the insurance providers, which could help the industry devise appropriate strategies suiting consumer requirements, which can enhance insurance penetration, thereby propelling the growth of the industry to a higher trajectory.

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About the Survey

To examine why life insurance products need to be sold in India instead of automatically featuring in the financial savings basket of an average consumer, a pan-India survey was conducted among more than 5000 people spread across 30 cities to understand their financial savings behaviour, the importance given to life insurance, the purchase process that they went through, the need assessment process carried out, perception about adequacy of protection cover that they have, and experience and expectations from the bancassurance channel as a source of purchase. The survey which covered a major section of Bancassurance customers in the country also tried to identify factors which could induce consumers to purchase life insurance products from banks.

Research Methodology

The study was commissioned during April to June 2015, based on primary survey of around 5000 people, including 4488 policyholders of which 60% were bancassurance customers and 647 non-policyholders.

Primary Survey

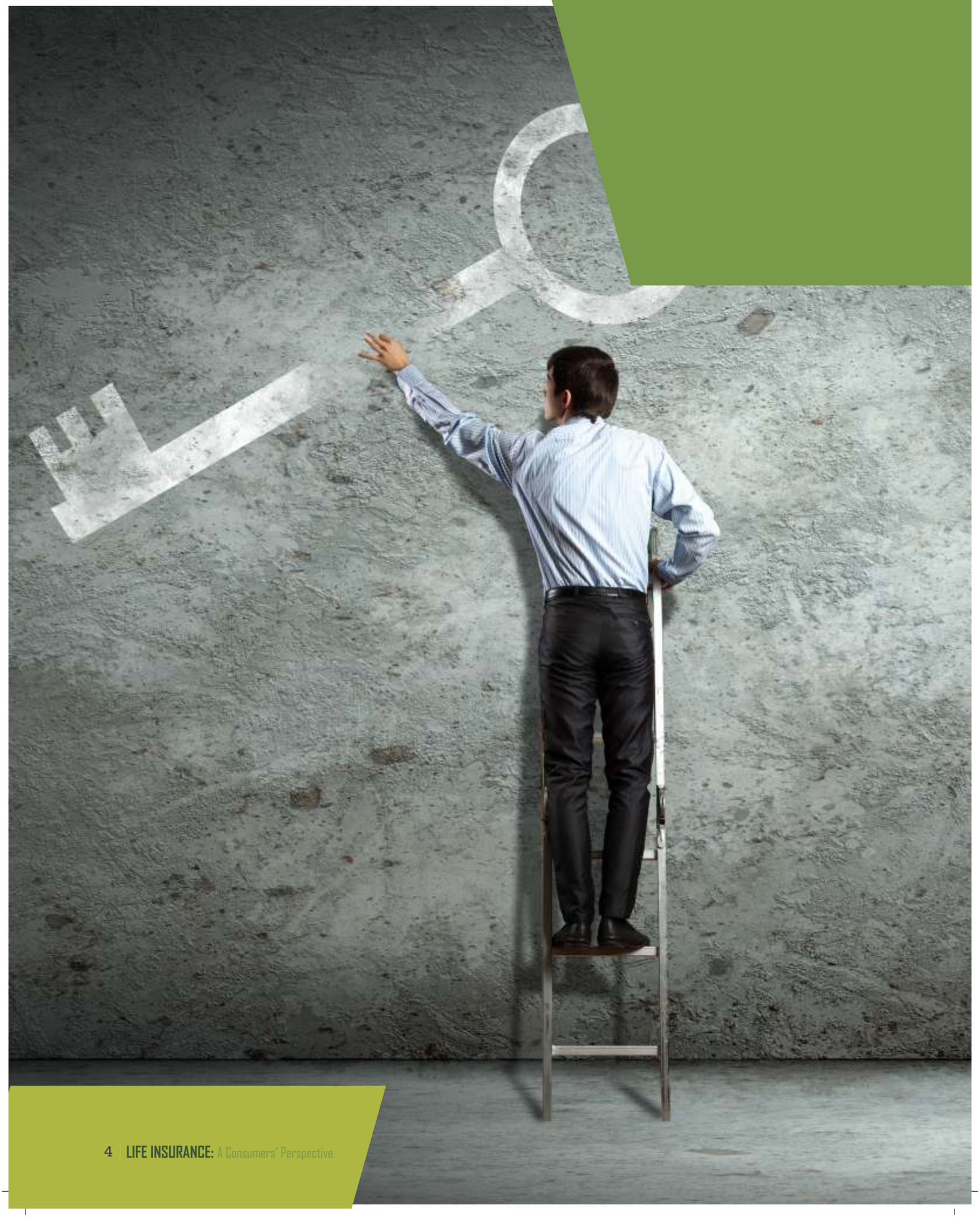
The primary research was conducted in the form of 'Face-to-Face' interviews using structured questionnaires designed jointly by FICCI and Canara HSBC Oriental Bank of Commerce Life Insurance Company for policyholders and non-policyholders.

The Survey ensured that people are aware about life insurance and not participated in any insurance related survey in the preceding 3 months, and are not related/working with any Insurer, Agent, Research firm & Advertising firm.

Demographic Profile of Respondents

More than 80% of the respondents were found to be in the age group of 25 years to 44 years, close to 70% respondents were graduates and above, the annual income of 90% of the respondents was in the range of Rs. 1 - 5 lakhs. The respondents were primarily Self employed (47%) and Salaried (40%), while Professionals constituted 6%.

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Key Findings

01 Life insurance appears as a key asset category for policyholders who have invested about one fifth (21%) of their savings in this asset, followed by bank deposits (18%), and physical assets like gold & precious stones (10%). All respondents have indicated willingness to invest 6-8% of their income in life insurance in near future (next six months).

02 Savings for future needs (75%) and security for family (64%) are the top two reasons for which policyholders have invested in life insurance. Non-policyholders perceive life insurance primarily as an instrument to provide protection against uncertainties (35%) and as a tax saving destination (35%).

03 There is a strong preference in the respondent group for Traditional Plans (64%), followed by ULIPs (19%).

04 54% of the policyholders indicated that their purchase was a planned decision and they also undertook a need assessment exercise during their purchase.

05 Three fourth of policyholders and 45% of non-policyholders indicated willingness to spend time in the range of 30-60 minutes for need assessment exercise in future. Nearly half of the policyholders and around 34% of the non-policyholders showed readiness towards spending money to conduct the exercise as well.

06 For 89% of the policyholders, agents or company/bank representatives initiated and approached the customers for pitching life insurance.

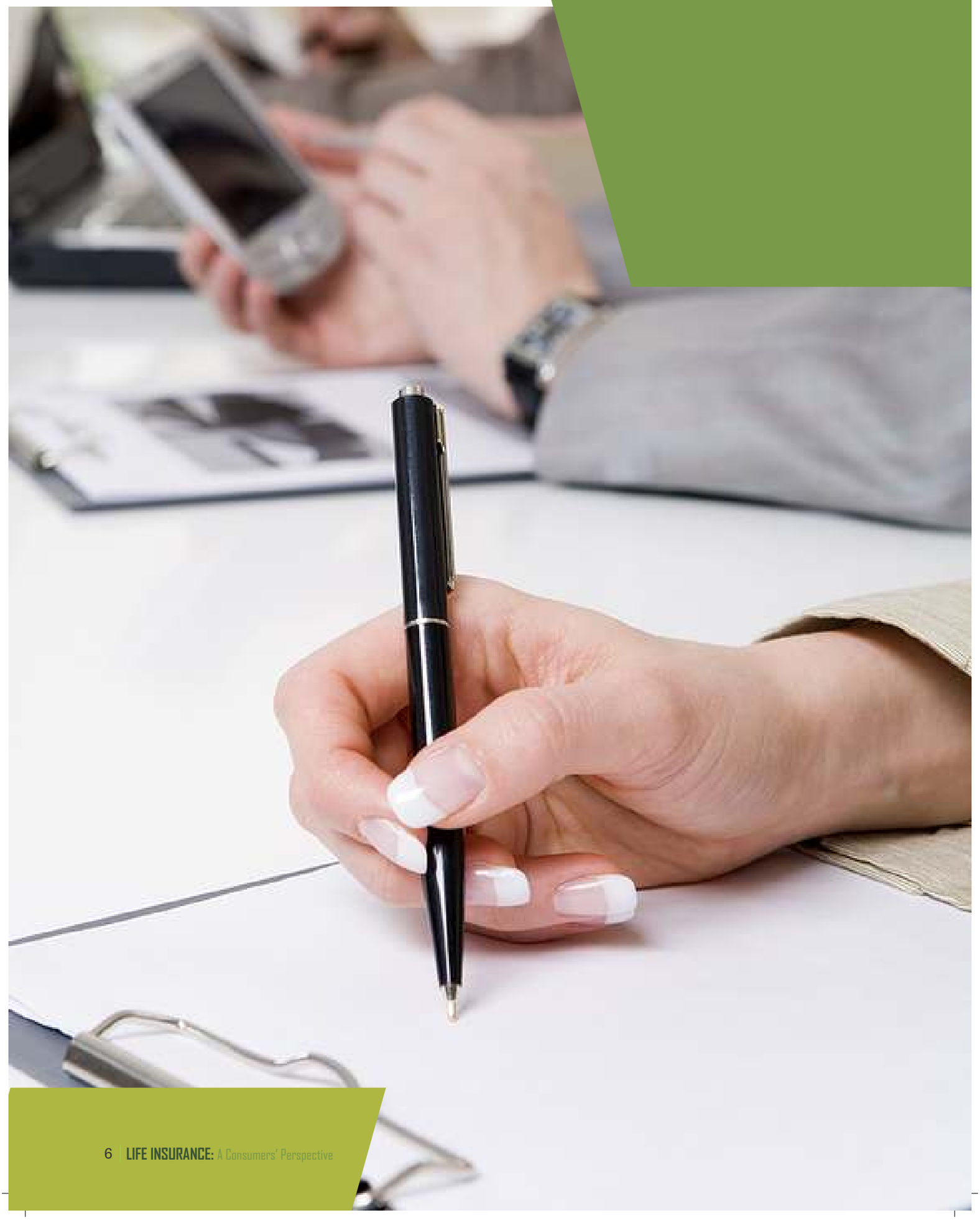
07 59% and 68% of the policyholders are not aware of the policy benefits payable on death and maturity, respectively.

08 About 60% of the policyholders & 40% of non-policyholders feel inadequately secured with their existing policies and current savings respectively. Respondents are willing to pay extra premium/amount to get additional cover/security.

09 81% of the respondents indicated that they have their operating bank account branch within 3 kms of their residence/ office. Respondents indicated that they will be motivated to purchase life insurance from banks in future after understanding product features and benefits in detail, receiving preferential treatment in services and continued safety and security of their money.

10 Overall, there is satisfaction among the policyholders regarding the quality of services provided by the insurance companies/distribution channels. 91% of them received policy documents within a month of paying the first premium and 88% received reminders for premium payments.

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Executive Summary

Life insurance is an important financial asset class, which provides safety and security to the spouse, children and other dependants in the event of the untimely death of the insured. However, in India, insurance largely remains a push product, rather than a demand driven product. While people perceive life insurance as an important financial asset class, they are not completely aware of the true benefits of it and hence refrain from including these products in their financial portfolio. The low life insurance penetration level at 2.6% and insurance density at US$ 44 in India as reported by the Global re-insurance company Swiss Re's sigma study on World Insurance in 2014 are testimony to it.

Life insurance is a key asset category

The respondents who participated in the survey reported to be saving about one fourth of their income and investing nearly 70% of the savings in various assets. Life insurance emerges as a key asset category amongst the policyholders, accounting for 21% of their savings. The customers in our respondent profile are predominantly risk averse in nature as their savings portfolio comprises greater share of fixed income products (bank deposits), gold, real estate and lesser proportion of equity and equity linked products. Investments in bank deposits and gold & precious stones together accounted for 28% of the savings of policyholders, while it is much higher at 40% in the case of non-policyholders. In the near future, though life insurance is expected to form a part of the investment plans of respondents (8% of income - policyholders; 6% - non-policyholders), high preference towards bank deposits (13% - policyholders; 19% - non-policyholders) and gold (10% - policyholders; 4% - non-policyholders) would continue. Policyholders' inclination to invest in mutual funds (8% of income) going forward could create demand for products like ULIPs which offer exposure to similar asset class as provided by mutual funds.

Traditional life insurance plans are most preferred

The survey results revealed that majority of policyholders have invested in traditional life insurance plans (64%), an indication of their risk-averse nature. ULIPs are held by around one-fifth of the policyholders. The number of policies being held by the policyholders increases with increase in their income level with around one fourth of the policyholders holding more than a single active insurance policy. People tend to buy life insurance policies as their responsibilities increase.

Insurance premium is largely paid on an annual basis (62%) and payment is done through agents (38%) or at the bank branches (34%). The annual premium averages to around Rs 13,000.

Life insurance is considered an important part/asset of the financial portfolio by most of the policyholders (85%). Savings (75%) and security (64%) are the two major factors motivating people to invest in life insurance.

The non-policyholders perceive life insurance primarily as an instrument to provide protection against uncertainties (35%) and as a tax saving destination (35%). However, around one-fourth of them believe it to be not important.

Importance of need assessment is well-recognised

The survey participants who purchased the life insurance policies in a planned manner (54%)

mostly assessed product suitability (84%) and identified future goals (82%) before investing in life insurance. However, risk appetite was identified by only 41% of policyholders. The need assessment was conducted by financial advisors for 54% of the policyholders who purchased policies in a planned manner.

The importance of need assessment is well recognised not only by people who have invested in a life insurance policy, but also by those who are yet to do so. Among the policyholders, 75% indicated willingness to spend about 30-60 minutes for professional need assessment analysis and 46% showed inclination to pay for this exercise. 49% of the non-policyholders also have expressed willingness to undertake need assessment exercise with around 45% willing to spend time and around 34% ready to pay a fee for the same. Majority of the respondents feel that a professional need assessment should be conducted at intervals of every 2 to 3 years.

Purchase of life insurance is a planned decision

Investment in life insurance was a planned decision for 54% of the policyholders, while for the remaining the purchase decision had been spontaneous. However, the spontaneity in purchasing policies seems to reduce with increasing age and income levels.

While purchasing a life insurance plan, policyholders mostly gathered details on the insurance provider, the features of the plan, premium to be paid, purchase process and possible returns of the policy. Financial advisors and agents have been the primary information providers for 42% of policyholders, while 26% policyholders have also consulted bank relationship managers and 22% consulted family members before buying a life insurance policy. Online sources of information have been used by only 6% of the respondent group.

Feeling of being inadequately covered is strong

46% of the policyholders indicated that they are inadequately covered from existing policies. 15% of the respondents didn't even know if they are adequately covered. A similar sentiment was shared by the non-policyholders as well, with 4 in 10 people reported to be not secured by their present savings pattern. Lower income group of policyholders appeared to be less satisfied with the coverage provided by their present policies, with the feeling gradually waning as income increases. Both categories of respondents are prepared to pay extra premium or amount to obtain additional coverage or security.

Bancassurance prospects remain good

Banks have a widespread reach and the survey points to the presence of 1-5 bank branches in the vicinity (home or office location) of majority of the respondents with a close proximity of 1 km for almost half of the respondents. Most of the respondents have maintained a long term (5 years or more) association with their respective banks, reflecting overall satisfaction with bank services. The extensive distribution network of banks has also helped bancassurance emerge as a prominent insurance distribution channel in India.

Among the policyholders, who purchased from banks, 72% indicated that they bought because bank had approached them, while another 14% indicated that they bought due to trust factor with the bank. Respondents indicated that they will be motivated to purchase life insurance from banks in future after understanding product features and benefits in detail, receiving preferential treatment in services and continued safety and security of their money.

Good servicing and claim settlement process

The survey reveals that respondents consider the services provided by insurers to be good, with majority of the policyholders reported to have received the policy documents within a month of paying their first premium and also getting timely reminders from the insurer for premium payments.

Almost all the policyholders (98%) indicated to have no plans to surrender or discontinue their policies. The experiences shared by the

policyholders who had policies in the past (9%) which have been discontinued reveal that majority of the policies reached maturity. But in some cases (31%), the policies either lapsed or were surrendered. The underlying reasons for the same are dissatisfaction with the product features, perceived low returns or shortage of funds to pay premium, etc.

The overall experience of policyholders who had prior exposure to claims procedure had been satisfactory as majority of the claimants received their dues on time.

Conclusion

The survey results suggest that people understand the importance of life insurance products and consider this as a key instrument to accumulate savings for taking care of future needs like child's marriage, higher education etc. Additionally, it provides them a sense of security against an unfortunate event. The survey also reveals that while 54% of the policyholders have made a planned purchase, they are willing to spend time and money to get a professional need assessment exercise done and would like to continue to do so every 2-3 years. Yet, there is a significant proportion of respondents who feel their coverage to be inadequate and have shown willingness to pay extra premium to obtain an additional cover.

The respondents' choice to buy from a particular channel was mainly influenced by the fact that they were approached by the representatives of these channels. The respondents have indicated a high reach for banks and correspondingly shown inclination to buy from bancassurance channel in future after understanding product features and benefits in detail, receiving preferential treatment in services and continued safety and security of their money. Overall, the respondents have shown satisfaction with the services provided by the insurance companies and distribution channels.

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1. Savings & Investment Behaviour

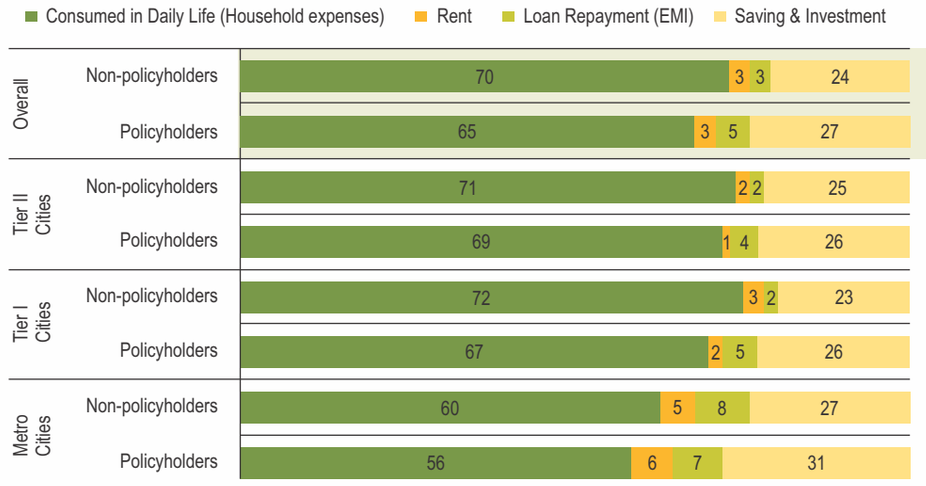
Respondents have inclination towards saving a certain proportion of their income, usually in a planned manner, for meeting various short-term and long-term financial needs such as higher education, marriage expenses, and savings for family, retirement, etc. The propensity to save largely depends on the income of an individual and his future needs. Besides, the city in which a person lives also impacts the savings and expenditure pattern of an individual.

The survey results indicate that policyholders who participated in the survey save about 27% of their income, while non-policyholders save slightly lower 24% of their income. Across cities, respondents in Metro cities indicated to be saving a higher proportion (31%) of their income, followed by Tier 1 and Tier 2 cities (26%).

21%

of the savings of policyholders invested in Life Insurance

Exhibit 1.1: Monthly Savings and Expenditure Pattern (% of Income)

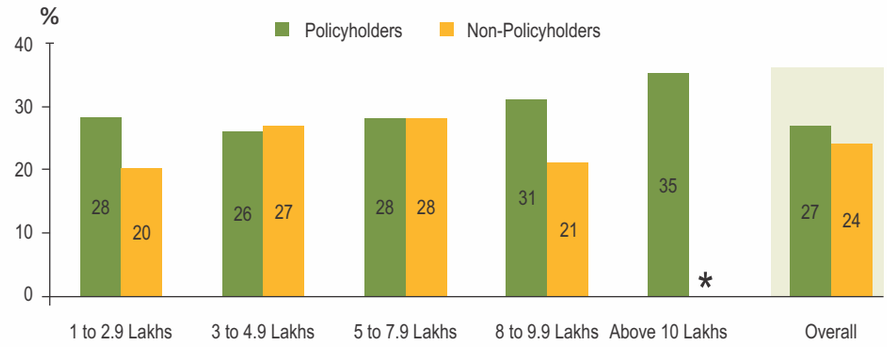


Total Sample Size - Policyholders (PH) = 4488

Total Sample Size - Non-Policyholders (Non-PH) = 647

With rising income levels, policyholders have been able to save a greater proportion of their income.

Exhibit 1.2: Savings Pattern (%) - Across Income Group



**Note: There were no non-policyholders with above Rs. 10 lakh income in the sample.*

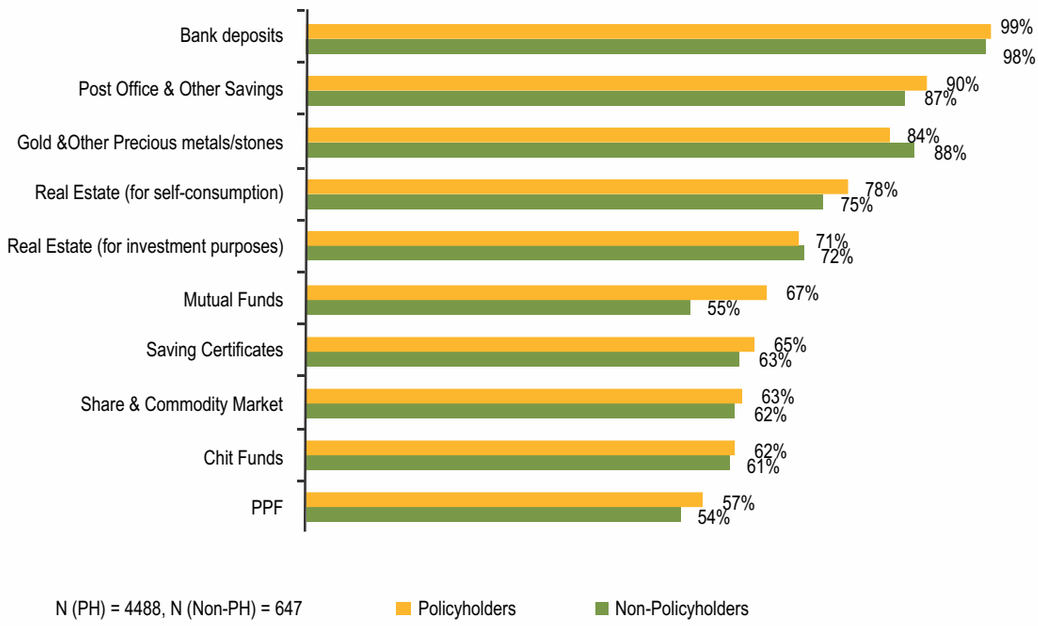
Current Savings & Investment Behaviour

In general, a significant portion of the savings of an individual is kept in the form of liquid assets or cash in hand to take care of immediate requirements. The rest however is invested in various assets available in the market with an expectation to generate higher income or returns in future, which in turn motivates their choice of assets. Proper channelisation of savings is of paramount importance as it is the only means to obtain a desired level of income at a future point of time.

The choice of financial assets not only depends on future financial needs of a person but also his/her risk taking capacity. Among all the assets available, importance of life insurance, which not only gives an opportunity to save but also provides financial security to the dependants of the insured in his absence, has increased many fold.

The results obtained from the survey confirm this savings and investment trend. While cash in hand remains a predominant choice, with majority of the respondents (both policyholders and non-policyholders) keeping around 30% of the savings in the liquid form, a significant amount is invested in life insurance as well.

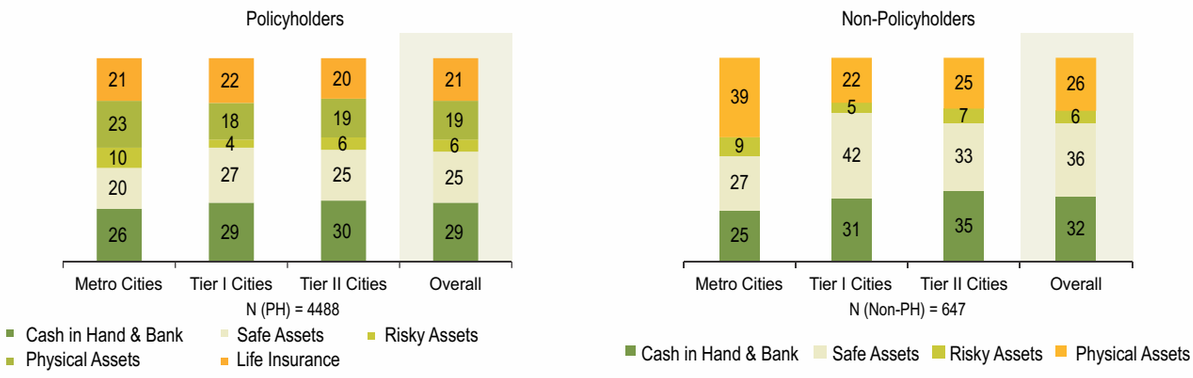
Exhibit 1.3: Awareness of Investment Avenues



Overall, the respondents are well aware of most of the investment avenues and depicted a stronger inclination to park their savings in safe instruments mainly managed by the government

such as bank deposits, post office savings, public provident fund and savings certificates. Policyholders and non-policyholders have invested 25% and 36% of their savings in these instruments, respectively.

Exhibit 1.4: Investment Across Assets (% of Savings) – By City



In Metro cities, policyholders have shown less preference towards liquid (26%) and safe assets (20%) and greater preference for physical assets (23%) as compared to respondents in Tier 1 and Tier 2 cities. There has been variation in investment pattern shown by different income group respondents as well. With increase in income, proportion of investment in liquid/safer assets has decreased, both in case of policyholders and non-policyholders.

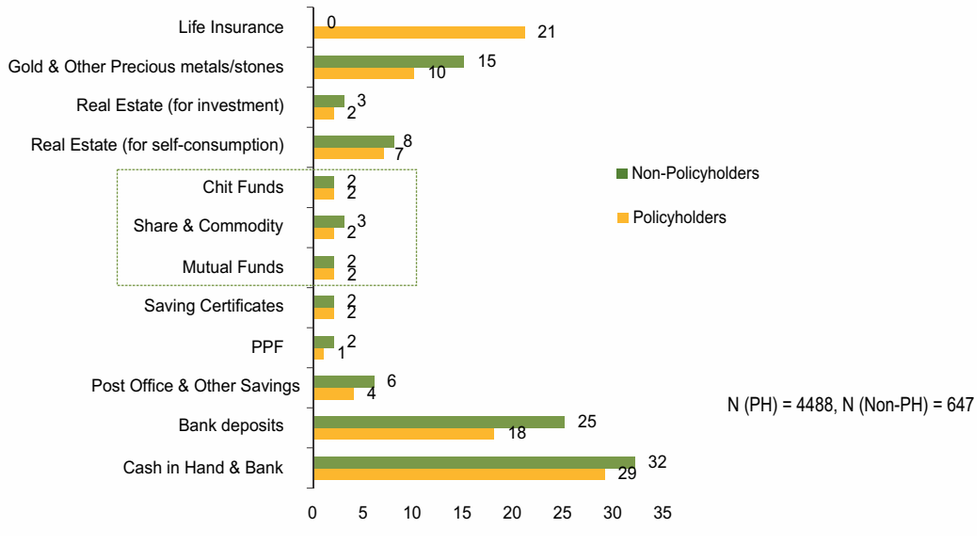
Among the safe instruments, about 18% and 25% of the savings of policyholders and non-policyholders, respectively, have been kept in bank deposits alone. This indicates that respondents have entrusted greater level of trust and confidence in banks, despite numerous options available, to park their savings.

Among policyholders, other than the safe category of instruments, life insurance remains a key asset category as they reported to have invested about 21% of their savings in life insurance products. The survey findings also display that policyholders' proportions of investment in life insurance remains unchanged with variation in age, income or their profession.

The detailed investment pattern indicates that gold and other precious metals & stones have also retained their importance as the quintessential and preferred savings option for Indian households. Policyholders and non-policyholders have invested 10% and 15% of their savings in this asset class.

The savings trend thus indicates that within the customer's investment preference, life insurance tends to compete for mind share with bank deposits and investment in gold.

Exhibit 1.5: Investment Across Assets (% of Savings) – By Type of Assets



The savings pattern also shows that respondents (policyholders and non-policyholders) are largely risk-averse in nature, with limited exposure (6-7%) in high risk category of instruments such as mutual funds, shares & commodity and chit funds. [refer to the Exhibit 1.5]

However, risk appetite of policyholders seems to increase with increase in income levels, as indicated by the survey results. Respondents with income of above Rs. 10 lakh have invested 13% of savings in risky assets, which is more than double of those with income in the range of Rs. 1 - 2.9 lakh

Future Investment Plans

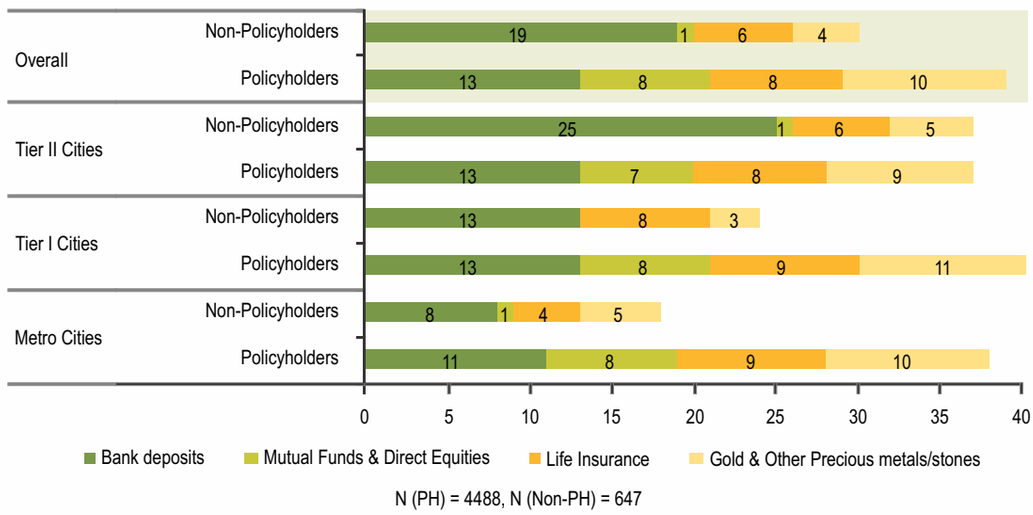
Having understood the current investment pattern of the respondents, the survey also sought information on the respondents' investment plans in the near future (over the next 6 months).

The survey results indicate that the future investment pattern would continue to remain skewed towards bank deposits (policyholders - 13%, non-policyholders - 19%) and gold & other precious metals (policyholders - 10%, non-policyholders - 4%).

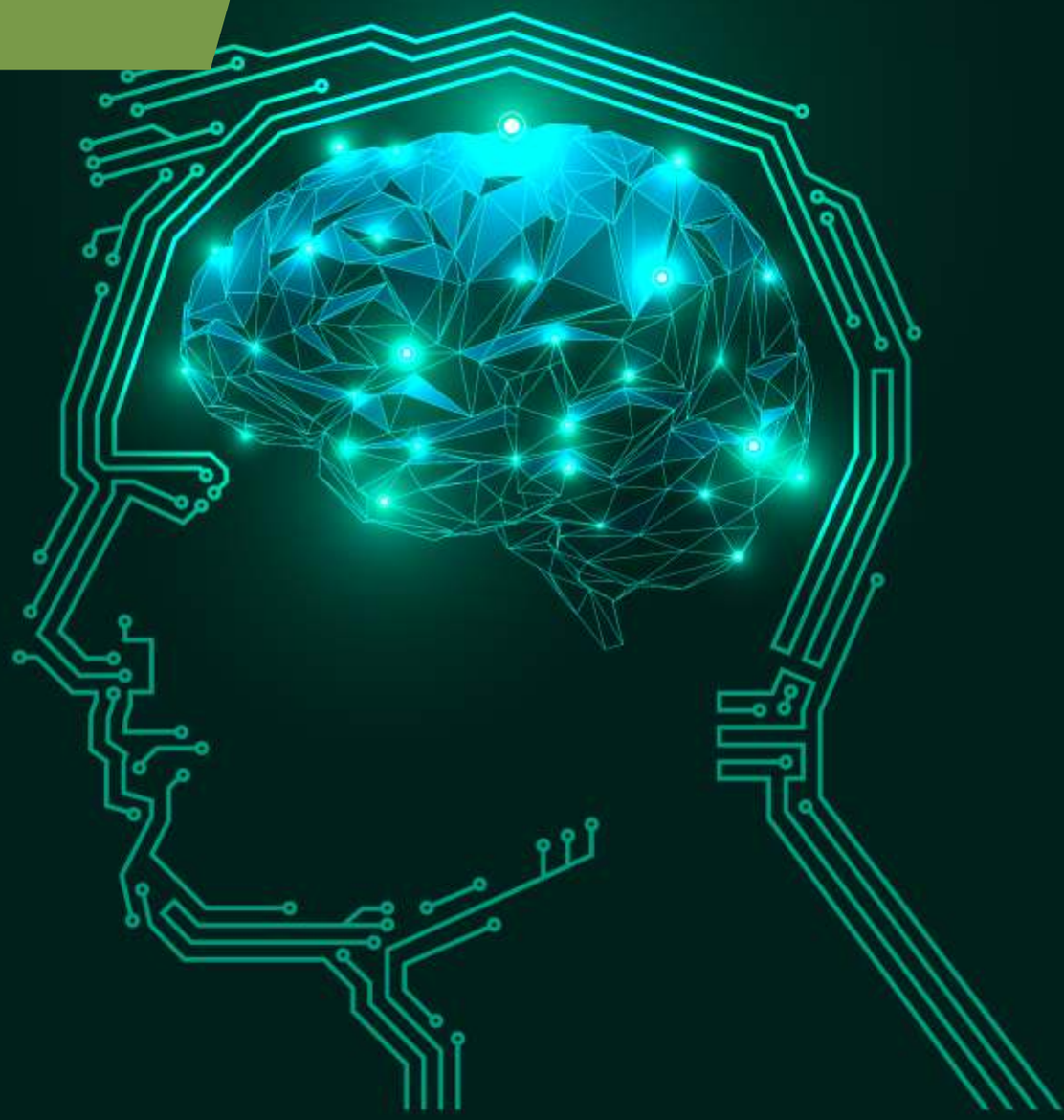
With respect to investment in life insurance, both policyholders as well as non-policyholders have indicated that they would invest about 8% and 6% of their income in this category of assets.

Policyholders' inclination to invest in mutual funds (8% of income) going forward could create demand for products like ULIPs which offer exposure to similar asset class as provided by mutual funds.

Exhibit 1.6: Future Investment Plans (% of Income)



N (PH) = 4488, N (Non-PH) = 647



2. Perception of Life Insurance

Though perception of life insurance in India is that of a key savings instrument, insurance penetration and density levels have remained low as compared to global trends. India's life insurance penetration stood at 2.6% in 2014, as compared to a world average of 3.4%. Similarly, India's insurance density stood at US$ 44 compared to a world average of US$ 368.

The survey revealed that 85% of the policyholders consider life insurance as an important component of their financial portfolio, with respondents residing in Tier 1 and Tier 2 cities attaching even higher importance to life insurance (89% and 87% respectively) as compared to respondents in Metro cities (76%).

64%

of the policyholders have traditional plans

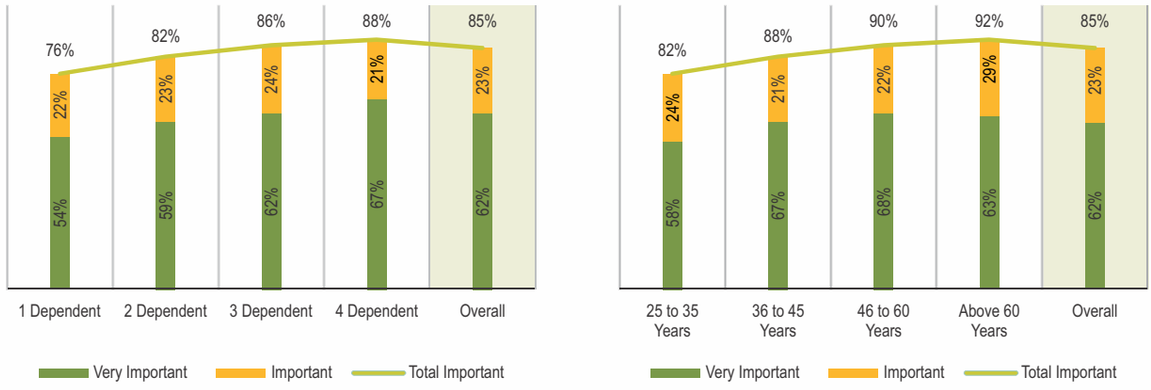
Exhibit 2.1: Importance of Life Insurance - By City



N (PH) = 4488

As respondents grow older, they tend to take life insurance more seriously. While 82% of the policyholders in the age group of 25 to 35 years reported it to be important, the proportion of respondents agreeing to this increased to 92% for respondents in the above 60 years age group [refer to the Exhibit 2.2]. Similarly, as number of dependents in a family increases, importance accorded to life insurance also increases. About three fourth of the respondents with single dependant find it important, but about 9 out of 10 person having 4 dependants consider life insurance to be important.

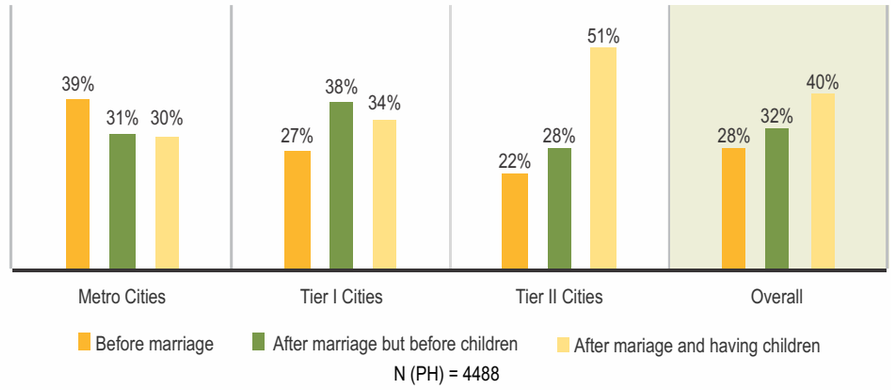
Exhibit 2.2: Importance of Life Insurance - By Dependency & Age



N (PH) = 4488

The fact that respondents attach greater importance to life insurance as their responsibilities increase is also reflected from the result that while 28% of the policyholders reported to have bought the policy before their marriage, 40% of them bought it after marriage and having children. This trend is more prominent in Tier 2 cities where 51% of the respondents invested in a life insurance policy only after marriage and having children. However, in the Metros, the trend was not same wherein more respondents (39%) had covered their lives before marriage and 30% after marriage and having children.

Exhibit 2.3: Stage of Life During Insurance Policy Purchase

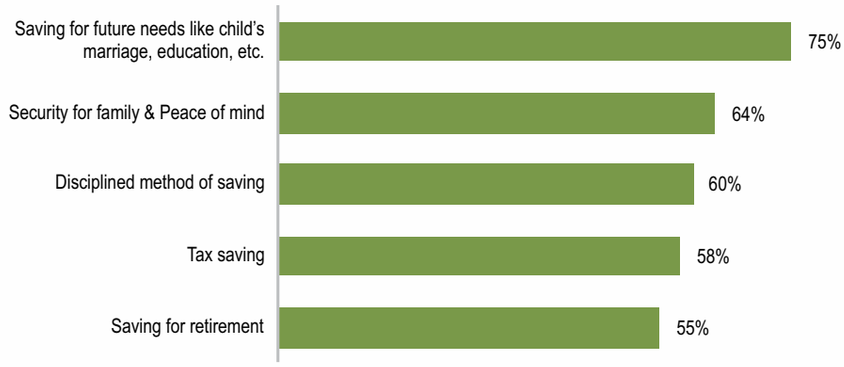


N (PH) = 4488

Reasons for Investing in Life Insurance

Though most respondents share a common view with regard to the importance of life insurance as an important investment avenue, but their reasons for investing in this instrument differ widely. Majority of respondents view life insurance as a savings instrument, with about three fourth of the policyholders reported to be investing in life insurance to save for future needs like child marriage, education etc.
[refer to the Exhibit 2.4] The other most important reason, which ideally should have appeared as the foremost reason for investing in this category of instrument, has been the security that life insurance provides to the family of the insured (64%). Life insurance is also viewed as a disciplined method of savings by some (60%) as well as a tax savings tool (58%).

Exhibit 2.4: Reasons for Investing in Life Insurance - Policyholders

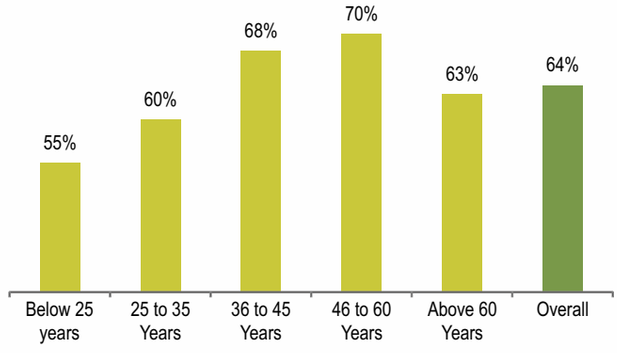


N (PH) = 4488

In the Metro cities, a higher proportion of respondents (78%) mentioned savings for future needs as the top most reason for investment in life insurance, and tax savings appear as the second most important factor driving their decision. In Tier 1 cities, policyholders viewed life insurance investment more as a disciplined method of saving (71%) and as savings for retirement (64%). For the policyholders, with increase in income, importance of factors such as 'savings for future needs' or 'saving for retirement', and 'tax savings' increases.

Similarly with increase in age, respondents attach more importance to security aspects of the policy.

Exhibit 2.5: Importance of Security and Peace of Mind with Age

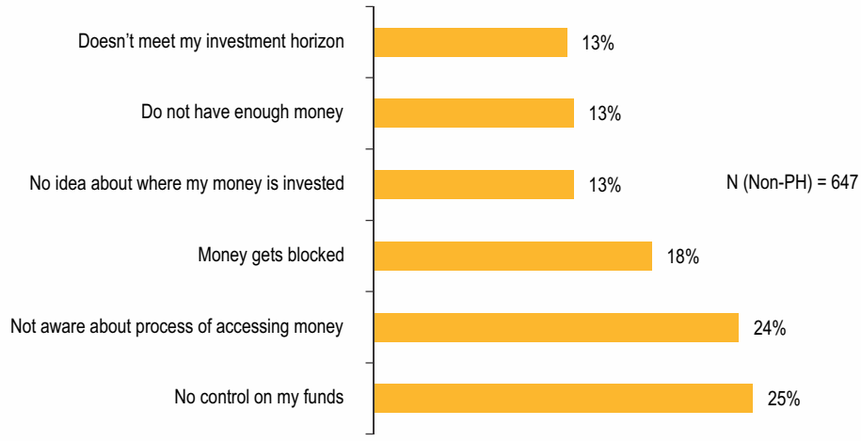


N (PH) = 4488

Reasons for Not Investing in Life Insurance (Non-Policyholders)

In spite of having a fair idea about the benefits of life insurance policies, the key factors that the non-policyholders shared as the prime reasons for not investing in life insurance include the fear of losing control of their money (25%), lack of awareness about the process of accessing the money that has been invested in the policies (24%) [refer to the Exhibit 2.6]. The third major cause of apprehension is the assumption of 'money getting blocked'.

Exhibit 2.6: Reasons for Not Investing in Life Insurance



Non-Policyholders' Perception of Life Insurance

Respondents who have not yet purchased a life insurance policy have however mentioned it to be an important asset. They perceive life insurance primarily as an instrument to provide protection against uncertainties (35%) and as a tax saving destination (35%). Around one-fourth of the non-policyholders still believe that it is 'not important'. The proportion of respondents considering it to be unimportant is least in Metro cities (11%).

Exhibit 2.7: Perception of Life Insurance by Non-Policyholders

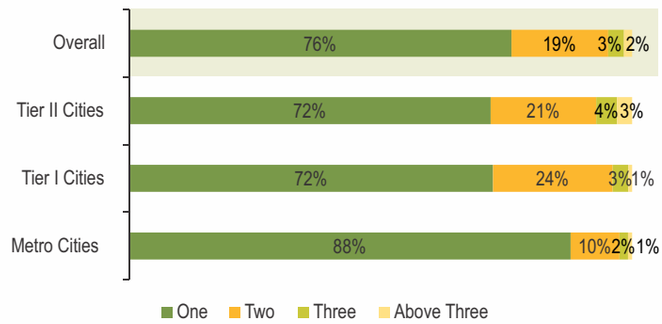


N (Non-PH) = 647

Details of Investment in Life Insurance

Majority of the policyholders across cities have insured their lives with at least one active policy. However, nearly one fourth of the policyholders also reported to hold more than one active life insurance policy. It was observed that the number of life insurance policies held by an individual go up with an increase in the income level. Also, it emerged that professionals tend to hold more number of policies than those engaged in other occupations. Interestingly, a vast majority (88%) of the policyholders residing in the Metros found to be having a single active policy, while the proportion of such respondents is comparatively less (72%) in Tier 1 and Tier 2 cities.

Exhibit 2.8: Active Life Insurance Policies - By City



N (PH) = 4488

Understanding and Awareness Level

The policyholders who took part in the survey faced difficulty in identifying the type of policies held by them, with as high as 64% of them seeking assistance from the interviewer for the exercise. Majority of the policyholders were also not aware of the benefits in case of sudden death (59%) and in case of maturity of their policies (68%). Awareness levels however have been found to be better in case of professionals and salaried respondents as more respondents in these categories knew about the benefits in case of death and maturity of their policies.

Exhibit 2.9: Awareness of Type of Life Insurance Policy Purchased By City

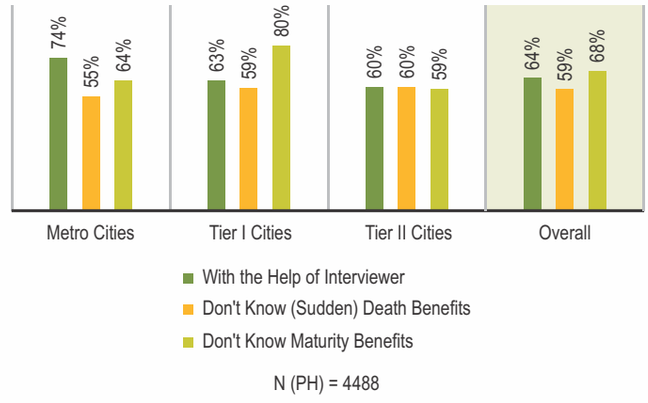
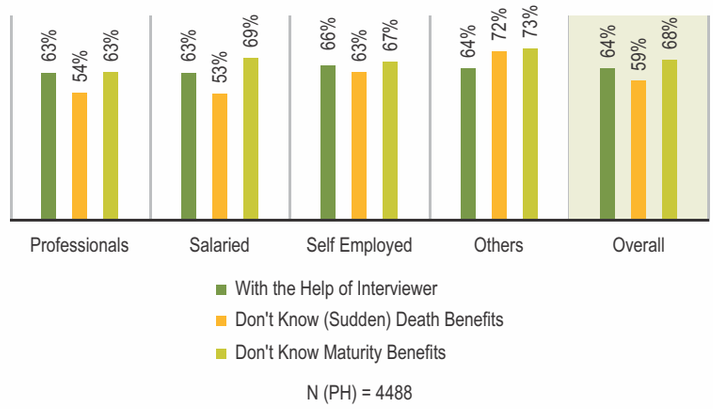


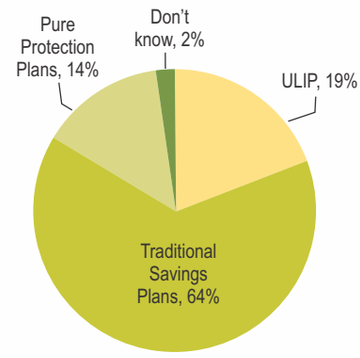
Exhibit 2.10: Awareness of the Type of Life Insurance Policy Purchased By Occupation



Types of Policies Held

Over the years, insurance companies have introduced various life insurance products keeping consumers' needs into consideration. The results obtained from the survey suggest that there is a heavy preference towards traditional insurance products even today. About 64% policyholders have purchased these plans, a reflection of the risk-averse nature of the respondents. About one fifth of the respondents have invested in unit linked insurance plans also - ULIPs (19%) and 14% in pure protection plans. [refer to the Exhibit 2.11]

Exhibit 2.11: Type of Policy Held

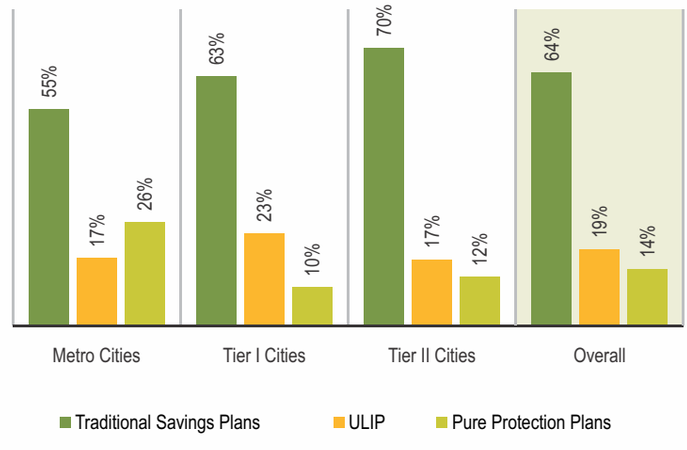


N (PH) = 4488

The preference for traditional plans decreases with increase in level of urbanisation (55% in Metro, 63% in Tier 1 cities and 70% in Tier 2 cities); ULIPs find greater preference in Tier-1 cities (23%). With increase in age, respondents are more inclined to purchase traditional plans.

About 3 in 4 person (76%) over the age of 60 years reported to have purchased traditional plans. Similarly, with increasing income levels, respondents tend to invest in traditional plans more.

Exhibit 2.12: Type of Policy Held - By City



N (PH) = 4488

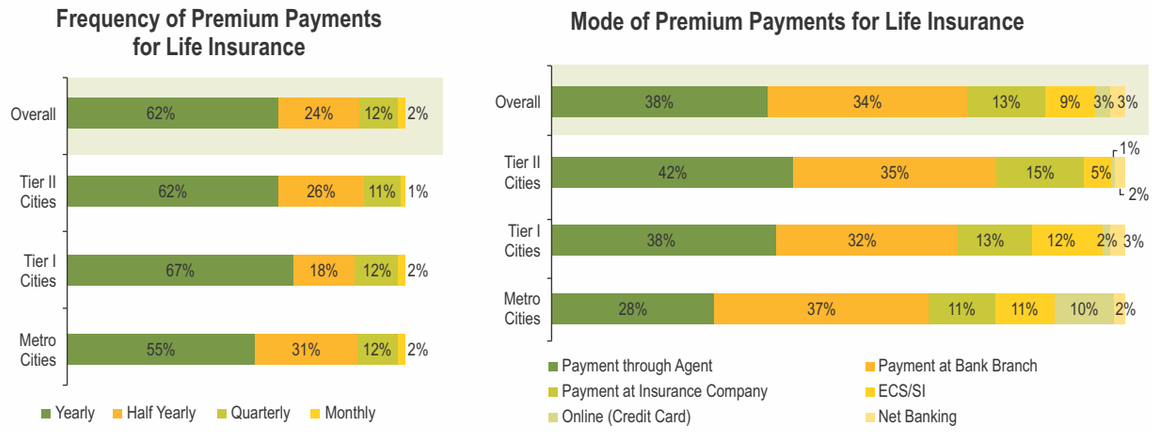
Policy Holding Period & Premium Amount

The survey respondents reported to be holding long term policies with an average term of around 16 years. The mean policy holding period is relatively longer in Tier 2 cities at 17 years compared to 14 years in Metros.

The respondents have been paying an average premium of around Rs. 13,000. Policyholders residing in Tier 1 cities are paying a higher average annual premium of about Rs. 14,700, while those in Tier 2 cities are paying the lowest at approximately Rs. 12,000. In the Metros, the policyholders are paying an annual premium of around Rs. 13,200.

Respondents usually make premium payments annually. About 62% reported to be doing so, while about 1 in 4 respondents have been paying it on a half yearly basis, with proportion of such respondents highest in the Metro cities (31%) [refer to the Exhibit 2.13].

Exhibit 2.13: Premium Payments: Frequency and Mode of Premium Payment



N (PH) = 4488

A high percentage of respondents make the premium payments through agents (38%) while an almost an equal proportion (34%) are also paying it through bank branches. However, very few respondents reported to have used online sources (3%) or net banking (2%) for premium payment.



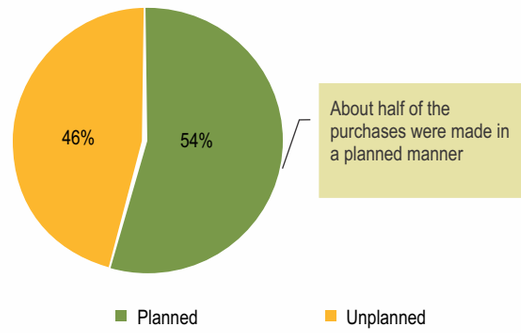
3. Importance of Need Assessment

While life insurance is considered an important aspect of financial planning by most respondents, not all assess 'how much' life insurance is actually required to provide financial protection for their family members or dependants in the event of their death after undertaking a thorough need assessment process. The survey indicates that about half of the policyholders have purchased their policies in a planned manner after performing need assessment analysis.

75%

of the policyholders willing to spend time for professional need assessment

Exhibit 3.1 : Purchase Decision

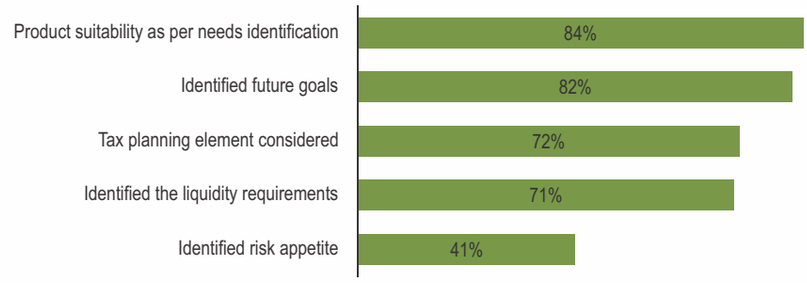


N (PH) = 4488

Need for life insurance tends to vary depending on an individual's age, stage in life, occupation, responsibilities, and financial goals, amongst others. It is imperative to undertake a need assessment exercise before investing in life insurance as it enables a person to select a suitable policy according to his/her needs.

During the survey, amongst the policyholders who indicated to have purchased their policies in a planned manner, majority of them assessed the suitability of the life insurance policy as per the needs identified by them (84%), and also identified their future goals and compared them with the features of the plans (82%) [refer to the Exhibit 3.2]. More than 70% of the policyholders in this category have also considered the tax element and liquidity requirement factors while choosing a policy. Whether the policies provide for the dependants have been assessed by many policyholders (67%). However, identification of risk appetite was undertaken by relatively less number of respondents (41%).

Exhibit 3.2: Key Need Assessment Steps Undertaken by Policyholders



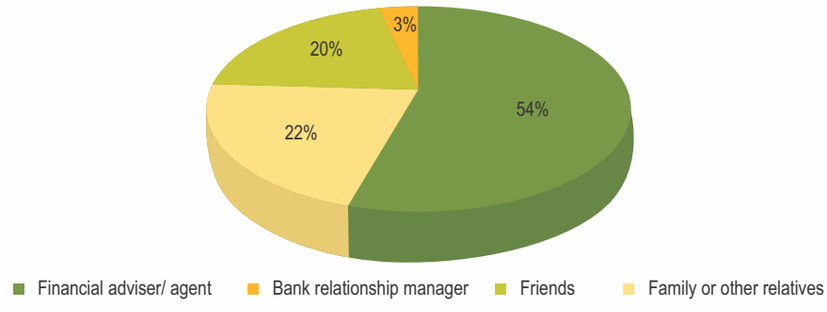
N (PH) = 2437

With respect to the need assessment steps undertaken by respondents, there has been slight variation in the behaviour shown by policyholders across the cities. Product suitability has been given the prime importance by respondents in the Metro cities (92%), while for respondents in the Tier 1 and Tier 2 cities, identifying future goals have been the most critical factor while selecting a policy (87%). On the other hand, tax planning and risk appetite have been assessed by more number of policyholders in Metros (81%/57%) as compared to Tier 1 (71%/35%) and Tier 2 cities (65%/37%).

Professionals laid more stress on product suitability and tax planning steps and relatively lesser emphasis on identification of risk appetite, while the self-employed took identification of risk appetite step more seriously.

54% of the respondents have undertaken need assessment with the help of financial advisors/agents, while for nearly one fourth of the policyholders the exercise was conducted by bank relationship managers. However, about 23% of the policyholders who have also undertaken this exercise have done so in an informal way with the help of friends and family members.

Exhibit 3.3: Person Who Conducted Need Assessment Analysis



N (PH) = 2437

Willingness to Spend Time and Money for Need Assessment

Even though all policyholders have not undertaken need assessment exercise, they consider it an important step. Moreover, about half of the respondents who have not yet invested in life insurance too understand the significance of this step and have expressed willingness to undertake need assessment in future.

Among policyholders, three fourth of them have indicated willingness to spend about 30 minutes to 60 minutes for carrying out a need assessment analysis with the help of a professional, while nearly half of them have also expressed willingness to spend money for the same [refer to the Exhibit 3.4 and 3.5].

Exhibit 3.4: Willingness to Spend Time

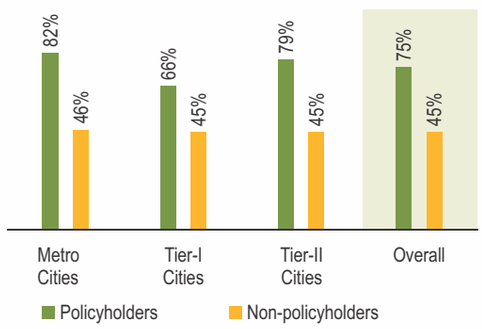
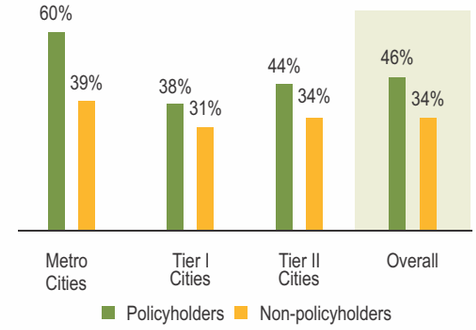


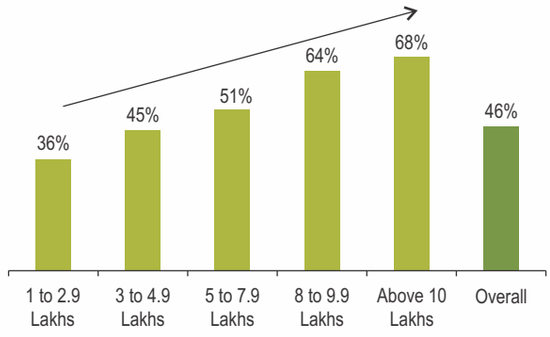
Exhibit 3.5: Willingness to Spend Money



N (PH) = 4488, N (Non-PH) = 647

Among non-policyholders, about half of the respondents are willing to spend time and around 34% are ready to pay a fee for such an exercise. The data reveals that policyholders residing in Metro cities are more willing to spend time (82%) and money (60%) for need assessment as compared to Tier 1 and Tier 2 cities.

Exhibit 3.6: Policyholders Willing to Spend Money for Need Assessment



N (PH) = 4488

Respondents with higher income are more willing to spend money for need assessment.

With the passage of time, need for insurance changes. Therefore it is important to perform the need assessment exercise at regular intervals of time to ensure optimal coverage. Majority of policyholders (45%) as well as non-policyholders (32%) believe the exercise should be undertaken every 2-3 years, while about 20% of the policyholders and 9% of the non-policyholders feel that it can be performed every 5-7 years. About one fourth of the policyholders and about 8% of the non-policyholders also consider that the analysis should be a one time activity.



4. Buying Process & Behaviour

For an individual, life insurance should have been the most sought after asset as it is a means by which he can ensure financial security and safety of his family even after his untimely death causing loss of income to his family. However, the reality is quite contrary to this belief.

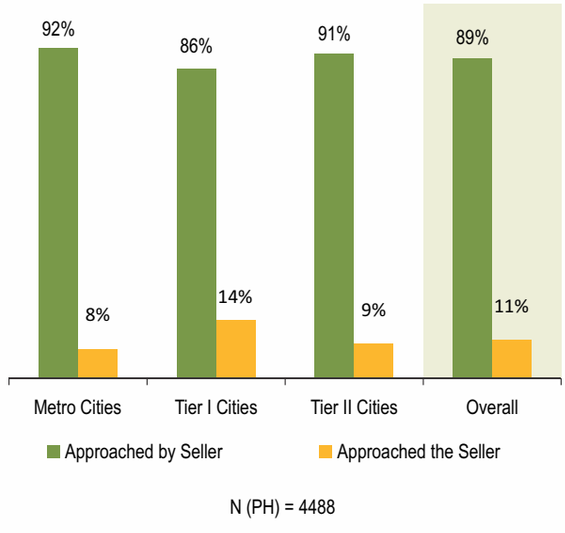
Among the policyholders who participated in the survey, 89% of them bought the policy after they were approached by the seller (insurance company/distribution channel), while 11% of life insurance policy purchases were self-initiated. While bank representatives approached 43% of the policyholders, around 44% were approached by the agents (known & unknown).

This shows that in spite of the growth in other modes of distribution, agents have remained an important driving force behind insurance sales; agents known to the respondents have played an even more important role in Tier 2 cities (41%) as compared to Metro (33%) and Tier 1 cities (29%).

54%

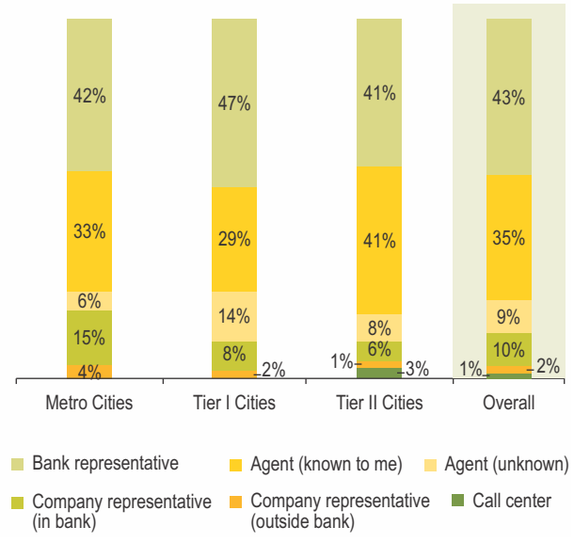
of the policyholders purchased Life Insurance Policy in a planned manner

Exhibit 4.1: Who Took the Initiative



N (PH) = 4488

Exhibit 4.2: Who Approached for Life Insurance Policy



N (PH) = 3994

Exhibit 4.3: Planned Purchase - By Age

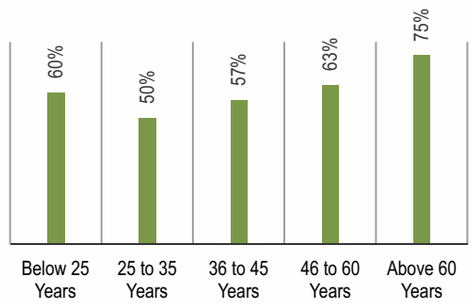
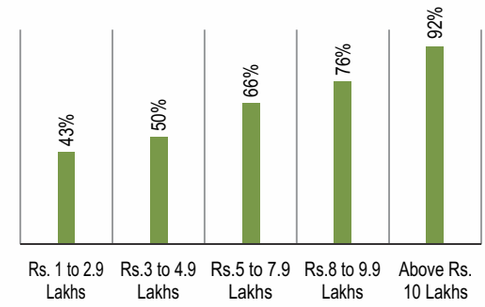


Exhibit 4.4: Planned Purchase - By Income



N (PH) = 4488

Planned vs. Unplanned Purchase Decision

Even after being approached, only about half of the policyholders (54%) purchased their policies in a planned manner, while for the remaining it had been a spontaneous decision.

Some variation in the purchasing behavior is visible with changes in age or income. With increase in age, as respondents' maturity and experience increases, they tend to become less impulsive and take investment decisions with respect to insurance more carefully [refer to the Exhibit 4.3]. The same is the case when an individual's income level rises [refer to the Exhibit 4.4].

The survey findings reveal that while 50% of the respondents in the age group of 25-35 years invested in life insurance in a planned manner, the proportion of such individuals increased to 75% by the time they reached 60 years and above. Similarly, about 43% of the respondents belonging to Rs 1-2.9 lakh bracket reported to have bought policies in a planner way, the ratio increases starkly for respondents in the above Rs 10 lakh bracket to 92%.

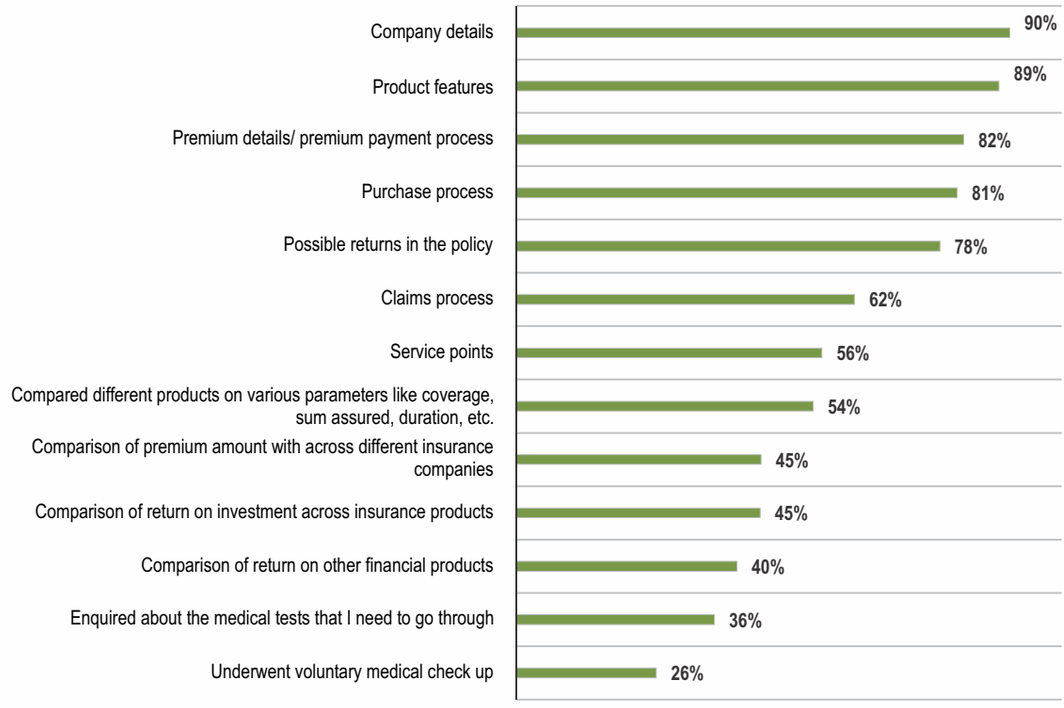
Pre-Purchase Steps Undertaken

While purchasing life insurance policies, respondents mostly collected basic information related to the policies such as insurance company details (90%), product features (89%), premium details (82%), purchase process (81%) and possible returns expected from the policy (78%), etc. [refer to the Exhibit 4.5]

However, only around 36% of the policyholders enquired about the medical tests that need to be undertaken and only 26% of the policyholders underwent the voluntary medical check-up before buying the policy. And only about half of the respondents have compared different policies either offered by the same insurance company or across other companies with respect to policy features such as coverage, sum assured, term period (54%), premium amount to be paid (45%) or return on investment across different insurance products (45%).



Exhibit 4.5: Pre-purchase Steps Undertaken



N (PH) = 4488

The pre-purchase steps performed by individuals vary with change in income levels. Lower income group respondents are more concerned about basic information about the life insurance products, while the proportion of respondents enquiring about the premium payment or the return offered by the policy is more in the higher income bracket. Also, respondents with high income tend to compare policies more.

Sources of Information

For gathering information related to life insurance policies, respondents seem to depend primarily on the agents or financial advisors who approach them for the sale of the product. About 42% of the respondents reported to have obtained information on life insurance policies from financial advisors/ agents, followed by bank relationship managers (26%). Family members and friends also play an important role in the entire purchasing process; 22% of the respondents sought advice from their family, friends and colleagues in this regard.

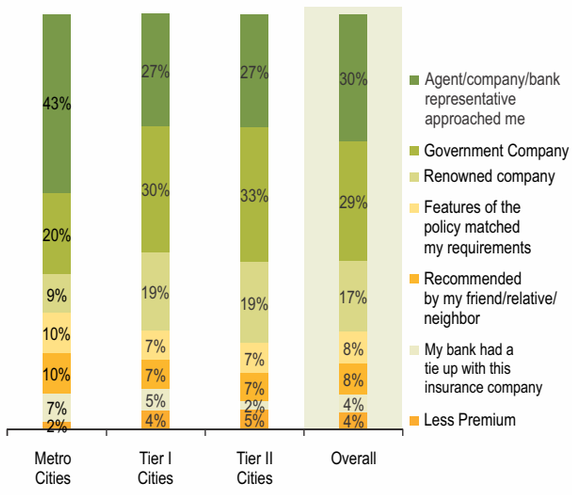
Online sources of information have been tapped by only 6% of the respondents, suggesting that greater efforts are required to push online insurance sales. There has been variation in the usage of online sources across different categories of respondents. For instance, professionals (9%) and salaried (8%) respondents reported to be using this source more as compared to self-employed respondents (2%). Similarly, proportion of respondents accessing online information is more in the 25-35 age group (4%); for this group online could be a potential medium for imparting information. On the other hand, with increasing income, reliance on online tools for information gathering tends to increase. Around 17% of respondents with income level above Rs. 10 lakhs used the online medium while it was just 6% of the respondents in the income groups (Rs. 3-8 lakhs)

Reasons for Final Selection

Respondents appear to have selected a specific company's policy or the channel to buy it primarily because they were approached by the company (30%) or the channel (66%). Therefore, not only the sellers took the initiative to contact potential customers or uninsured respondents, but also emerged as the key factor motivating

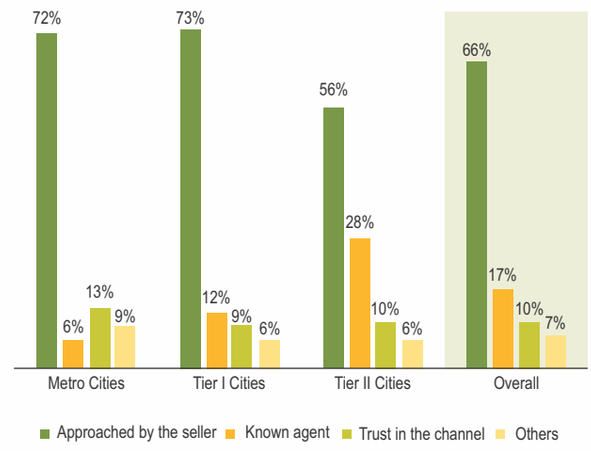
respondents to buy life insurance policies. Thus it would not be inappropriate to say that life insurance product has remained largely a 'Push Product' rather than a 'Pull Product' even today and there is a need to change this scenario by propelling respondents to make such an important investment decision more cautiously.

Exhibits 4.6: Reasons for Buying from a Particular Company



N (PH) = 4488

Exhibits 4.7: Reasons for Buying from a Particular Channel



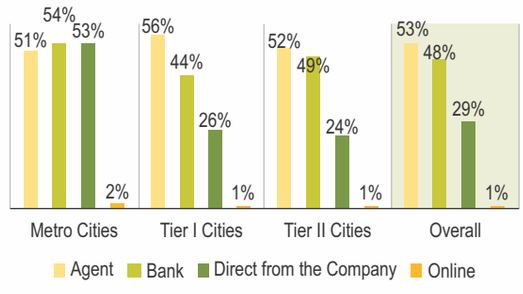
N (PH) = 4488

The proportion of respondents who bought the policies from an insurance company only because they were approached for the same is higher in Metro cities (43%) as compared to Tier 1 (27%) and Tier 2 cities (27%). Nearly half (46%) of the respondents however chose an insurance company for its reputation (either government owned or a renowned private sector player) also.

Perception of Non-Policyholders

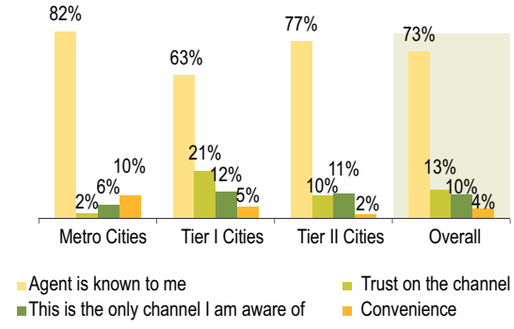
Amongst the non-policyholders, a very high proportion of respondents (43%) reported to have not yet been approached by any company representative. This could therefore be one of the reasons why they have not purchased a policy as of now!

Exhibit 4.8: Preferred Channel to Buy Life Insurance - Non-Policyholders



N (Non-PH) = 647

Exhibit 4.9: Why An Agent – Non-Policyholders

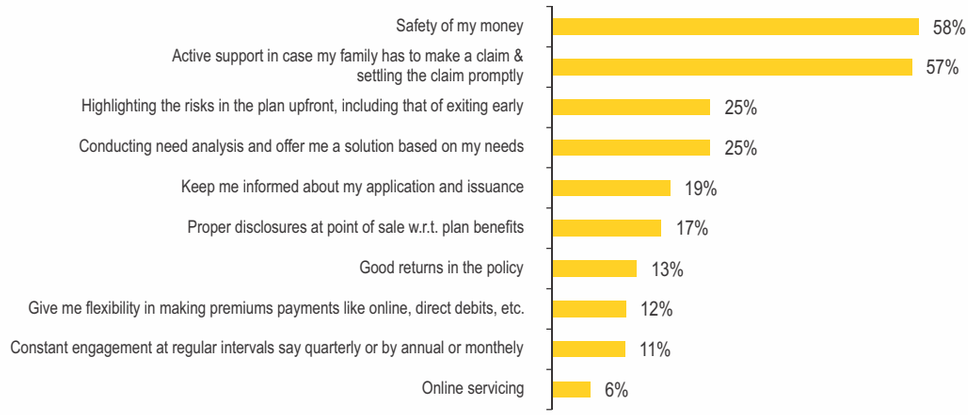


N (Non-PH) = 345

Among the various channels, non-policyholders have indicated a clear preference to buy policies from agents as they are known to them (73%) [refer to the Exhibit 4.9]. A relatively higher proportion of non-policyholders (compared to policyholders) showed preference for buying a policy directly from an insurance company (29%). The proportion of such respondents is highest in metro cities (53%).

Non-policyholders also expect the life insurance companies to provide assurance on the safety of their money (58%) and active support for claim settlement (57%), amongst others. They also expect a policy provider to highlight all the risks right at the time of sale of the plan (25%) and conduct a need assessment exercise (25%).

Exhibit 4.10: Expectations from the Insurance Company - Non-Policyholders



N (Non-PH) = 647



5. Adequacy of Coverage

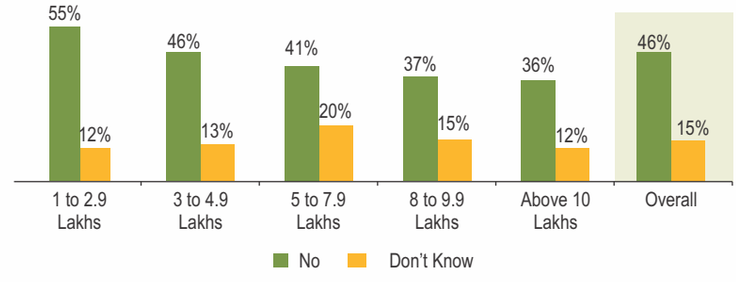
Adequacy of coverage concerns how much protection a life insurance policy provides to the future needs of a policyholder in case of his/her death or in case the policy reaches maturity. The concept of adequacy of coverage is subjective, and largely depends on one's perception and assessment of his future needs.

As discussed in the previous sections of the report, while 54% of the survey respondents have purchased life insurance policies in a planned manner, almost an equal proportion of policyholders have done so in an unplanned manner without identifying their future needs prior to investing in a specific life insurance plan. As a consequence of this practice, only 39% feel they are adequately covered by their existing policy to support their liabilities. 46% were clear that they are not adequately covered and another 15% were not clear, if the existing cover is sufficient.

46%

of the policyholders feel inadequately covered with their existing policies

Exhibit 5.1: Policyholders not Adequately Covered - By Income



N (PH) = 4488

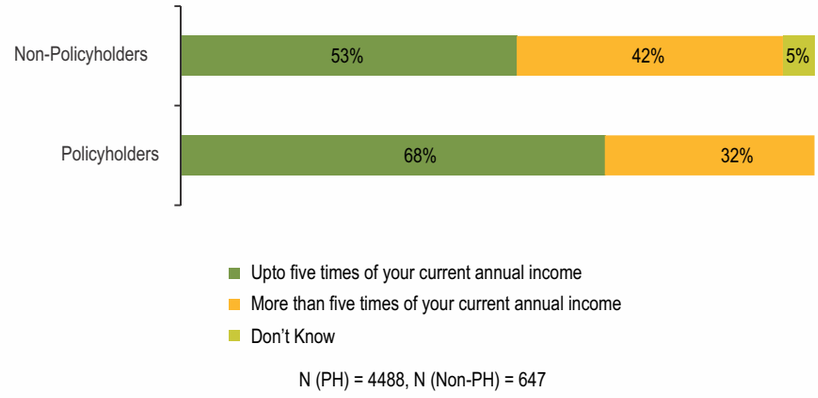
Lower income group respondents appeared to be less satisfied with the coverage provided by their present policies, with the feeling gradually waning as income increases.

The feeling of inadequately secured with the existing savings is also prevalent among the respondents who have not purchased life insurance policies, but have invested in other forms of assets. Incidentally, the feeling is highest among respondents in Metro cities (48%) in this category of respondents.

Appropriate Level of Cover

How much life cover should an individual take depends primarily on three factors, his present level of income, the current liabilities and savings/assets that he has. Most policyholders (68%) expressed that policies should provide a cover of at least up to five times of a person's annual income, while the rest of the respondents felt that it should be even more. Among the non-policyholders, 42% of respondents shared that the level of security should be more than five times the annual income [refer to the Exhibit 5.2].

Exhibit 5.2: Appropriate Level of Cover



N (PH) = 4488, N (Non-PH) = 647

Willingness to Pay Extra Premium for Additional Cover

The policyholders who believe their insurance coverage to be inadequate have also expressed the desire to pay extra premium to obtain additional cover. Among the non-policyholders, about three fourth (73%) of the respondents have indicated willingness to pay extra amount to get additional security.

The quantum of amount that the policyholders are willing to shell out on an annual basis for additional coverage tends to vary with change in age, income, occupation, education and dependency ratio.


Insurance
Investment
Deposit
Finance
Shopping
BANK
Insurance
Account
Balance
Credit
Sell
Bills
Debit
Business
Transaction
Cash
Rates
Buy
Payment
Check
Taxes
Transfer
Inquiry
Currency

6. Bancassurance Channel

As insurers continue to spread their reach, newer distribution channels are being adopted to expand the insurance business. Bancassurance is one such channel which has gained momentum in recent years.

Bank Reach

Banks have a wide geographical spread and cater to all customer segments, thus providing insurers a route to reach out to vast potential audience/clientele through the bank's established distribution network. The survey results point to the presence of 1-5 banks in the vicinity (home or office location) of majority of the respondents (87%), suggesting the wide reach of banks. The proximity level to the concerned bank branches is also close with almost half (48%) of the respondents indicating to have the nearest branch within a distance of 1 km from their residence or place of work.

87%

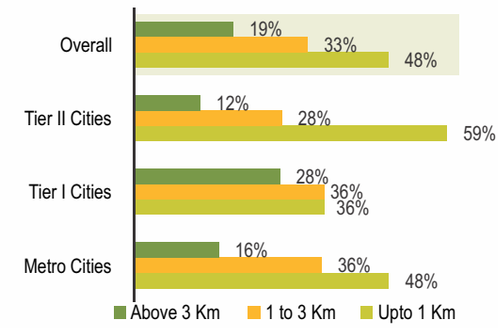
of the policyholders have 1-5 banks in the vicinity

Exhibit 6.1 Upto 5 Banks in The Vicinity



N (PH) = 4488

Exhibits 6.2: Distance of Operating Bank Branch from Residence/Office



N (PH) = 4488

Banks are mostly treated as a savings destination as majority of the respondents (88%) reported to have availed only the savings account services provided by the banks. Most of them have maintained a long term (5 years or more) association with their respective banks, displaying satisfaction with the services being provided by the banks.

Banking Facilities Usage Pattern

Banks have introduced various facilities keeping convenience as well as security of the customers in mind. However, not all of these are widely used by respondents, with ATM services being the most frequently used one. On an average, respondents reported to have used ATM facilities five times in a month, followed by online banking.

Exhibit 6.3: Pattern of Availing Banking Facilities (Monthly) - City Wise

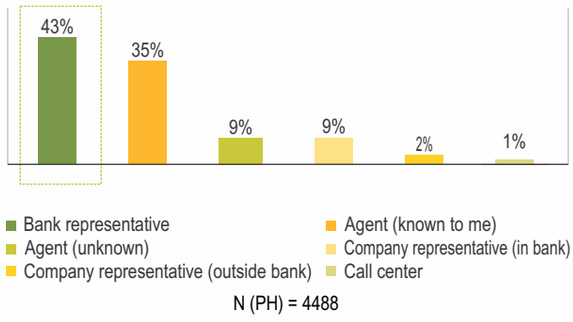
Banking Facilities	Metro Cities	Tier I Cities	Tier II Cities	Overall
Visit to the branch	Twice	Twice	Twice	Twice
ATM	Six to Ten Times	Five Times	Five Times	Five Times
Online banking	Five Times	Thrice	Once	Thrice
Meeting bank relationship manager	Once	Once	Once	Once

The survey results suggest that online banking facilities are most extensively accessed by respondents in the Metro cities (five times in a month), followed by Tier 1 cities (thrice a month). However, the usage is not to that extent in Tier 2 cities (once a month).

Respondents have also indicated making personal visits to bank branches for various reasons at least twice a month and meeting their respective bank relationship managers once a month. These direct interactions offer an opportunity for bank representatives to approach the prospective insurance clients in banks and showcase the various products that are in the offing.

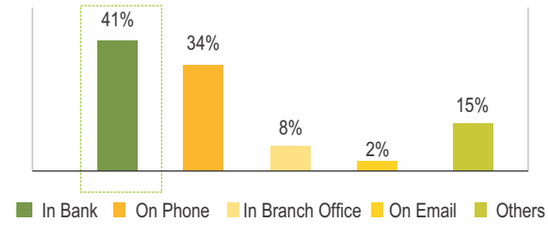
Banks have been making efforts to reach out to customers incessantly. More than two-fifths of the policyholders (43%) said to have been approached by bank representatives, with about 41% being approached in the bank premises. In case of non-policyholders too, about one fourth (24%) of the participants have been contacted by bank representatives.

Exhibit 6.4: Who Approached for Life Insurance Policy - Policyholders



N (PH) = 4488

Exhibit 6.5: Where Approached for Life Insurance Policy - Policiholders

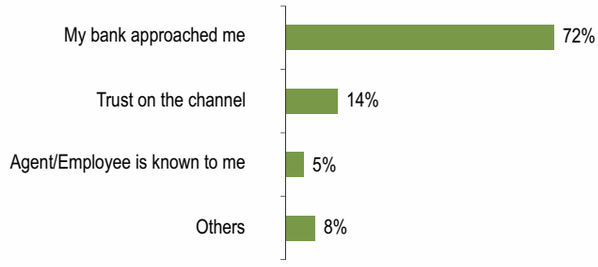


N (PH) = 4488

Purchase from Banks

About 60% of the policyholders who have purchased their policies from banks have done so mainly because they were approached by the bank representatives (72%), while another 14% bought it due to the trust on the channel.

Exhibit 6.6: Reasons for Purchase from Banks



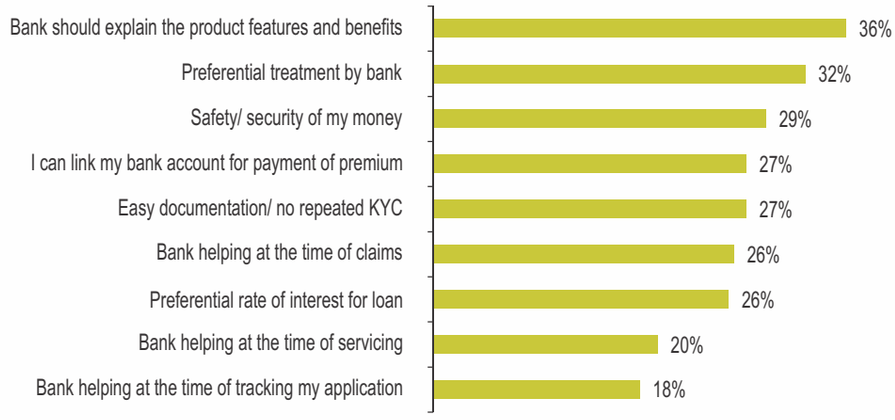
N (PH) = 2600

Factors to Boost Sales through Bancassurance

The survey reveals an optimistic scenario for bancassurance with both policyholders as well as non-policyholders showing an inclination to adopt bancassurance in future. About half (48%) of the non-policyholders have indicated preference for buying life insurance policies from Banks, with preference being the highest in Metro cities (54%) followed by Tier 2 cities (49%) and Tier 1 cities (44%).

Both categories of respondents, however, have expressed their respective reasons for their preference for bancassurance. They have certain expectations also from the channel. The major (primary) expectation is detailed explanation of the product features and benefits from the banks. Policyholders expect banks to offer them preferential treatment for being their customers (32%), offering them special rate of interest as well (26%). They also expect banks to provide them complete assistance at the time of servicing (20%), while tracking the application (18%) and during claims settlement process (26%) also. Respondents expect banks to provide safety and security to their invested money (29%).

Exhibit 6.7: Expectation from the Bancassurance Channel - Policyholders

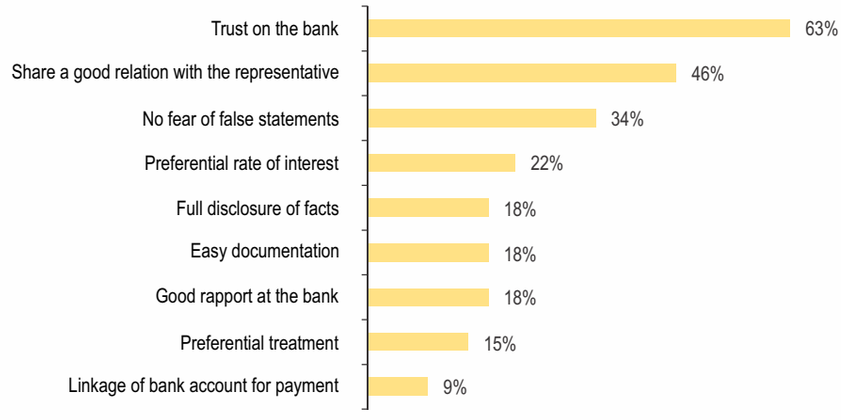


N (PH) = 4488

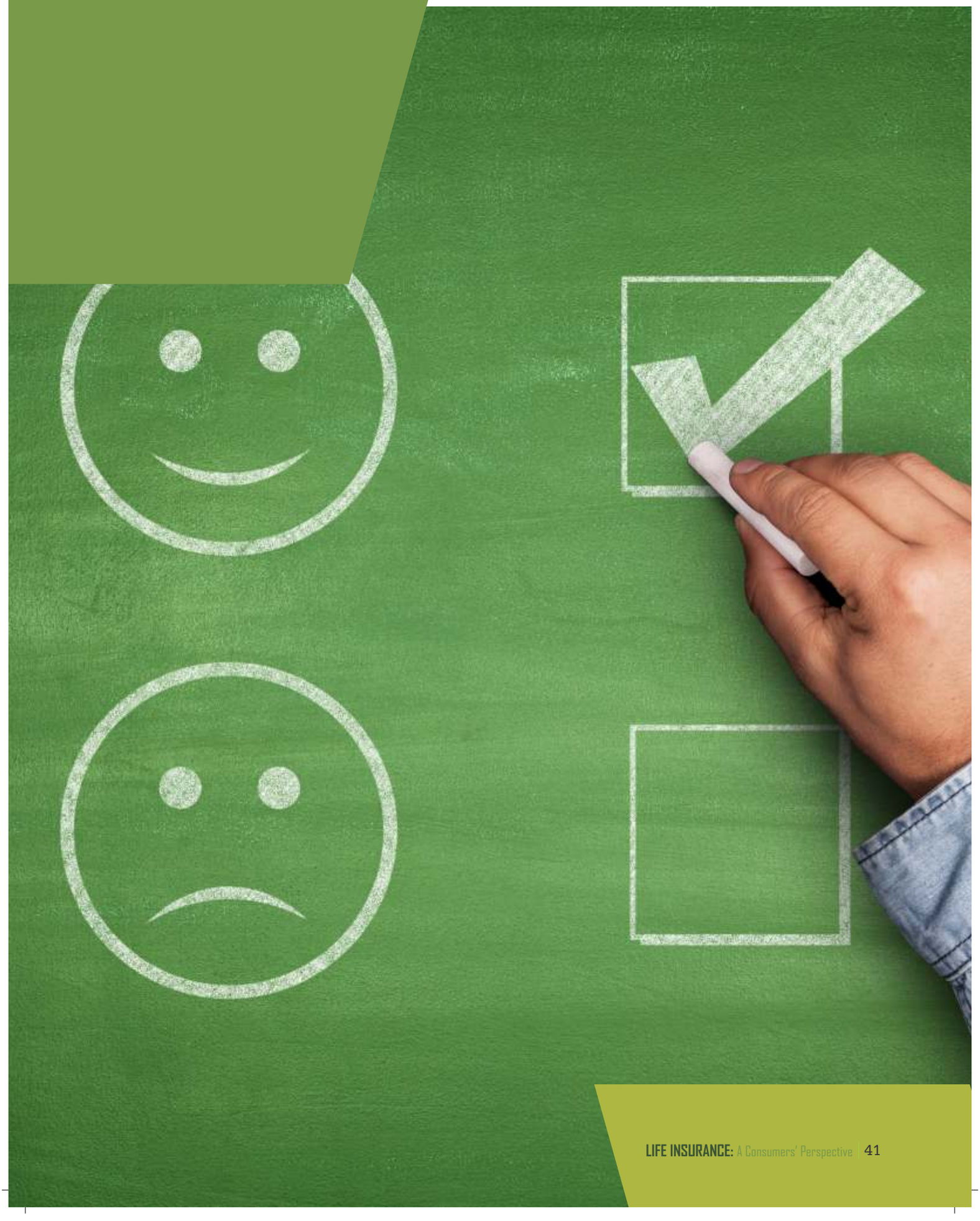
Trust is the major factor for which non-policyholders could buy life insurance through banks (63%). Security of investment is a major concern in the minds of investors, and around half the non-policyholder respondents believe that with banks there is no fear of false statements and around one-fourth believe that banks provide full disclosure of all facts. Association and relationship with the bank and its representative (46%) is another reason for which non-policyholders can consider purchasing policies from the bank.

Other factors which can motivate non-policyholders to access bancassurance include the belief that banks will not make any false statements (34%), and will disclose complete details of the policy or key facts related to the policy (18%). This shows the trust that respondents attach with the banks. Moreover, non-policyholders also expect to be given special treatment by the banks (special interest rate – 22%, preferential treatment – 15%).

Exhibit 6.8: Enabling Factors to Purchase from Banks - Non-Policyholders



N (Non-PH) = 647



7. Servicing & Policy Maintenance

The quality of services provided by the insurance companies directly impacts the overall satisfaction level of the policyholders. Prompt servicing helps in building and maintaining trust on the insurance company or distribution channels, thereby strengthening the relationship between the Insurer and the Insured. This becomes crucial in ensuring that the policies or the contracts are honoured by the policyholders till the time of their maturity.

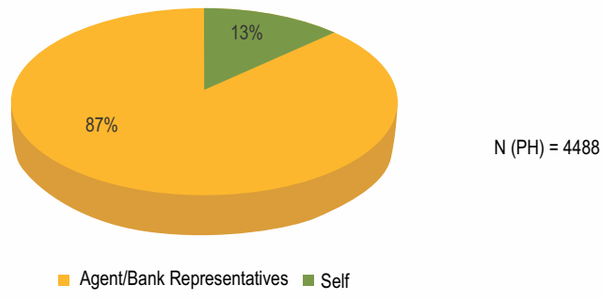
Life insurance companies seem to have an effective servicing mechanism in place including provision of active support for documentation, timely dispatch of policies once sold, sending timely reminders for premium payments, etc.

91%

of the policyholders received the policy documents within one month

The survey reveals that at the time of the sale of policies, majority of the respondents received help from agents and bank representatives for filling their application forms (87%).

Exhibit 7.1: Who Filled the Application Form



Efficient Product Delivery System

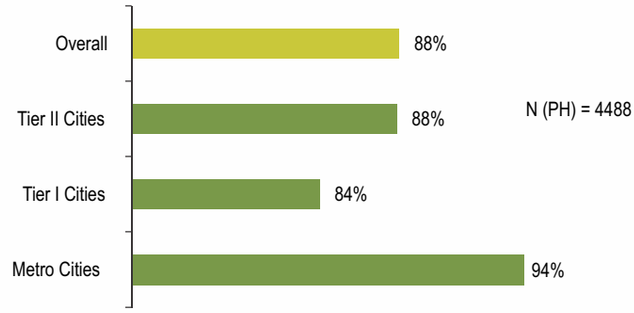
Majority of the policyholders reported receiving the policy documents within a month of paying their first premium, while the remaining receiving it within two months. 91% of the overall policyholders respondents and 92% of the policyholders who purchased from banks received the document within a month.

However, the survey reveals that while all the policyholders received the policy documents within two months of buying the policies, only 56% of them read the policy document. The proportion of respondents who read the document is highest in the Metro cities (75%) and the lowest in Tier 1 cities (48%).

Premium Payment Reminders

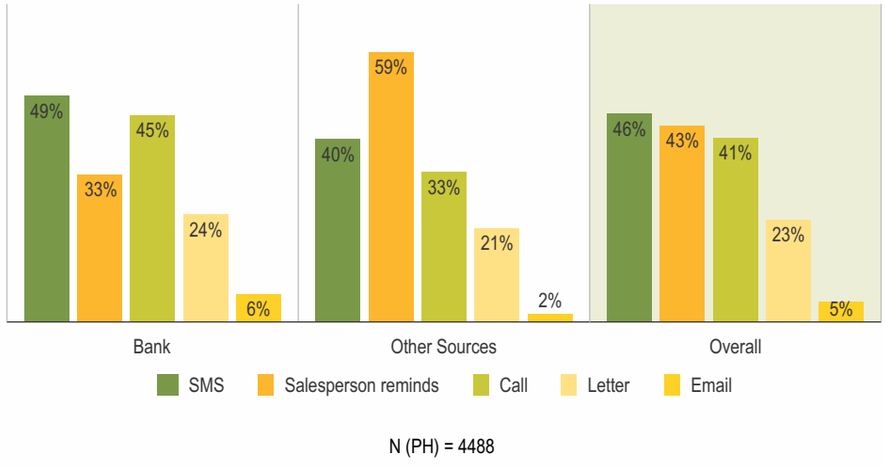
In the aspect of policy reminders also, the life insurance companies score well. A vast majority (88%) of the policyholders confirmed that they received reminders for premium payments. Proportion of respondents who have received reminders is the highest in Metro cities (94%) and least in Tier 1 cities (84%) [refer to the Exhibit 7.2].

Exhibit 7.2: Policyholders Who Received Premium Payment Reminders



Life insurance companies or the distribution channels have been using different modes of communication to send across premium payment reminders. Messaging services (SMS) is the most widely used, with 46% of the policy holders receiving premium payment reminders through this mode. Almost two out of five respondents (41%) are also being reminded of premium payments through calls. However use of technology has been limited with only 5% of the policyholders receiving reminders through email. About 43% of the respondents also received direct intimation from the person from whom they had bought the policies.

Exhibit 7.3: Reminders for Premium Payment

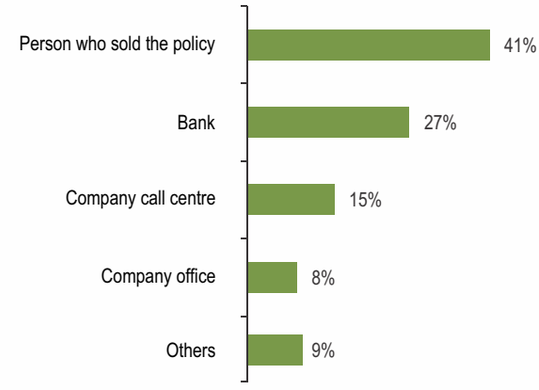


N (PH) = 4488

Point of Contact for Queries

The representative or the agent, who sold the policy to policyholders also appear to be the first point of contact for resolving the queries of policyholders (41%). About 27% of the respondents reported to prefer contacting the bank while only 15% contact the company call centre for any query.

Exhibit 7.4: First Point of Contact for Queries



N (PH) = 4488

Across cities, respondents mostly prefer to contact the person through whom they bought their policies. However, this practice is more prevalent in Tier 2 cities (46%) and least in Metro cities (35%). The next choice remains the banks. In the Metro cities, about 23% have indicated 'the company call centre' to be the first point of contact for queries.



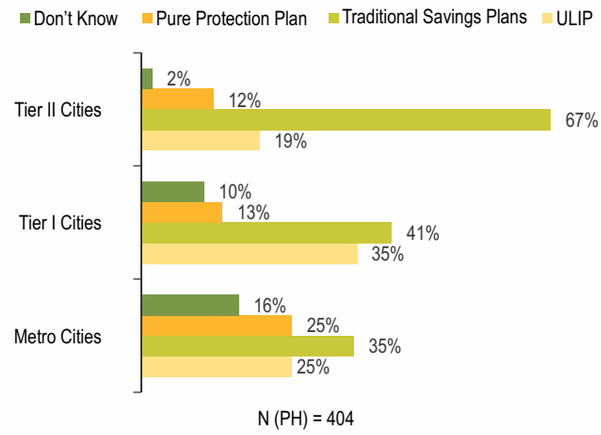
8. Policy Surrender & Claims

The study tried to understand why policyholders close or surrender policies and how has been their experience with the claims settlement process. Most of the policyholders (98%) expressed no intention of surrendering their active insurance plans, indicating their seriousness towards life insurance. The policies which majority of the policyholders hold presently are their first investment in this category of assets with nine out of ten respondents (91%) reported having no policies in the past.

98%

of the policyholders have no plans to surrender policy

Exhibit 8.1: Type of Past Policy Held



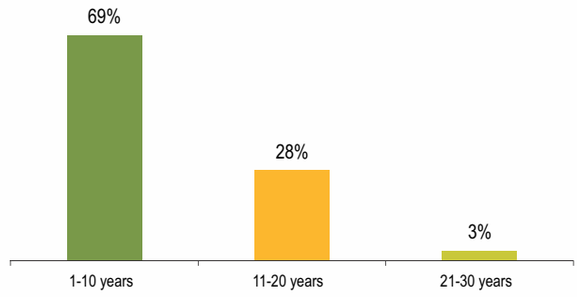
N (PH) = 404

Details of Past Policies

Of the policyholders who are not first time life insurance investors (9%), around half had invested in traditional savings plan in the past, while around 28% had invested in ULIPs. Greater proportion of policyholders in the Metro cities have invested in pure protection plans in the past, while in the Tier I cities preference has been for traditional savings plans. Interestingly more policyholders have invested in ULIPs in Tier II cities.

Around 7 out of 10 respondents (69%) held policies for a duration equal to or less than 10 years and the remaining had their policies for more than 10 years [refer to the Exhibit 8.2].

Exhibit 8.2: Duration for which Premium was Paid

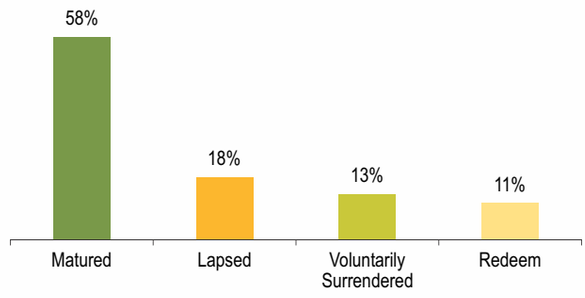


N (PH) = 404

Discontinuation of Past Policies

In majority of the cases the past policies of the respondents were discontinued as they reached maturity (58%). However, policies of around one fifth (18%) of the policyholders were also lapsed, while 13% reported to have voluntarily surrendered their policies. One out of ten respondents redeemed their policies as well.

Exhibit 8.3: Reason for Discontinuation

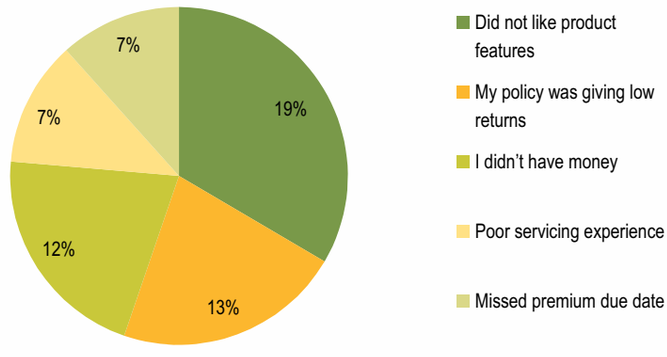


N (PH) = 404

Reasons for Surrender or Lapse of Policy

Respondents surrendered their policies for various reasons, such as did not like with product features (19%), low returns offered by the plan (13%), lack of enough money to pay the premium (12%), to name a few.

Exhibit 8.4: Top 5 Reasons for Surrender or Lapse*



N (PH) = 125

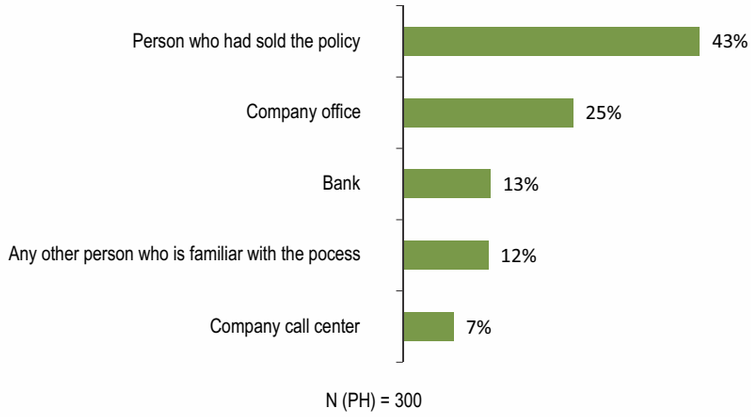
**Note: The total is the sum of top 5 reasons for surrender or lapse and does not add upto 100.*

Claim Settlement Experience

Claim settlement is an important service provided by an insurance company to the policyholders. About 7% of the respondents reported to have had a previous exposure to the claims process, wherein they helped their relatives (30%), immediate family members (29%) and friends (27%) in the settlement of the claim.

To register the claim, policyholders largely rely on agents/sales persons through whom they purchase the policies (43%), while around one fourth of the respondents in this category also contacted the insurance company office directly.

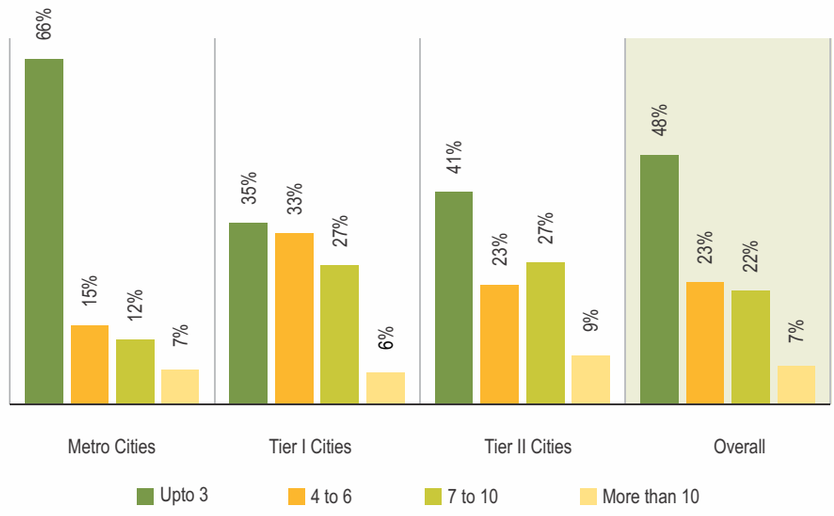
Exhibit 8.5: Point of Contact for Claim



Claim Servicing & Processing

Experience suggests that getting a claim processed was not as smooth as receiving the policy documents, as in many cases the respondents reportedly had to visit the sales channel or insurers office several times. Policyholders in the metros had to make relatively fewer visits to the channel as compared to Tier 1 and Tier 2 cities. Almost half of the policyholders (48%) made upto 3 visits to the channel, with the proportion going upto 66% in the Metros. It was found that about one out of every five person (22%) had to make as many as 7 to10 visits to the channel to get their claims processed [refer to the Exhibit 8.6].

Exhibit 8.6: Number of Visits to the Channel



N (PH) = 300

Claims Deduction & Awareness Levels

Of the policyholders who were involved in claim settlement, 13% mentioned they received assistance from the agent (channel) during the claim settlement process. The efforts of almost all claimants were fruitful as 98% of them got their claimed amount from the insurer.

It was observed that claims were settled relatively faster in the Metro cities. At an overall level, majority of the claims were settled within a month, with 30% being settled in less than 15 days and 57% between 16 days to a month.

Majority (56%) of the respondents who had filed for a claim, received the amount without any deductions. The proportion of instances of deductions during settlement was lower in Tier 2 cities, with 83% of them being aware of the reason for the deduction.

While understanding the level of awareness of the remaining 44% claimants who got their Claim settlement after deductions, it was observed that a large number of respondents (75%) were aware of the reason for the deductions and the awareness levels were highest in Metro Cities (86%).

Exhibit 8.7: Duration of Claim Procedure

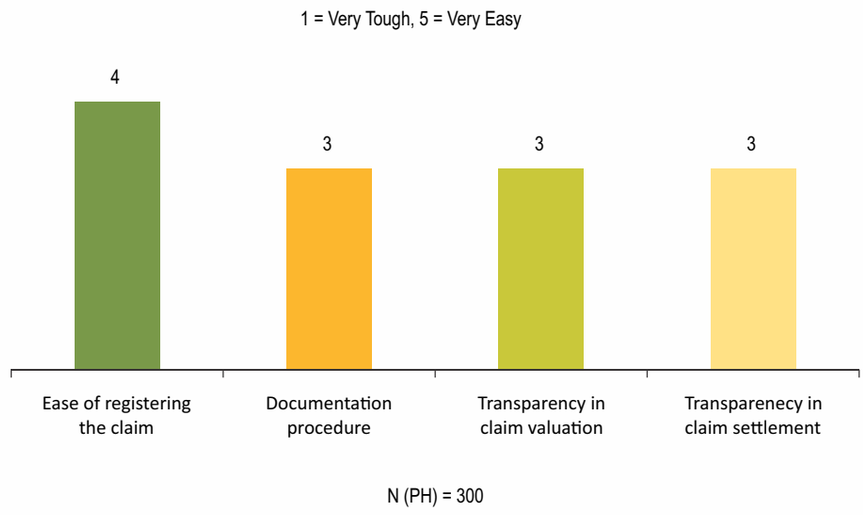


N (PH) = 300

Satisfaction with Claims Process

Overall there is satisfaction with the present claims settlement process with most of the respondents indicating the present claims process as relatively easy. However, respondents expect greater support from distribution channels/insurance companies in this respect.

Exhibit 8.8: Rating of Claim Procedure





Canara HSBC OBC Life Insurance

9. Recommendations

Presented below are some practical action areas drawn from the research findings, which may help the life insurance industry weave a better future for the sector.

01 Professional need assessment is a key requirement and hence a comprehensive and ongoing process should be implemented as part of the sales engagement cycle.

02 Keeping the risk averse nature and customer preference for savings in consideration, focused & localised awareness campaigns and workshops be conducted to further promote benefits of life insurance traditional plans.

03 Since gold & bank deposits appear to be preferred investment avenues, life insurance providers should showcase the value proposition of Life Insurance as an alternative / complementary offering for the target customers.

04 As a part of the purchase and sales quality review processes, ensuring that prospective customers are informed about type of policy they are buying, key benefits which will be available at specified events and key risks should take primacy.

05 There is latent opportunity for the industry to Cross sell & Up sell to promote coverage of the 'mortality gap' - respondents perceive they are not adequately covered and are willing to pay for additional cover.

06 Banks are an important access point for the target segment and customers have shown a significant preference for banks as a channel for insurance purchase. Hence, insurance companies need to leverage on their positive association to further reach out to bank customers through their partnerships with banks.

07 Alternate channels (online and ATM) can be leveraged by banks to improve customer engagement.

08 As customer's first point of contact is the sales person for any policy servicing, adequate emphasis is needed for training salespersons for providing after sales support in claims handling.



Acknowledgments

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Established in 1927, FICCI is the largest and oldest apex business organization in India. FICCI has contributed to the growth of the industry by encouraging debate, articulating the private sector's views and influencing policy.

A non-government, not-for-profit organization, FICCI is the voice of India's business and industry. FICCI draws its direct membership from the corporate sector, both private and public, including SMEs and MNCs. FICCI enjoys an indirect membership of over 2,50,000 companies from various regional chambers of commerce.

About Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited was launched in June 2008 and is jointly owned by two of India's largest public sector banks – Canara Bank (holding 51%) and Oriental Bank of Commerce (23%) – and HSBC Insurance (Asia Pacific) Holdings Limited (26%), the Asian insurance arm of one of the world's largest banking and financial services groups – HSBC.

The Company has access to around 60 million customers and a pan-India network of over 8000+ branches of Canara Bank, HSBC and Oriental Bank of Commerce.

By selling through the three banks' branches, seeking to seamlessly integrate systems and processes to reduce costs, Canara HSBC Oriental Bank of Commerce Life Insurance aims to pass on the savings to customers through lower charges thus making the Company's policies among the most competitive and accessible in the market.

The company achieved discrete break-even in 5th year of operations which was essentially an outcome of the customer centric policies, cost efficiencies & effective control processes followed.


Canara HSBC
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