

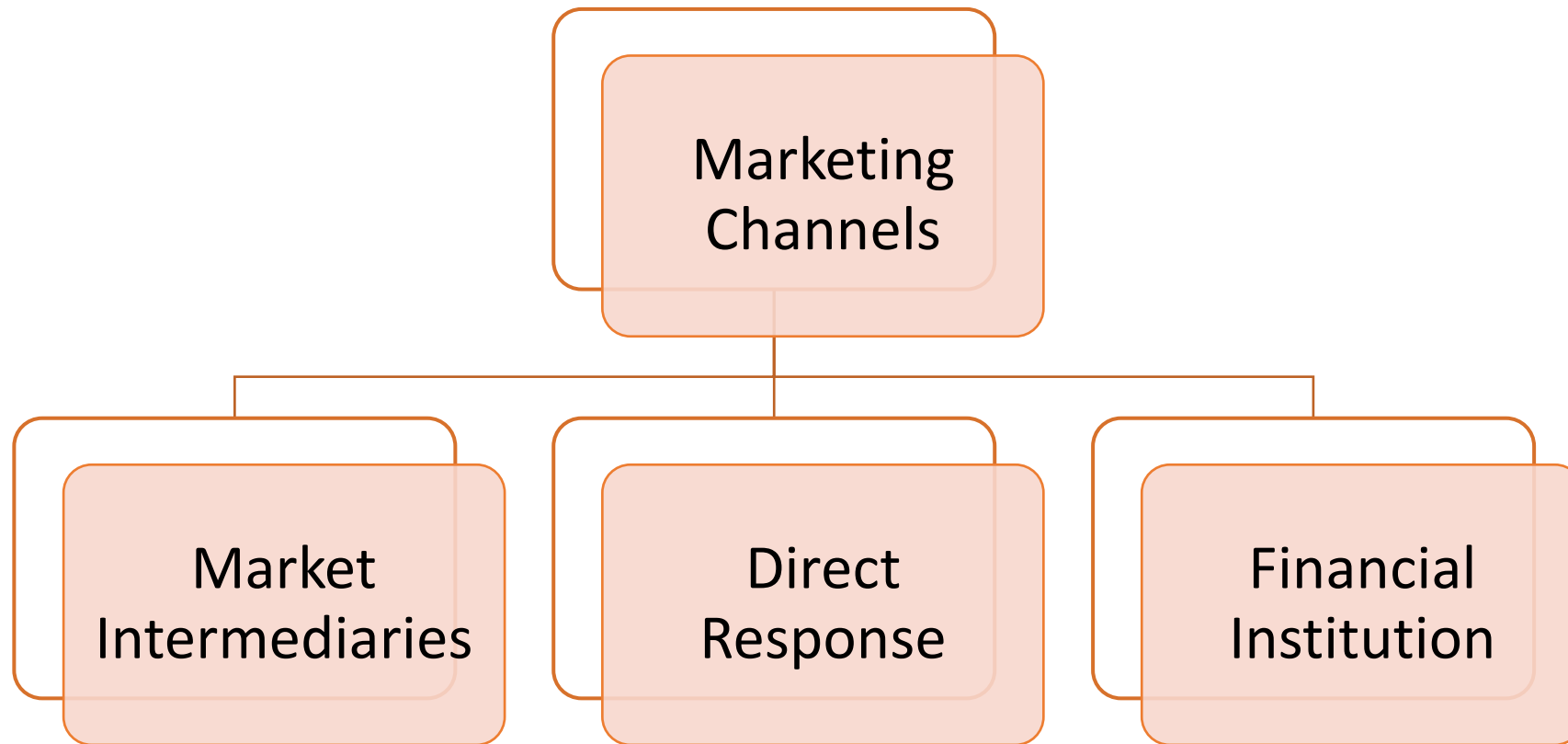


INSTITUTE OF ACTUARIAL
& QUANTITATIVE STUDIES

Subject : Life Insurance - PPP

***Topic – Distribution Channels of
Life Insurance***

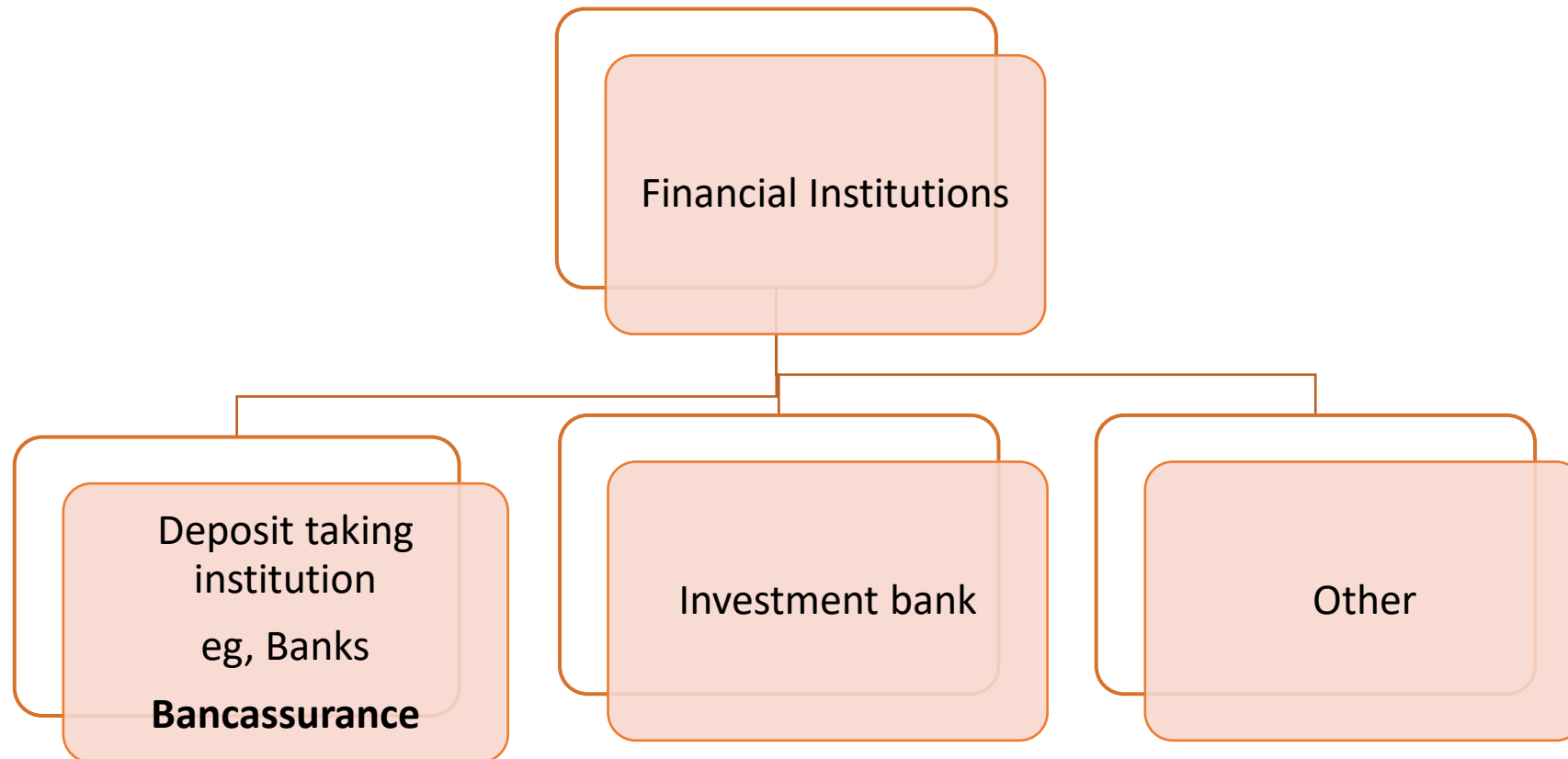
Distribution Channels



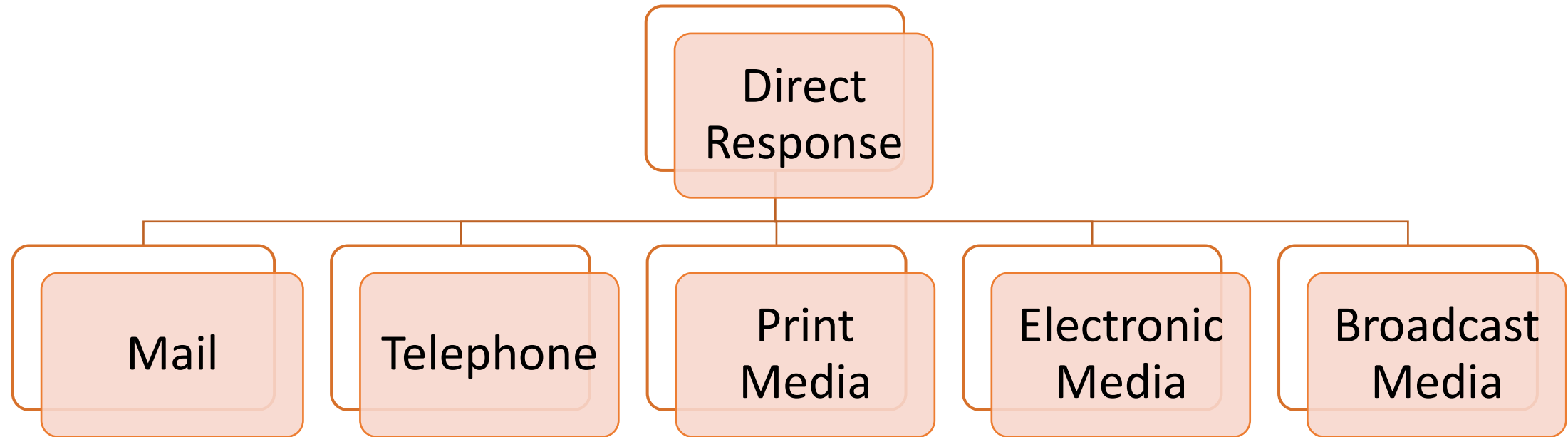
Distribution Through Marketing Intermediaries

- *General Agency building distribution*
- *Managerial Agency building distribution*

Financial Institution



Direct Response System



Compensation in Marketing

Agency Related Compensation:

- ✓ Fixed contract compensation
- ✓ Aim to control the cost of the team

Marketing Intermediary Compensation:

- ✓ First year premium commission
- ✓ Renewal commission may/may not depend on future contract
- ✓ Service fee as long as policy is in force
- ✓ Bonus on higher volume
- ✓ Training allowance plan (TAP)
- ✓ Few companies offer salary plan

Financial Institution Compensation:

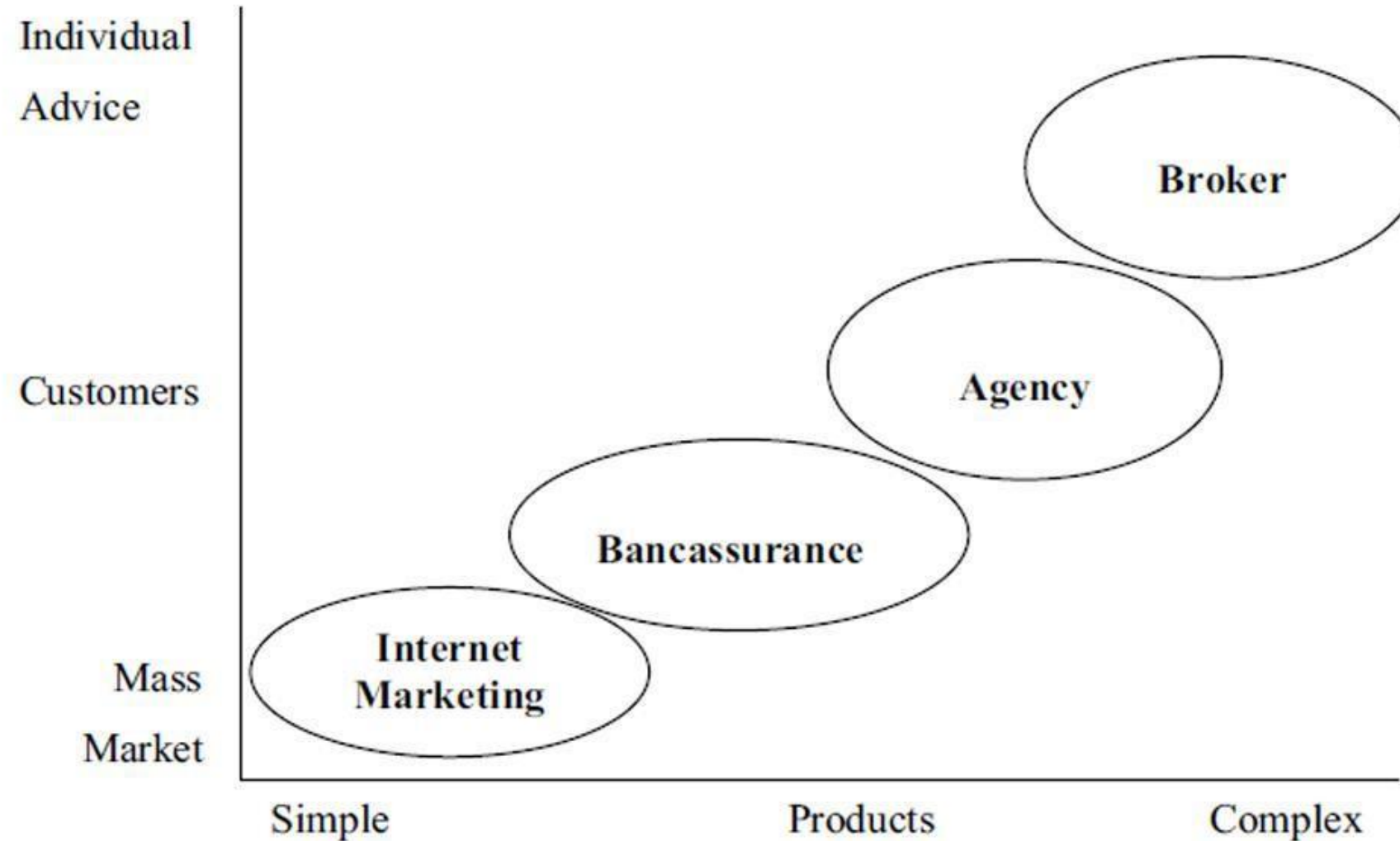
- ✓ Commission
- ✓ Fixed component

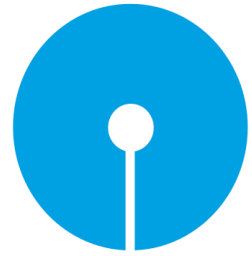
The Future of Life Insurance Marketing

- *Increased competition*
- *General Agency system building strategy*
- *Increased sophistication*
- *Global business*
- *Demographic Shifts*



Role of Distribution Channels in Purchase of Life Insurance Products





SBI Life

INSURANCE

With Us, You're Sure

MULTI-CHANNEL DISTRIBUTION

123,613

Individual agents

22,000+

SBI branches

76

Corporate agents

58,995

CIFs

99

Brokers

17

Banca partners



Achieving all-round growth

AGENCY

- Growth in individual protection NBP by 149%
- Agency channel has sold 66,031 individual protection policies showing an increase of 97%
- Continue to drive protection business through Agency channel through digitisation and product innovation

BANCASSURANCE

- Individual protection NBP has increase from ₹38 Cr to ₹321 Cr
- Individual protection policies sold by Bancassurance channel increased by 242%
- Credit Loan portfolio comprises of:
Home Loan 64%
Personal Loan 28%
Education Loan 7%
Vehicle Loan 1%

CORPORATE AGENTS, ONLINE

- Growth in individual protection NBP by 49% in Online channel (including web aggregators)
- 73% increase in individual protection policies sold through Online channel (including web aggregators)
- Tie-ups with 24 partners for Credit Loan protection business

174%

Growth in protection (NBP)

16%

Share of protection in individual NOP

176%

Growth in individual protection NOP



भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

STATEMENT OF INDIVIDUAL NEW BUSINESS PROCURED DURING 2017-18 CHANNELWISE

BUSINESS	NUMBER OF POLICIES (IN LAKH)	FIRST YEAR PREMIUM INCOME (₹ IN CRORE)
CONVENTIONAL(TIED)	204.66	49,460.33
BANKING & ALTERNATE CHANNELS	2.11	1,420.49
DIRECT MARKETING	0.69	845.16
MICRO INSURANCE	5.65	17.87
TOTAL	213.11	51,743.85

Geographical Overview

- ❖ India – The insurers in India no doubt started exploring the use of alternative channels, yet the army of agents (tied agents) – 11 lakhs (10 lakhs with LIC plus 1 lakh with private players) are calling shots in the market.
- ❖ Canada – Full time **career agents** generate about 60 percent of life insurance premium income.
- ❖ France – more than 50 percent of life insurance is sold through **banc assurance, post office or the Treasury.**
- ❖ Japan – life insurance distribution is dominated by large network of **female exclusive agents.**
- ❖ Swiss and Germany – life insurers rely primarily on **exclusive agents** for distribution
- ❖ China and Indonesia – many **Eastern European countries** are experiencing strong growth in career agents.
- ❖ Taiwan and Korea – recently have opened their markets to foreign insurers.