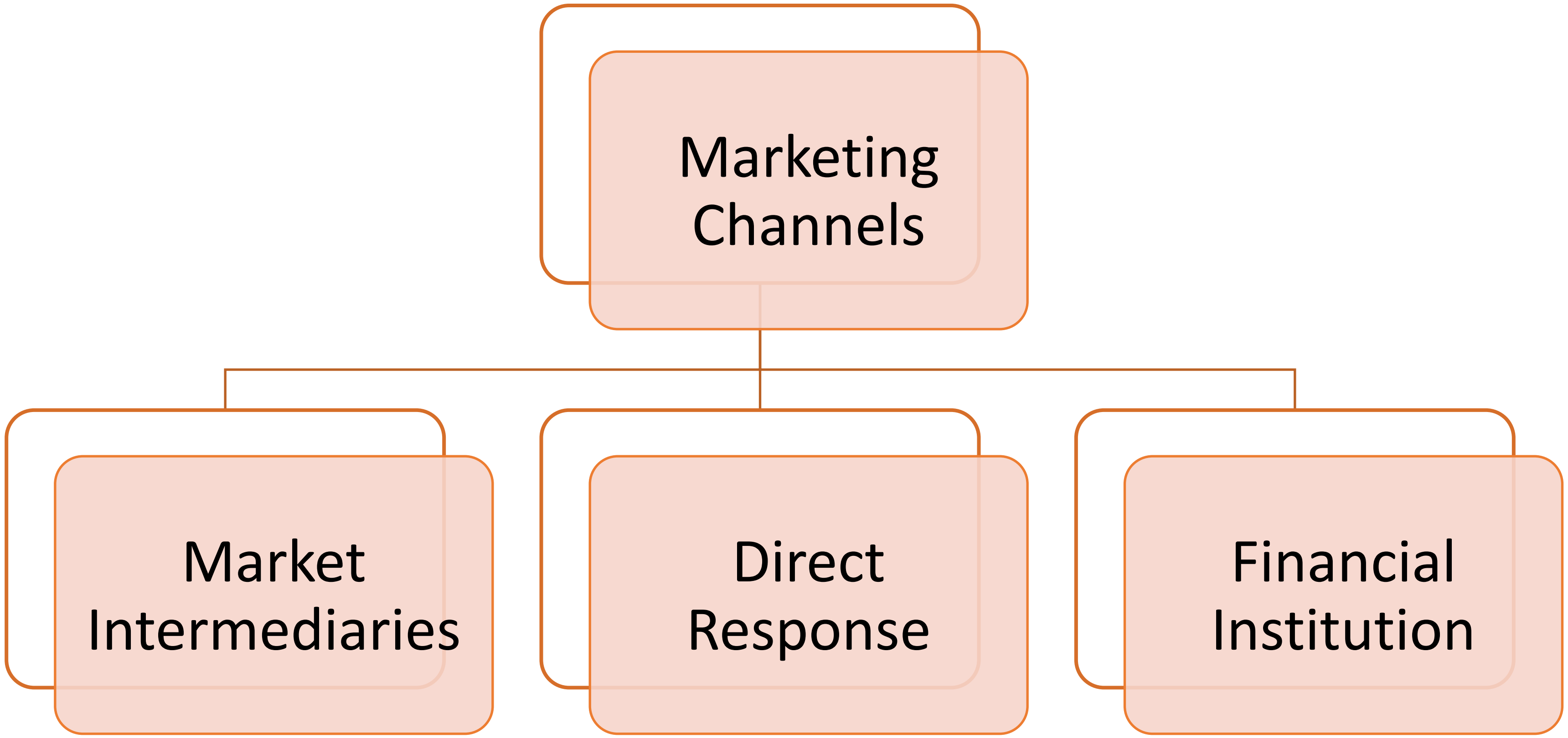
INSTITUTE OF ACTUARIAL & QUANTITATIVE STUDIES

Subject : Life Insurance – PPP

Topic – Distribution Channels of Life Insurance

Distribution Channels



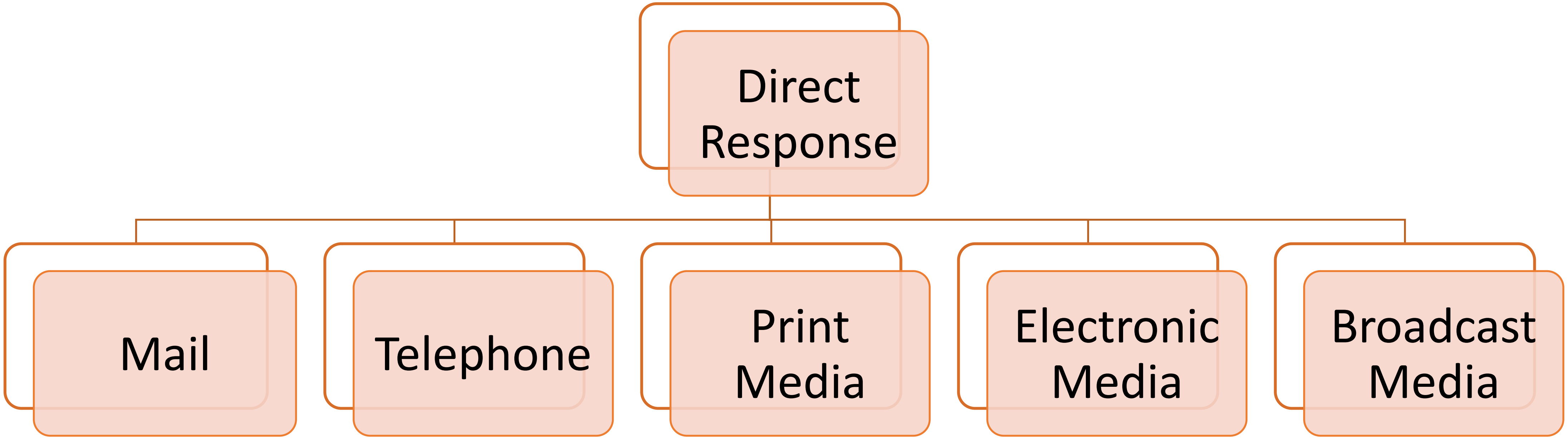
Distribution Through Marketing Intermediaries

- *Agency building distribution*
- *Non–Agency building distribution*

Financial Institution

- Financial Institutions
  - Deposit taking institution
  - Investment bank
  - Other

Direct Response System



Compensation in Marketing

Managment 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 inforce
- ✔ Bonus on higher volume
- ✔ Life, health, retirement benefit
- ✔ Training allowance plan (TAP)
- ✔ Few companies offer salary plan

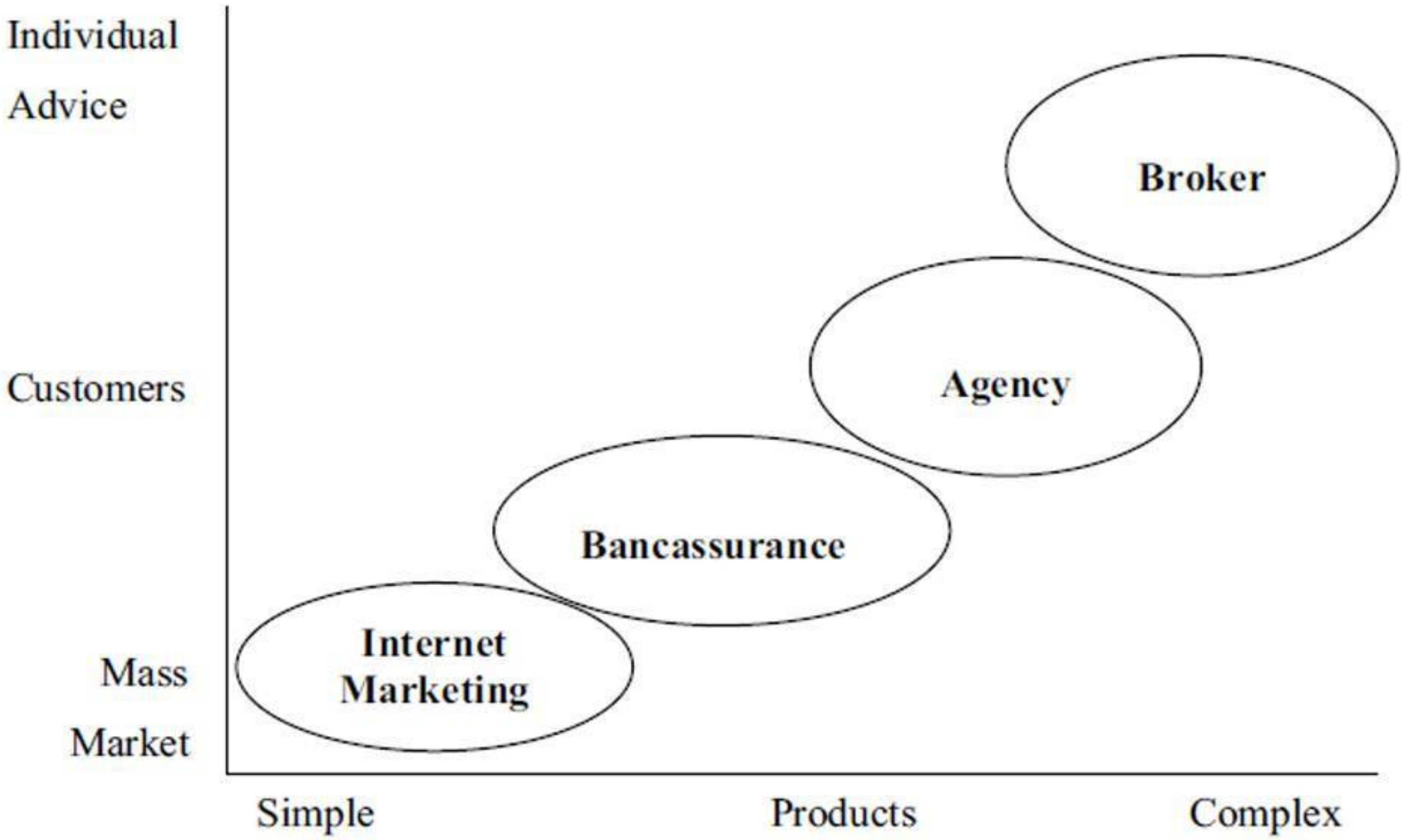
Financial Institution Compensation:

- ✔ Commission
- ✔ Fixed component

The Future of Life Insurance Marketing

- Increased competition
- Non-Agency building strategy
- Increased sophistication
- Global business
- Demographic Shifts

Role of Distribution Channels in Purchase of Life Insurance Products



JAQS

SBI Life INSURANCE

With Us, You're Sure

MULTI-CHANNEL DISTRIBUTION

123,613 Individual agents

58,995 CIFs

22,000+ SBI branches

99 Brokers

76 Corporate agents

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 indivdual NOP

176% Growh in indiviual 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.