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Evolving Frontiers, Exciting Prospects

16th Global Conference of Actuaries & 2014 AGFA

17th – 18th Feb, 2014 Mumbai - India

Historical performance

Impressive growth

	FY2000-01	FY2012-13
Number of companies	5	24
Number of individual agents	1,15,709	21,22,757
Number of branches	Approx. 2,000 ^{Estimated}	10,285
New Business APE ⁽¹⁾ (in Rs. Crore)	14,107 ⁽²⁾	57,708
Funds under management ⁽³⁾ (in Rs. Crore)	1,42,910	16,43,757

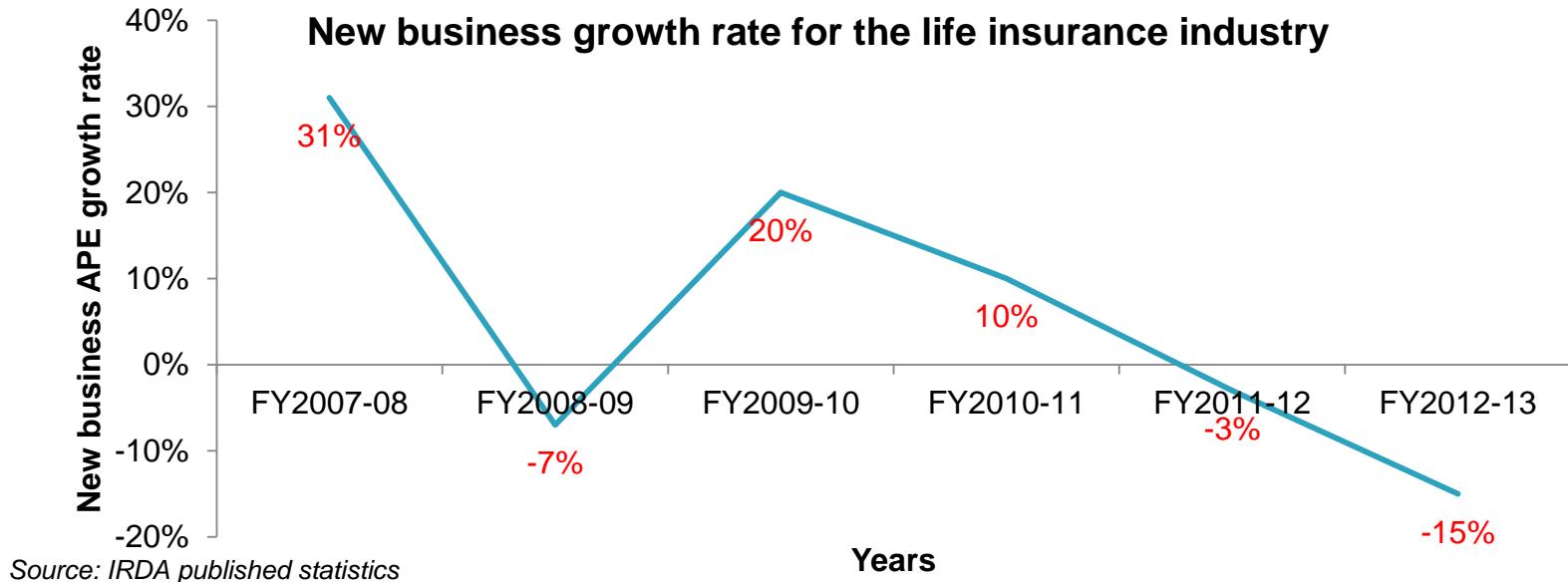
Source: IRDA annual reports / company published accounts / estimates

(1) APE refers to annual premium equivalent and is derived as 100% of annualized regular premium plus 10% of single premium

(2) The split between regular and single premium business was not available for this year and hence the amounts shown include 100% of single premium from new business

(3) Funds under management is taken as the total of the shareholders' and policyholders' investments as shown in the balance sheet.

Recent turmoil



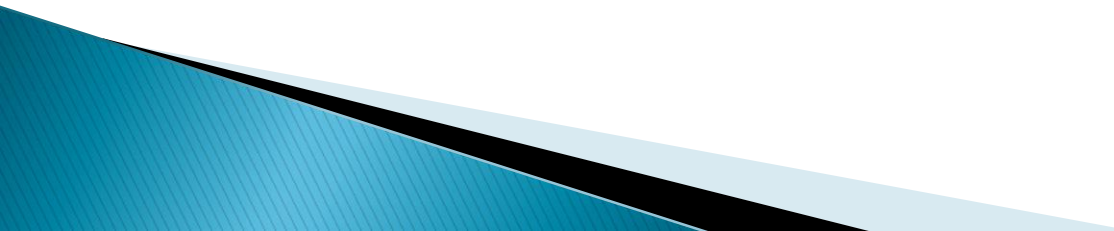
Key reasons include:

- Multiple regulatory changes
- External factors
 - Global economic meltdown
 - Low GDP growth rate
 - Volatile equity markets
 - Constraints on further capital

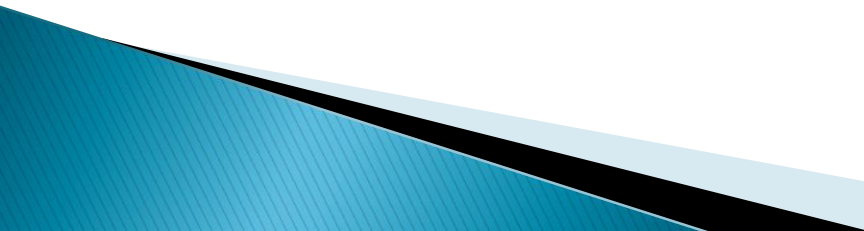
Industry revival through changes in -

- » Macro-economic environment
- » Business practices adopted
- » Legislations/Regulations

Macro-economic environment

- ▶ Revival of the Indian economy
 - GDP Growth
 - Investments growth
 - ▶ Stable performance of equity markets
 - Restore investor confidence in unit-linked products
 - ▶ Softer interest rate regime
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Business practices adopted

- ▶ Change promoters' mindset
 - ▶ Align stakeholders' interests
 - ▶ Align cost structures with productivity
 - ▶ Enhance use of technology
 - ▶ Sales process revamp
 - ▶ Improve PR
 - ▶ Segmentation of the opportunity
 - Mapping of “customer needs – distribution channel – sales process – products”
 - ▶ Customer centric programmes
 - Training / education / awareness
 - Customer loyalty / value added services
 - ▶ Focus on rural
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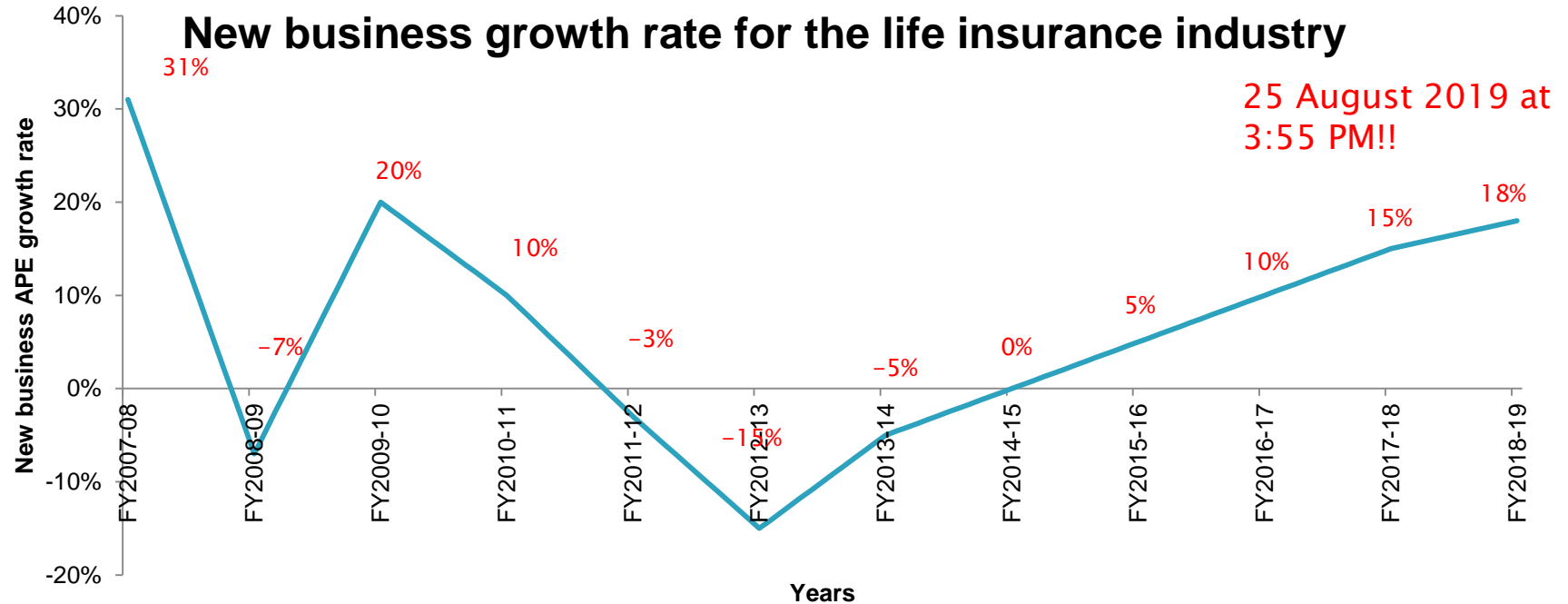
Legislations/Regulations

- ▶ Flexible distributor compensation
- ▶ Mandatory to buy term insurance
- ▶ Revamp pension product regulations
 - Remove minimum guaranteed benefit / investment return
 - Allow 'open market option'
- ▶ Relax restrictions on rider premiums
- ▶ Tax incentives on insurance policies
- ▶ Steps to promote annuities
- ▶ Flexibility in investments
- ▶ Allow PF monies to be invested in insurance
- ▶ Make distributors more accountable
- ▶ Increase FDI limit in insurance

Conclusion

- » Significant potential
- » With the right policies, the industry will achieve high growth rates in the long term
- » So when would that be?

Future of Indian life insurance



Thank you!