Institute of
Actuaries of India
Statutory body under an Act of Parliament

Expanding the horizon, strengthening the core

20th Global
Conference of Actuaries
4th - 6th March, 2019 | Mumbai, India

Insurance
Down The Memory Lane

Gaurang Shah

President-Group chief Risk officer &
Member of executive board , Kotak Mahindra bank

Session P6

Dated 06 Mar 2019

Insurance Industry Journey
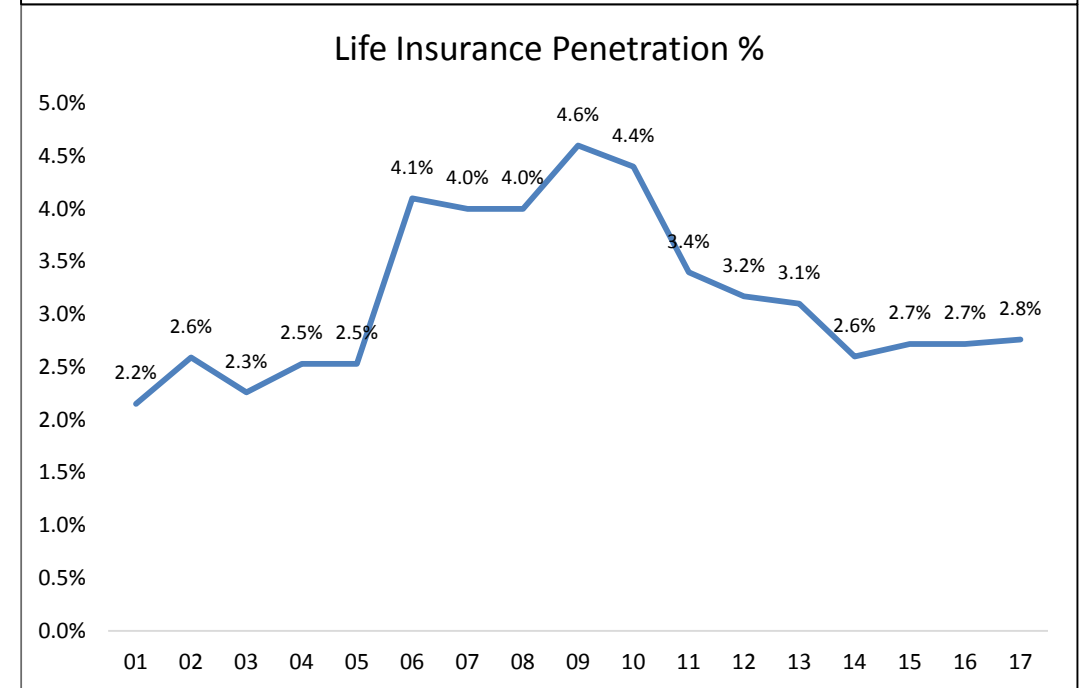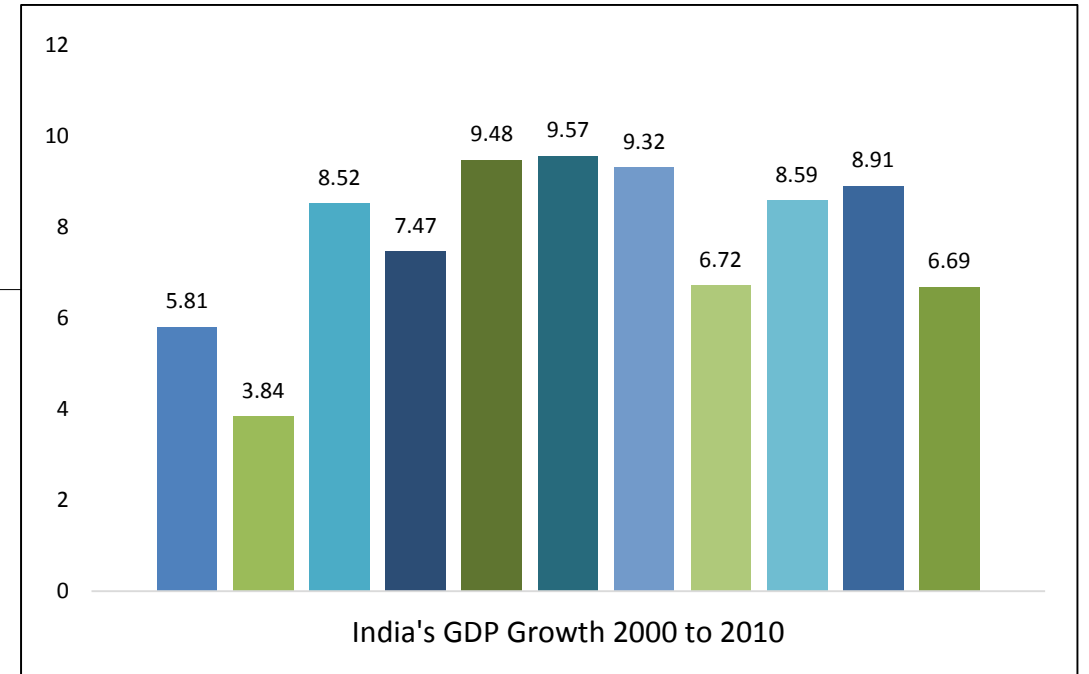
ULIP Era

Rise of Banca-assurance
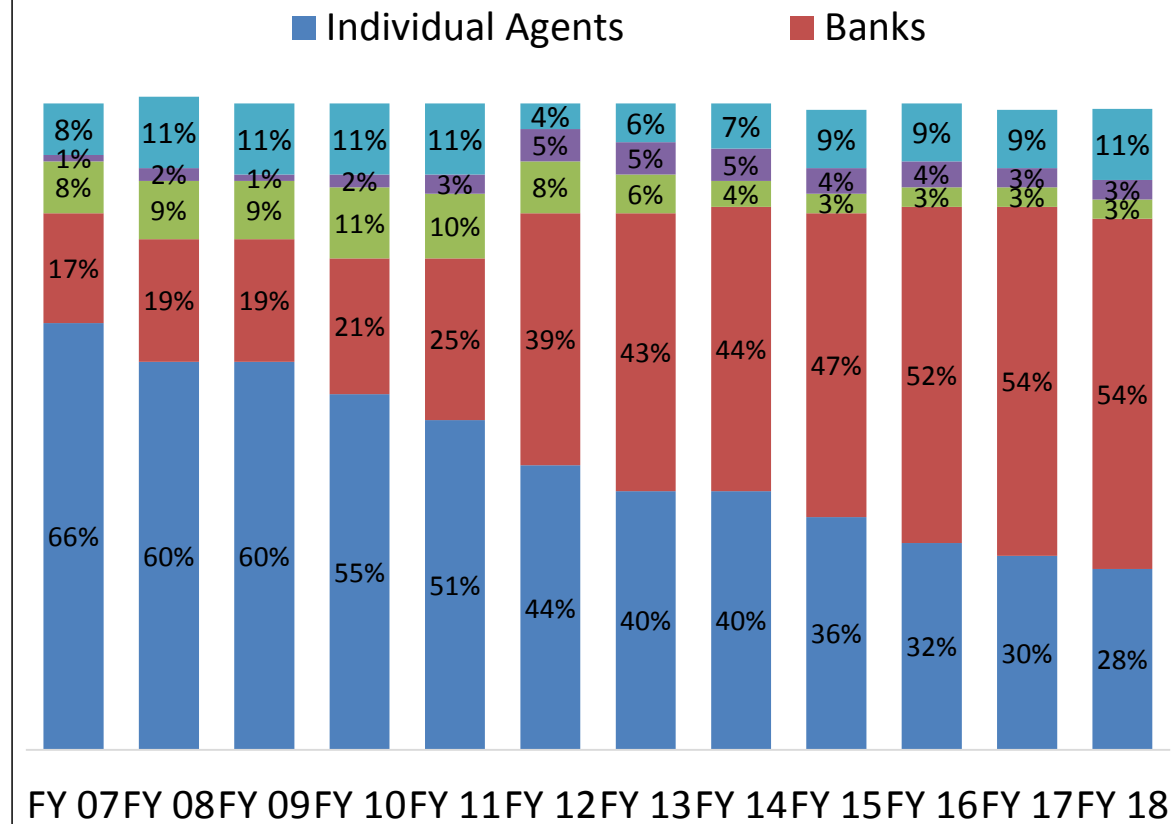
Protection growth

Continuing Dilemma

20th Global
Conference of Actuaries
4th - 6th March, 2019 | Mumbai, India

Institute of
Actuaries of India

ULIP Era

❖ ULIP became the main regular premium product

❖ The boom in the Capital Markets helped the cause

❖ The Insurers became Investment Bankers

❖ Essentially , Mutual Fund business at Insurance cost

❖ Life insurance penetration grew 2.5% to 4.6%

India's GDP Growth 2000 to 2010

Values: 5.81, 3.84, 8.52, 7.47, 9.48, 9.57, 9.32, 6.72, 8.59, 8.91, 6.69

Life Insurance Penetration %

01: 2.2%, 02: 2.6%, 03: 2.3%, 04: 2.5%, 05: 2.5%, 06: 4.1%, 07: 4.0%, 08: 4.0%, 09: 4.6%, 10: 4.4%, 11: 3.4%, 12: 3.2%, 13: 3.1%, 14: 2.6%, 15: 2.7%, 16: 2.7%, 17: 2.8%
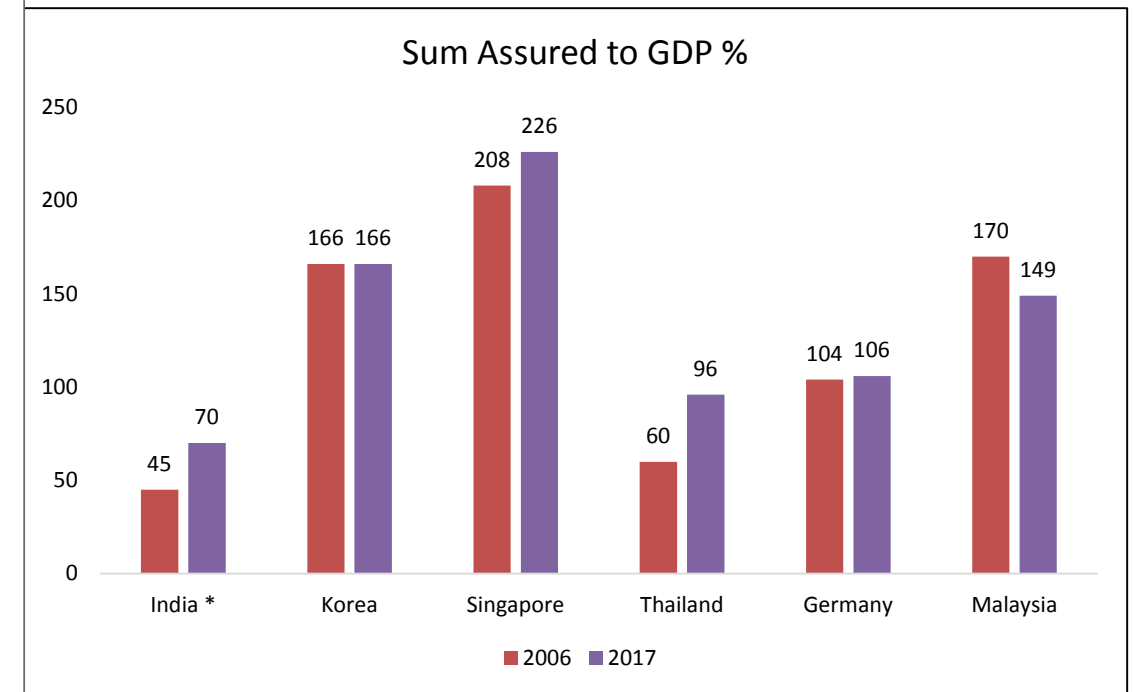
Rise of Banca-assurance

❖ Banca-assurance became the most efficient channel in many ways

❖ It also underscores inability of private player to develop an efficient agency channel

❖ No product differentiation with agency

❖ Culture of additional marketing support

❖ Banca-assurance is not a symbiotic relationship

Individual Agents ■ **Banks**

	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Top (teal)	8%	11%	11%	11%	11%	4%	6%	7%	9%	9%	9%	11%
Purple	1%	2%	1%	2%	3%	5%	5%	5%	4%	4%	3%	3%
Green	8%	9%	9%	11%	10%	8%	6%	4%	3%	3%	3%	3%
Banks (red)	17%	19%	19%	21%	25%	39%	43%	44%	47%	52%	54%	54%
Individual Agents (blue)	66%	60%	60%	55%	51%	44%	40%	40%	36%	32%	30%	28%

Continuing Dilemma

❖ What to sell?

  ❖ ULIP Vs traditional -
  ❖ Par or Non Par

❖ Through whom to sell?

  ❖ Banca-assurance Vs Agency.

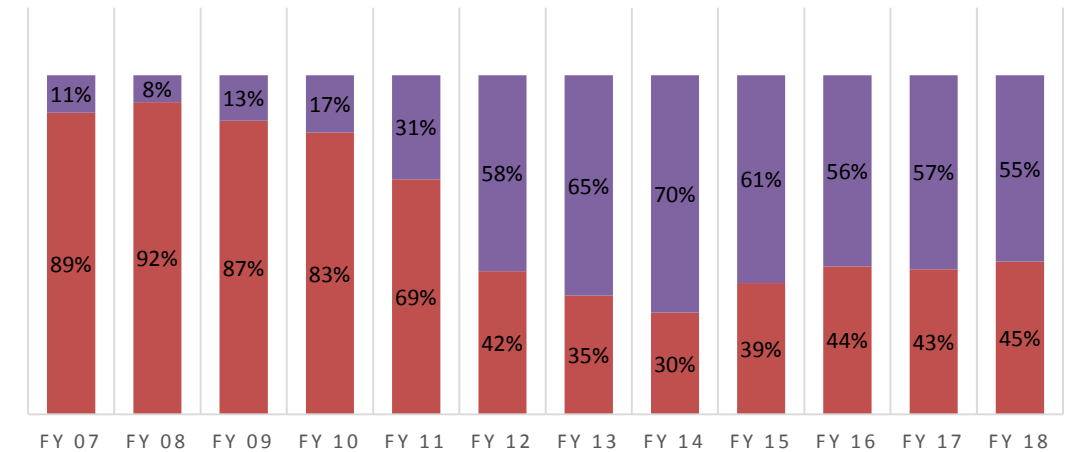❖ How do you make the 'Insurance Savings' product more attractive

  ❖ Curious case of a reverse subsidy - 50% Pre emption by Gilts and SDL's
  ❖ Cost of capital of non guarantee ULIP and MF
  ❖ Expense of Management

❖ Should we adopt the European model?

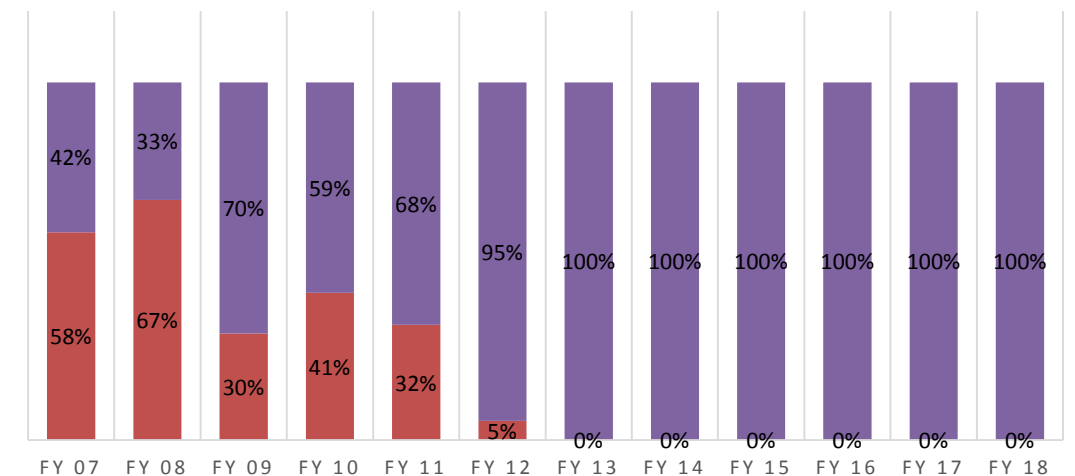## PVT. INSURERS PRODUCT MIX
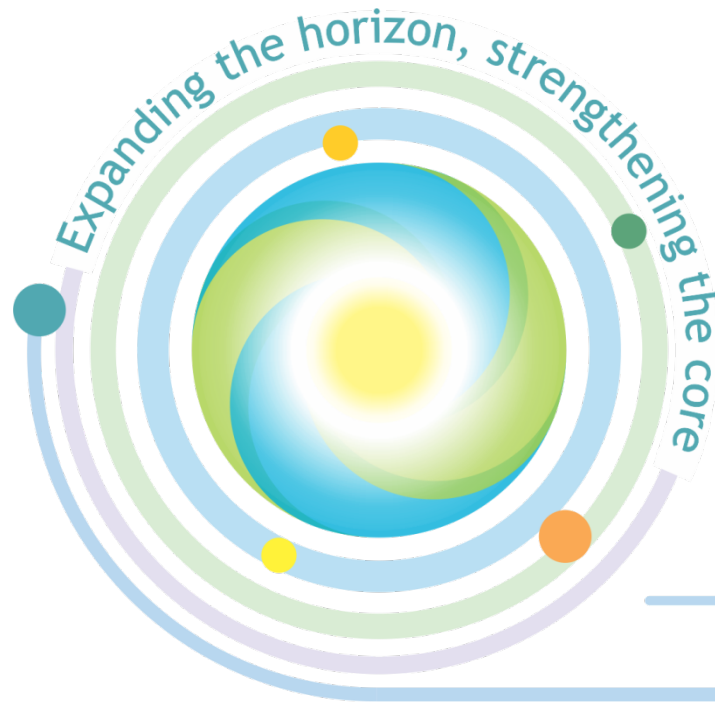### (SINGLE 1/10)

■ UL Mix   ■ Trad Mix

	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Trad Mix	11%	8%	13%	17%	31%	58%	65%	70%	61%	56%	57%	55%
UL Mix	89%	92%	87%	83%	69%	42%	35%	30%	39%	44%	43%	45%

LIC PRODUCT MIX
(SINGLE 1/10)

■ UL Mix   ■ Trad Mix

	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Trad Mix	42%	33%	70%	59%	68%	95%	100%	100%	100%	100%	100%	100%
UL Mix	58%	67%	30%	41%	32%	5%	0%	0%	0%	0%	0%	0%

20th Global Conference of Actuaries
4th - 6th March, 2019 | Mumbai, India

Institute of Actuaries of India

❖ Changing Demographics

    ❖ India will be youngest country of the world by 2020. more than 40 crore young population and at the same time elderly population will be over 10 cr.

❖ Digital Transformation

❖ Increasing financial savings.

    ❖ Who will hit the 48 first?

20th Global
Conference of Actuaries

4th - 6th March, 2019 | Mumbai, India

Expanding the horizon, strengthening the core

Institute of
Actuaries of India
Statutory body under an Act of Parliament

THANK YOU

13