



Panel Discussion – Setting the Context

By Ranabir Ghosh

Agenda

Setting The Context



- Panel Discussion - Customer expectations
- Panel Discussion - Shareholders' perspective
- Panel Discussion - Perspective of Actuaries

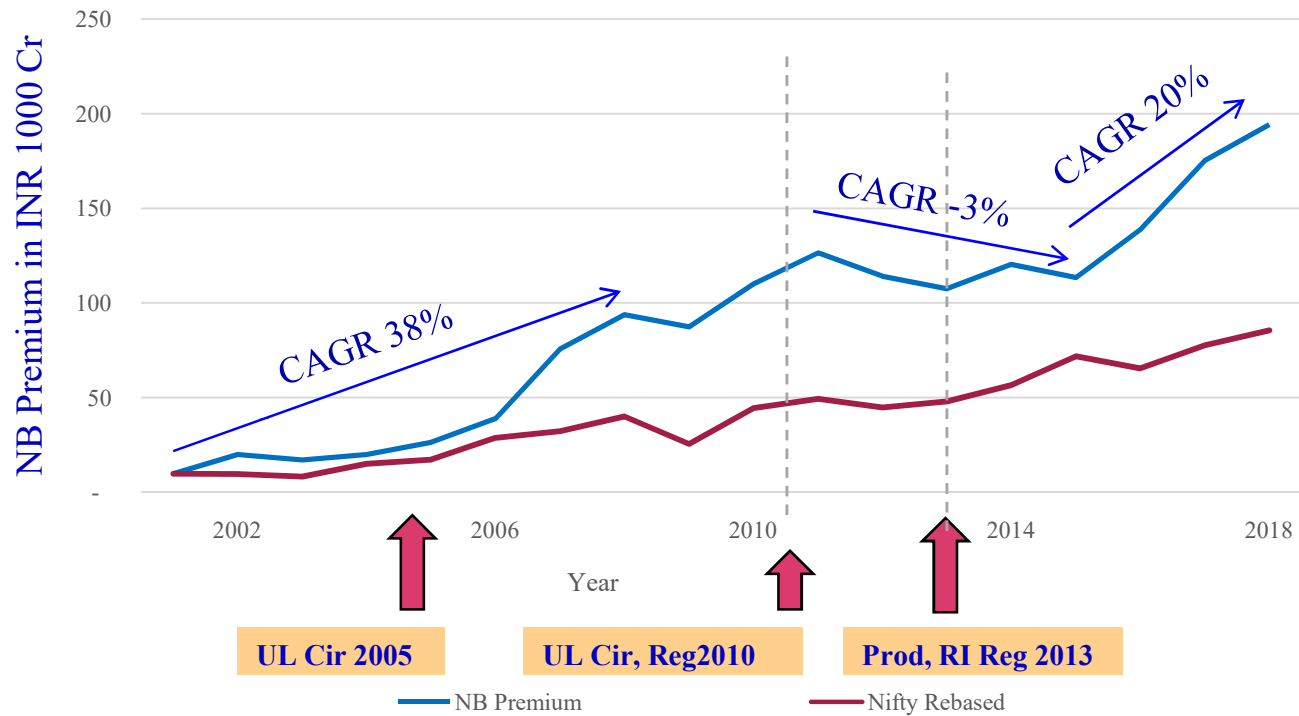
Panel Discussion

Customer expectations and the major gaps

Evolution of Life Insurance Industry



Growth of Life Insurance



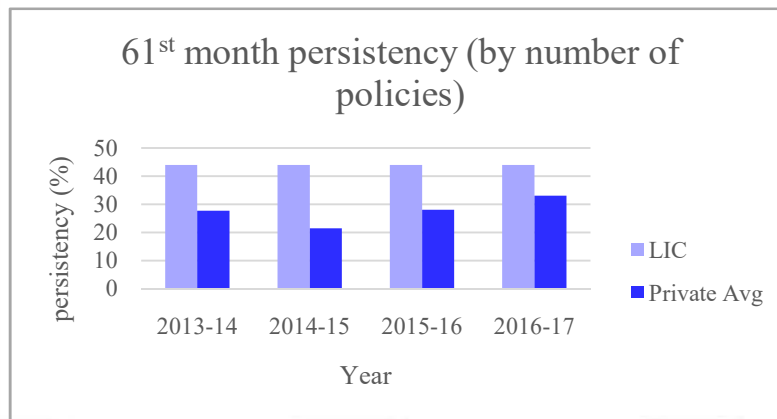
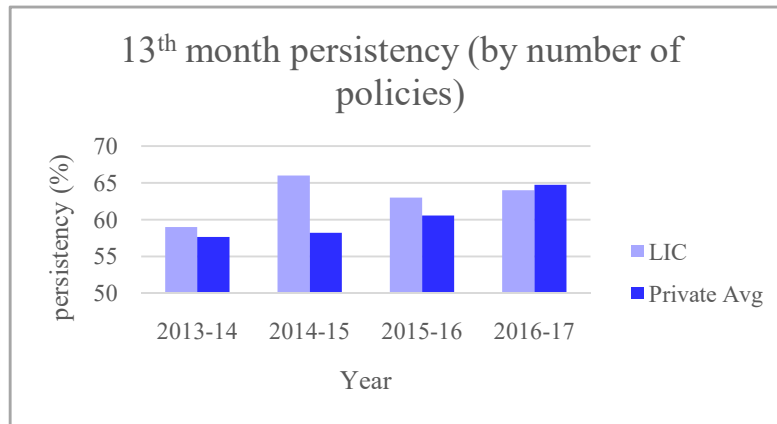
Source for premium and Grievances: IRDAI Annual Report 2017-18 and prev.

- Life Insurance industry grown with a CAGR of 19 % between 2001-2018

Regulations to protect policyholders

- IRDA (Protection of policyholder's Interests) Regulations 2002
- IRDAI Circular 032/IRDA/Actl/Dec-2005
- IRDAI Circular (049/IRDA/ACTL/ULIP/JANUARY-08) - ULIP Benefit Illustration
- IRDAI Circulars (055/IRDA/Actl/ULIP/2009-10; IRDA/ACT/CIR/ULIP/102/06/2010) – Cap on charges
- IRDA (Treatment of Discontinued Linked Policies) Regulation, 2010
- IRDA (Non Linked Insurance Products) Regulation, 2013
- IRDA (Linked Insurance Products) Regulation, 2013
- IRDA (Life Insurance-Reinsurance) Regulation, 2013
- IRDAI (Payment of commission or remuneration or reward to Insurance Agents) Regulation, 2016
- IRDAI (Protection of Policyholders' Interests) Regulations, 2017

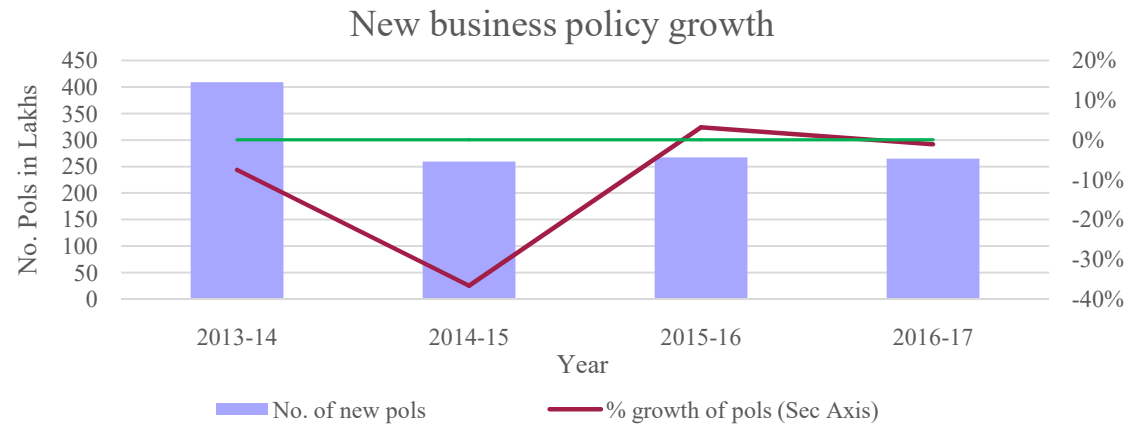
Customers' Response - Persistency



Source: IRDAI Handbook 2016-17

- Persistency (by number of policy) was very poor initially and improved over the years.
- **BUT** still persistency by number of policies is poor
- In FY 2017-18 some insurers have shown significant improved persistency by premium amount whereas policy wise persistency increased by 1-2% points.

New Business Pattern – Number of Policies

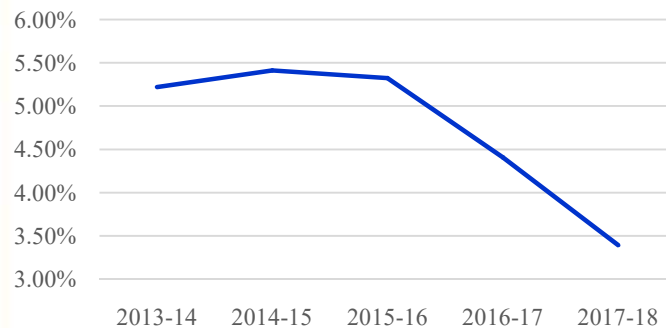


- Total NB premium grew (from 120K Cr to 175K Cr between 2014 to 2017) but not the number of policies (from 409 L to 265 L)
- From 03/2014 to 03/2017 number of individual agent dropped from 21.9 L to 20.89 L, average no. policies sold reduced (17 to 10), but average NB premium increased (2.22 L to 2.6 L) (source IRDAI Handbook 2016-17)
- Similarly number of corporate agent dropped from 689 to 533 but both average no. policies sold (4242 to 6721) and average NB premium increased (1447 L to 4068 L) (source IRDAI Handbook 2016-17)

Customers' Perspective – Claim payment

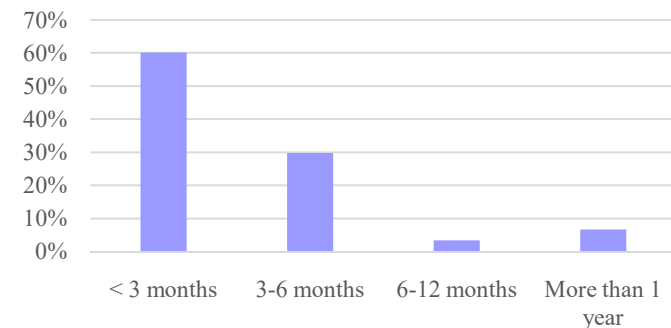


% Repudiation of Claim (By Amount) for indiv policies



Source: IRDAI Annual Report 2017-18, Statement 6

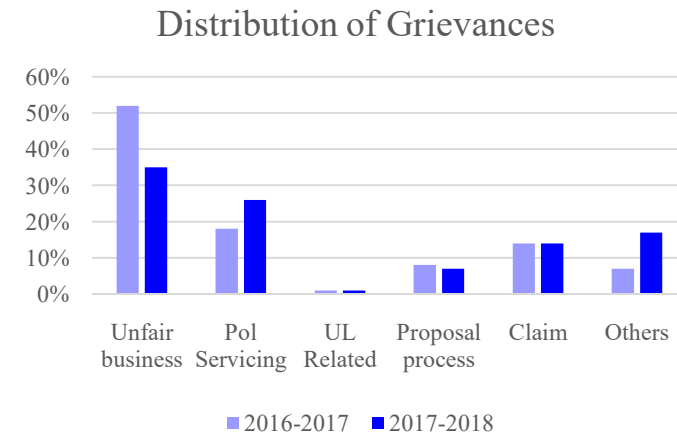
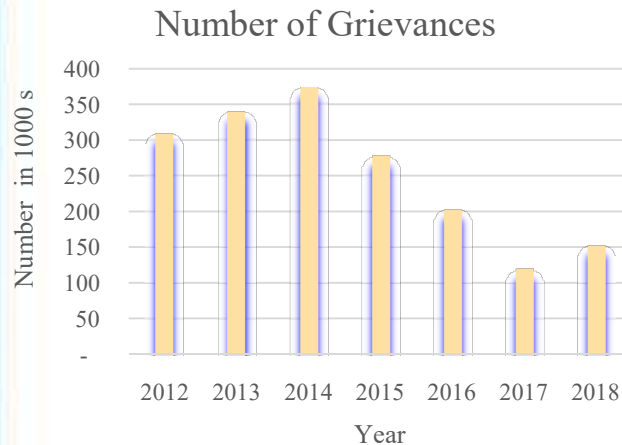
Duration -wise breakup of Claims Pending (Indiv. policies)



Source: IRDAI Annual Report 2017-18

- Repudiation of claim is showing decreasing trend
- But still around 10% of the claims are paid six months after the date of claim.

Customers' Response - Grievances



Source: IRDAI Handbook 2016-17

- Between 2014 and 2017 the number of grievances shows a falling trend, it moved up again in 2018
- For FY 2017-18 the number was more than 1.5 Lakh
- A significant part of grievances are due to unfair business practice.

Panel 1 – Redefining Customer Expectation



- To understand customer need
- How to increase customer satisfaction level
- How to ensure a sustainable growth for the industry

Panel Discussion

Shareholders' perspective

Opportunities to Life Insurance Industry



- Increasing size of educated population
- Lower penetration in rural market
- Growing bancassurance networks and development of online channel
- Rising need for retirement solutions
- Spread of social Media and digitization

Challenges to Industry



- Growth of new lives is low
- Many insurers are suffering from high acquisition cost
- Low Persistency for low ticket size policies
- Customer satisfaction and confidence need to be improved

Panel 2 – Shareholders' perspective



- To understand insurance business from shareholders' perspective
- At the same time how to ensure better customer satisfaction level

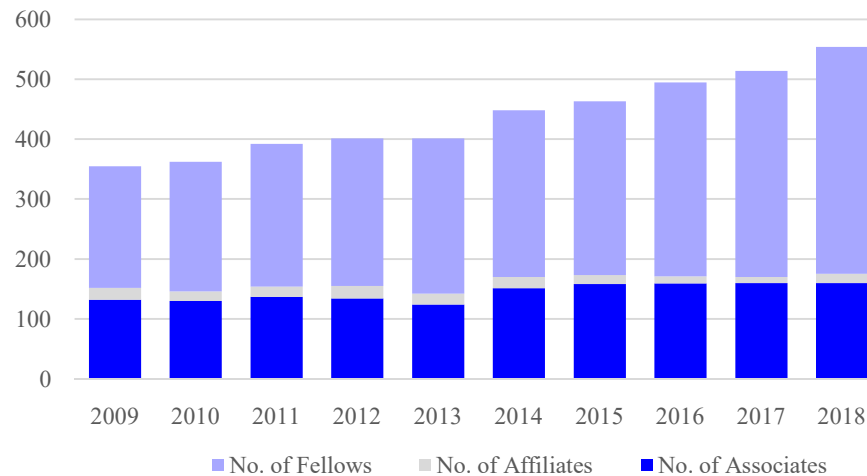
Panel Discussion

Perspective of Actuaries

Increasing Actuarial Resources



Statistics of Fellow and Associate members of IAI



Source: IAI Annual Report 2017-18

- Institute of Actuaries of India (IAI) now have more than 550 Associate and Fellow members (85% are below age of 60 years and 72% are below age of 50 years)
- IAI can work on relevant standards and guidelines to bring best industry practices, if required.

Practice Standard and GN's issued by IAI



APS/GN	Brief Description
APS 1	For the AA's and other related actuaries of life insurance company; adhere to the professional standard while discharging the duties of the AA
APS 2	For the AA's and other related actuaries of life insurance company; in addition to APS1 - this specifically addressed to the professional responsibility in the area of valuation, solvency etc.
APS 4	For AA's of life insurance; requirement of Peer review
APS 5	For AA's of life insurance; preparation of BI for NB
APS 7	For the AA's, Peer reviewers and actuaries of life insurance company; provide guidance on determination of MAD
GN 6	For AA's of life insurance; declaration of bonus under Par.

Panel 3 – Perspective of Actuaries



- How Actuaries can balance the need of customer and shareholders?
- Can Actuaries take a bigger role to address the regulatory concerns?
- What can be done for long term sustainability of the industry?

Institute of Actuaries of India



THANK YOU