

Examining bancassurance

As a viable option for Insurers

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Agenda

- ▣ Distribution Choices
- ▣ Why Bancassurance?
- ▣ Partner Selection Process
- ▣ Bancassurance as a Distribution Channel
- ▣ Open or Closed Wedlock?
- ▣ Modes of Cooperation
- ▣ Challenges of Proper Fit

Insurance Distribution Choices

- Agency
- Direct Sales
- Broking
- Direct Mailer
- E-Insurance
- Bancassurance

Why Bancassurance?

- Alternate distribution channel
- Ready access to additional customer base
- Reduced acquisition cost
- New product strategy
- Advantage over competitors

Is it really so straightforward?

Partner Selection Process



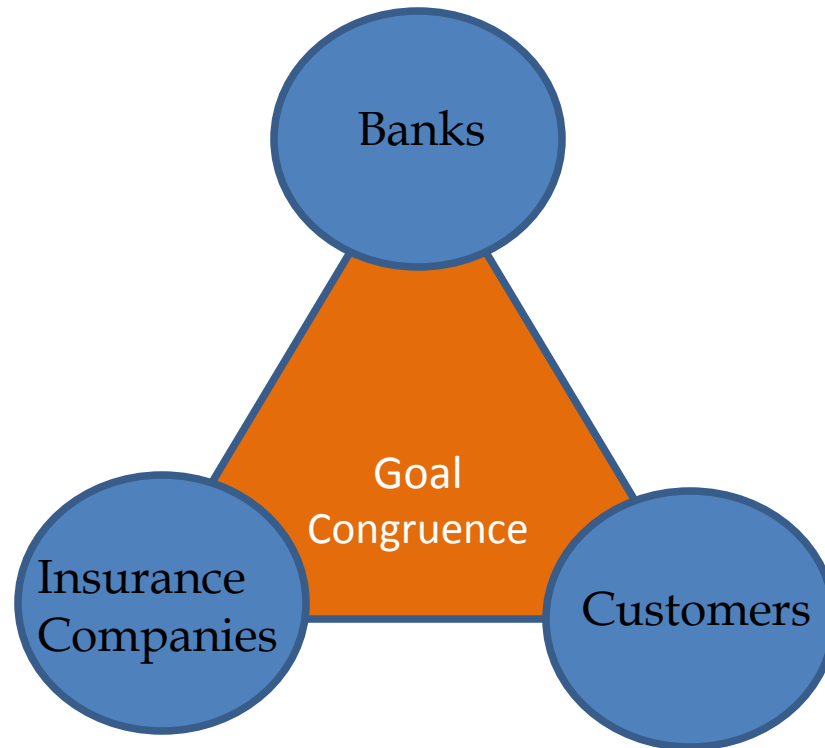
The Ideal Partner

- For Insurance Companies
 - Bank with a substantial customer base
 - Good brand equity
 - Long term commitment
 - Ready to commit resources
 - IT Solutions
 - Marketing
 - Exclusivity

The Ideal Partner

- For Banks
 - Reputed Insurer
 - Creativity / Product Innovation
 - Product exclusivity
 - Long term commitment
 - Ready to commit resources
 - High commission

Partnership Goal Congruence



Bancassurance as Distribution Channel

- Competitive advantage
 - Faster turnaround
 - Direct access to customer
- Unlimited potential
 - Trade Finance
 - Corporate Lending
 - Retail
 - Cards
 - Accounts / Deposits
 - Personal Loans
 - Mortgage Loans
 - Investment Banking – Mutual Funds, Bonds

Bancassurance as Distribution Channel

- New distribution network
 - ATM
 - Statements
 - Inbound Tele-calls
 - Direct Mailers
 - Platform Banking
 - E-Insurance
 - Branches

Modes of Cooperation

- ▣ Distribution Agreement
- ▣ Marketing Agreement
- ▣ Product Development & Support
- ▣ Marketing Outsourcing

Modes of Cooperation

▣ Distribution Agreement

- Exclusive, Non-Exclusive
- Features:
 - Standard Products
 - Standard Distribution Channels
- Focus on Market Penetration
- Simple Products – PA, Home, Travel, Car, etc.
- Lower Commission Levels

Modes of Cooperation

▣ Marketing Agreement

- Focus on marketing / sales
- Selective products
- Joint marketing
 - Platform banking
 - Direct sales
- Complex products
 - Life, Investment, Pension, etc.
 - Commercial Line Products
- Higher Commission Levels

Modes of Cooperation

▣ Product Specific Agreement

- Specific Product – tailored
- Exclusive
- Long term
- Value addition from the bank

Modes of Cooperation

- ▣ Marketing Outsourcing
 - Call Center Outsourcing
 - Sales Team Outsourcing

Partner Selection Matrix

Simplified Version

Attributes	Partner 1	Partner 2
Brand Image	3	2
Product Basket	2	4
Exclusivity	5	5
Agreement Period	3	2
Commission Structure	3	4
Response Time / SLA	4	4
IT / Logistics / MIS Support	3	4
Marketing Support	4	3
Profit Sharing	3	4
Total	30	32

Note: marking on a scale of 1 (low) to 5 (high)

Challenges

- Changing Focus
- Top Management commitment
- Regulatory
- Product Related
 - Customer-centric products
 - Product differentiation
 - Product upgrades



Examining Bancassurance