

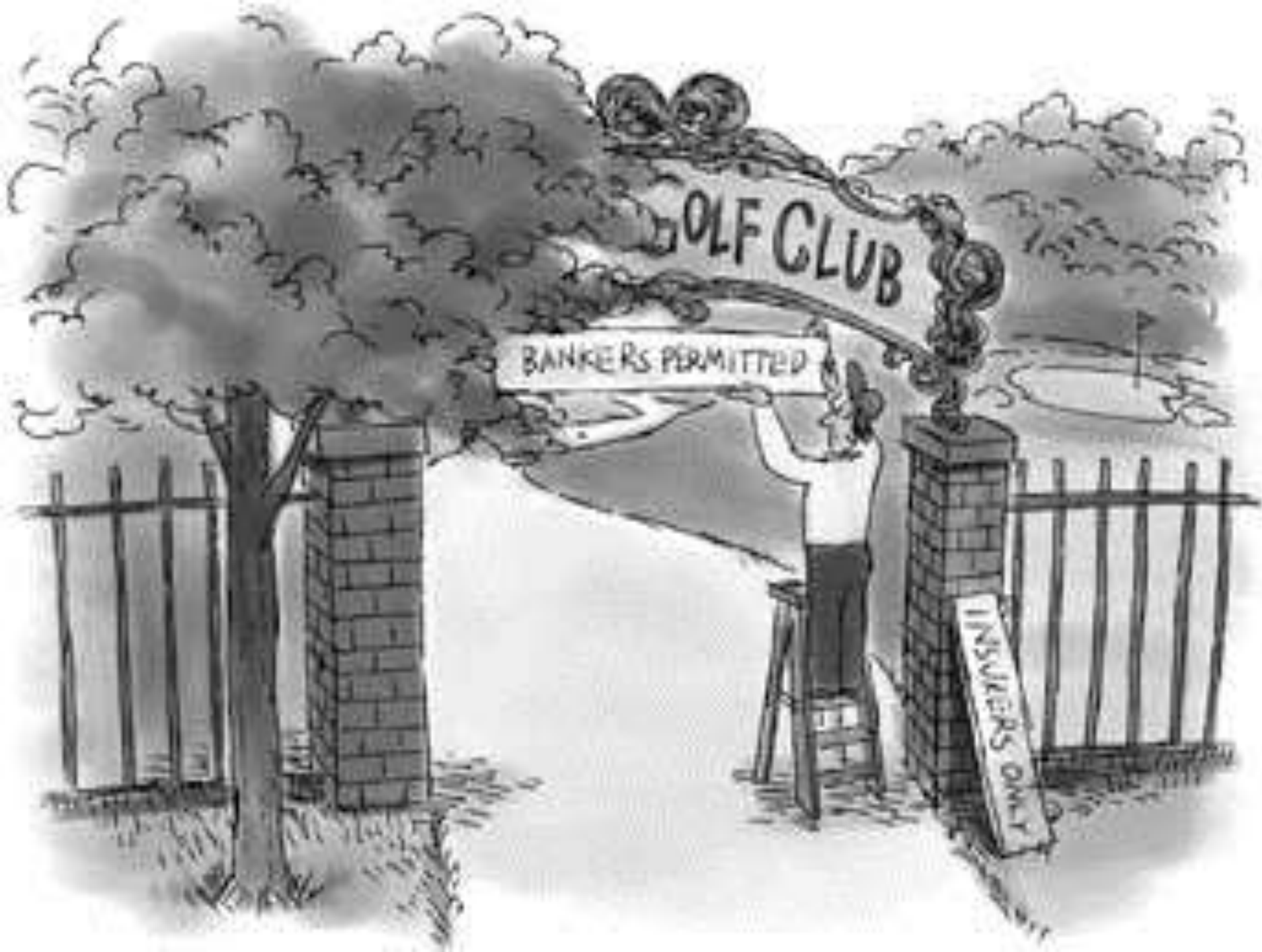
The background of the slide features a close-up, slightly blurred image of several Euro coins. On the left side, a 1 Euro coin is prominent, showing its silver and gold halves. Below it, a 10 Cent coin is visible. To the right, a 50 Cent coin is partially seen. The coins are set against a light, textured background.

Marketing & Distribution Channels in Bancassurance

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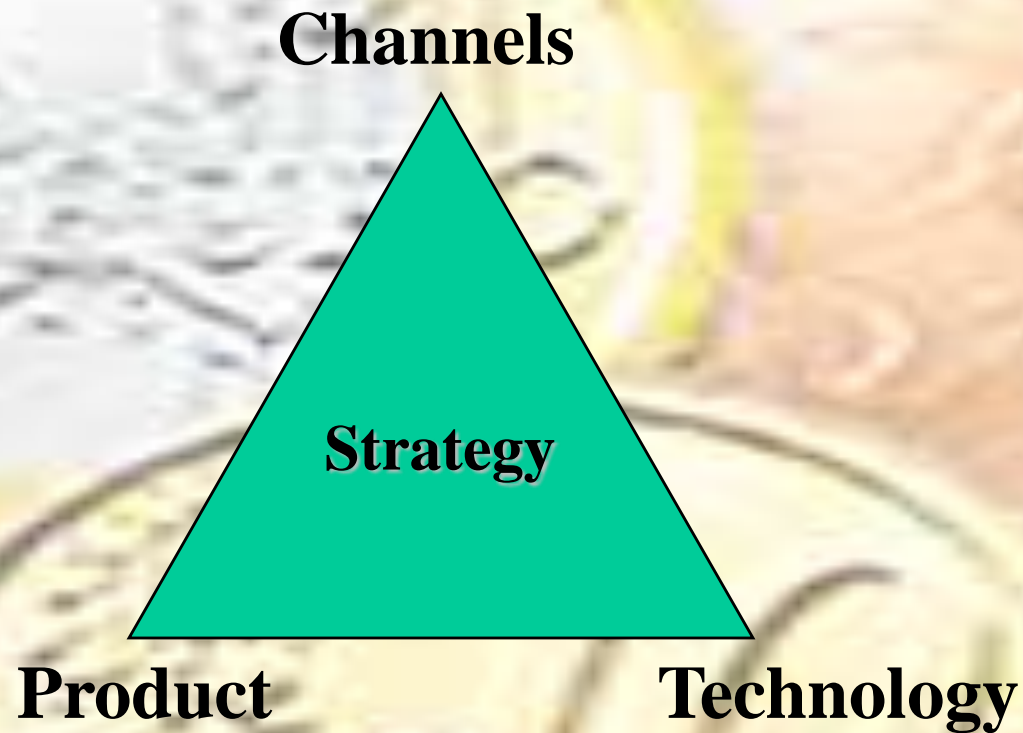
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Issues Involved in Distribution

- Distribution Models – which & why
- Distribution Strategy – driven by markets and Channels
- Value Drivers – fundamental to success
- Products – Manufacturing, Product Profile
- Regulatory

Bancassurance Distribution



Distribution Channels

- Insurance Company's Channels
- Bank's Channels
- Bancassurer's Channels - New

Distribution Channels

Insurance Company's Channels

- Career Agents
- Salaried Agents
- Corporate Marketing
- Brokers
- Managing Agents
- Direct Response
- Call Centres

Distribution Channels

Bank's Channels

- Direct Response] Common with Insurers
- Call Centres]
- Sales Representatives

Distribution Channels

Bancassurer's Channels - New

- Corporate Agencies
- Platform Bankers
- Special Advisors or Financial Advisors
- Direct response] Common with Insurance
- Call Centres] and Banks
- Internet
- E-Brokerage
- Outside Lead Generating Techniques

Career Agents

- Full time & commission based
- Agency contract
- Independent
- Non-exclusive
- High customer service – renewals
- Productive & cost effective
- Training required

Salaried Agents

- Salaried employees of insurers / bancassurers
- Under control & supervision
- Same mission & objectives
- Incentives over salary
- Simple products
- Lack motivation

Corporate Marketing

- Separate unit
- Few people
- Big houses – high turnover
- Cost effective
- Complex products only
- Personalised
- Brand equity

Brokers

- Licenced & independent
- Represent Clients
- Professional expertise
 - UW, Claims, RM
- Multiple options
- All kinds of products
- Low premium – high commission

Managing Agents

- Authority delegated
- Bound by agreement
- Financial & U/W powers
- All kinds of products
- Quality Vs. quantity

Direct Response

- No face to face contact
- Advertisements
- Mailing
- Simple or packaged products – Term Life
- Less servicing
- Low cost / low margin

Call Centres

- New for insurance companies but old for banks
- CRM
 - Delivery of product
 - Customer service
 - Customer survey
 - Grievance redressal
- High investment / High return

Corporate Agency

- Co-operate or set up
- Cooperation – USA
- Setting up – Japan, S. Korea
- Availability of specialists
- All kinds of products
- They employ agents, specialists

Platform Bankers

- Bank employees
- Front desk spotters
 - Teller or personal banking assistant
- Refer to appropriate representative
 - From bank or insurance partner
- Simple products
- Part time activity
- Active vs. passive platform bankers

Special Advisors or Financial Advisors

- Insurance or Bank employees
- Highly skilled – insurance, banking or investment products
- Complex products – bank referrals
- Affluent Clients
- Salary & incentive

Internet

- Information float reduced
- Internet banking
- Dynamic / interactive
- Complete information online
- Smooth underwriting experience
- Link to insurer
- CRM

E-Brokerage

- Latest trend
(www.einsuranceprofessional.com/online.htm)
- Like brokers but instant delivery
- Open or acquire
- Advantages
 - Strong brands
 - Easy distribution

Outside Lead Generation

- Seminars
 - Focused gathering, e.g., local Chamber of Commerce
 - On topical issues
 - Long term care products
- Sponsorships
 - Banners
 - Brochures
- Trade Shows

Distribution Models

The background of the slide features a blurred image of Euro currency. In the foreground, a 10 Euro coin is visible, showing the number '10' and the word 'EURO'. To the right, a portion of a 2 Euro coin is visible. The background also includes faint images of Euro banknotes.

- Integrative or generalist Model
- Specialist Model
- Financial Planning Model

Integrative / Generalist Model

- Through existing bank channels
- Bankers themselves sell – Europe
 - Branch network
 - Platform bankers
 - Traditional methods
- One stop banking
- Extensive training to staff
- Protection component – risk retention

Specialist Model

- Through product experts, e.g. insurance, banking, investment
- Representatives of Insurer or banker
- Initiated by platform bankers
- Less training
- Higher compensation
- Lengthens the sale process

Financial Planning Model

- Team approach
 - Channels adjusted as per strategy
 - Profit sharing
 - Identifies Client's risk life cycle
- Full financial planning package
 - Saving
 - Risks
 - Investments
- Identify “life triggers” – milestone in life
- Example Lloyds TSB – generalist & specialist both

Key Value Drivers

The background of the slide features a close-up, slightly blurred image of several Euro coins. A prominent gold-colored 10 Euro coin is visible in the lower half, showing the number '10' and the word 'EURO'. Other coins in various colors (gold, silver, copper) are scattered in the background, creating a textured, financial theme.

- Brand Equity
- Distribution
- Technology
- Culture

Brand Equity

- Leverage bank's brand equity
- Bankers Vs insurance agents
 - Objectivity of advise
 - Product knowledge
- Lloyds TSB – own brand till recently – re-branding with Scottish Widow
- Halifax - own brand name – Clerical Medical
- Abbey National - own brand name– Scottish Mutual

Distribution

- Objectives
 - All segments of bank population should be served
 - Single shop for all financial requirements
 - Utilise / optimise the existing platforms
 - Take advantage of multiple sales opportunity
 - Strive for Congruence between product characteristic and channel
- Marginal cost of adding one more customer becomes negligible

Technology

- Exploit customer information
 - Uncover sales opportunity
 - Transactional simplicity
- Behavioral information
 - Buying habits
 - Economic status
 - Money management practices
- Example – Amazon.com

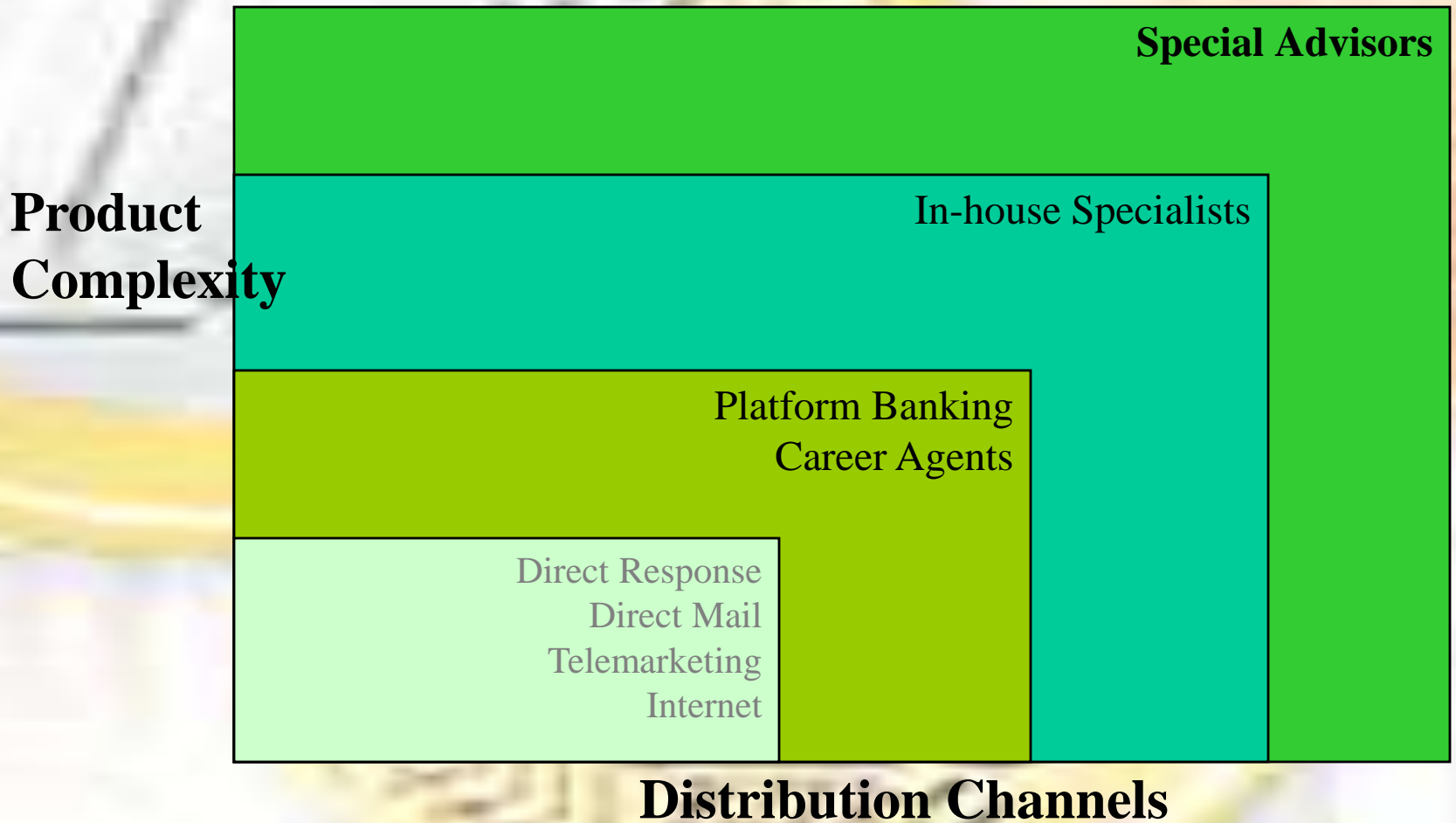
Culture

- Acknowledges the conflict between bank & insurance company
- Manage the conflict
 - Commitment from top
 - Equity stake
 - Incentives
 - Common Vision & Mission

Distribution Strategies in Developing Economies

- Success of Europe is no guarantee
 - Welfare state
 - Value system
 - Demographic
 - Regulatory
- Develop unique strategy and products attuned to
 - Local customers
 - Distribution capabilities of the bank
- Perpetuating agency channel
- Middle & lower income segment

Product Complexity Vs. Distribution Channels – Slide 1



India – a case study

- Population – 1 billion
- Premium : \$6 billion + \$2.5 billion
- Life Premium is only 2% of GDP
- 0.43% world market share – life
- 0.25% - non-life
- Premium per capita – \$8.5
- Growth rate – 16% for last 5 years
- Insurance branches (GIC-5200+LIC-2000)
- Banks branches – 50,000
- Only 8% population covered

India – a case study

- Royal Sundaram Alliance Ins. Co.: ABN, A.Exp., Citi, Std. & Chart.
- OM Kotak Mahindra Life (Old Mutual Plc. Of UK)
- Tata-AIG: HSBC as corporate Agent
- SBI Life: Cardiff / BNP Paribas
- ING Vysya Life Insurance (advisors+branch)
- Dabur CGU: Lakshmi Vilas Bank
- ICICI Prudential Life
- LIC: Corporation Bank & other banks
- Metlife India Insurance Company – J&K Bank
- Birla Sunlife Ins. Co.: Citibank
- Bajaj Allianz
- Max New York Life
- IFFCO Tokyo Gen. Ins Co. Ltd.
- HDFC Std. Life Insurance Co.

India – a case study

- Creation itself as bancassurance companies, e.g. SBI Life, ING Vysya Life, ICICI Prudential, etc.
- Distribution and manufacturing - both
- Potential in rural areas, untapped
- Focus on Non-life market equally
- Channels employed
 - Branch
 - Corporate agents
 - Special advisors
 - Agency force

Trends in Distribution

- Focus from Life to Property Products
- Insurers striking back - A. M. Best's Report
 - Increased focus on internet as dist channel
 - 64% P&C carrier & 48% Life companies
- PWC % Economic Intelligence Unit Survey 2001
 - E-business spending will be doubled in next 3 yrs
 - 153 companies including Europe, Americas & Asia Pacific
- Back to distribution (against manufacturing)
- Privacy of information
- M&A will continue – Allianz AG & Dresdner Bank

Finally

“Insurers will intensify their quest for more cost-efficient distribution channels. Aided by the scrapping of regulatory obstacles, bancassurance is likely to gain prominence. Internet distribution will continue to be explored, but the focus is expected to be on the enhancement rather than the disintermediation of traditional agency channels.”

Sigma Report by Swiss Re

The background of the slide features several Euro coins. A prominent gold 10 Euro coin is in the foreground, showing the number '10' and the word 'EURO'. Behind it, a silver 1 Euro coin is visible, and to the right, a copper-colored coin is partially shown. The coins are slightly out of focus, creating a soft, textured background.

Thank You!