EFFECTIVENESS OF BANCASSURANCE AS A CHANNEL OF SELLING
LIFE AND NON LIFE INSURANCE PRODUCTS

Abstract for VIVA

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Abstract

Bancassurance in its various forms has developed on the Indian insurance scene since the year 2002. All insurance companies in the Life as well as Non-life insurance segment have adapted to this intermediary with a focus on market penetration and customer satisfaction. The present study was designed to study the effectiveness of the channel by studying the total growth in business generation for the insurance companies after the advent of this channel, to analyse and evaluate the various models used by insurance companies in aligning with banks to get the dual advantage and to study consumer perception and acceptability of Bancassurance as a medium of selling insurance and their resultant levels of satisfaction. The secondary data was collected for 8 insurance companies- LIC, SBI Life, ICICI Prudential and AVIVA India in the Life insurance segment and Oriental Insurance, New India Assurance, ICICI Lombard and Bajaj Allianz in the non-life insurance sector. The data collected was analyzed using appropriate statistical techniques like mean, percentage and coefficient of variation; t-values were computed to chart the significance of the annual compounded growth rate of the business generated by the different intermediaries. Advanced statistical techniques like ANOVA, Chi-square, and Tukey’s test of significance were used to analyse the primary data collected. The analysis revealed that all the companies in the life insurance segment and non-life segment have witnessed a significant growth in the total premium generation, thereby signifying that if insurance companies make a strategic choice in their tie ups and nurture their banking counterparts effectively, banks have the potential to come up as really effective contributors to their business and increase the rate of insurance penetration in the country. The consumer also has started enjoying the benefits of convenience, flexibility and comfort with bancassurance. Although there are certain hitches in the mind of the consumers regarding the long-term viability of service provision and efficiency in handling claims and complaints, but these are only teething problems. All said and done – the main fact remains that bancassurance has taken wings and is all set to soar high provided the banks and insurance companies are able to create synergies and enjoy the benefits in the longer run by innovating their products, emphasising on infrastructure development and reorienting their work cultures. The latest IRDA guidelines easing out bancassurance norms for the banks; making it mandatory for the banks to document their earnings through the sale of insurance policies and specifying rules for the banking tie-ups for the insurance providers; is an icing on the cake and will make bancassurance a stronger and more effective channel for the growth of insurance in India.