CHAPTER V

DISTRIBUTION STRATEGIES
OF LIFE INSURANCE
COMPANIES
Chapter 5

DISTRIBUTION STRATEGIES OF LIFE INSURANCE COMPANIES

This chapter deals with the different competitive distribution strategies opted by different life insurance players. As the competition increased by entry of number of players, the different insurers had to opt competitive distribution strategies in order to sustain in the market. So, in this chapter the distribution strategies adopted by the players are discussed in detail.

A strong marketing strategy underpins the business objectives, by focusing on marketing activity in line with business strategy. Without a cohesive distribution strategy, the decisions made around concerned areas by companies can be ad hoc, fragmented and can lose effect.

Distribution Strategies of Life Insurance Companies

Insurance companies adopt the marketing strategy which results in mobilizing and utilizing its invisible assets, which will enable the companies to:

- Develop customer relationship that retains the loyalty of existing customers and enable new customer segment and market areas to be served effectively and efficiently.
- Introduce new innovative products and services desired by targeted customer segment.
- Produce customized high quality products and services at low cost and with short lead times.
- Mobilize employee skills and motivation for continuous improvements in process capabilities, quality and response times.
- Deploy information technology, data bases and systems in an optimum manner.

The market strategy cannot be taken up in isolation. Major elements of the organization, viz., structure, systems, processes, employees, organizational cultures and above all the shared values should be appropriately integrated in implementation of the strategy. The basis tool for diagnosing competitive advantages and finding ways to enhance is to enhance its value chain, which divides a company into discrete activities
it performs is designing, producing, marketing and distributing its products (Srivastava 2001). This chapter has been framed in the above context to explain the distribution strategies adopted by life insurance companies.

5.1 Life Insurance Corporation of India

LIC is the leader in the life insurance sector with majority of the market share. LIC has recently tied up with Corporation Bank and Vijay Bank for distribution of its products. It has linked all its 2048 branches through computer network. LIC strategy is to launch customized and focused insurance products for various sections of the society. As a matter of customer retention, it has launched a highly optimistic campaign of revival of lapsed policies. LIC has first introduced online premium payment facilities. LIC is planning to go deep in the rural markets because of its established brand name. LIC is one of biggest advertiser of its products. The company is following both mass marketing and segmentation strategy to promote its products. However, the focus competition from private sector and it is thinking aggressively for effective customer relationship management (Gupta, 2004).

Life Insurance Corporation of India is a public sector giant in the life insurance industry in India. For almost five decades LIC is holding in the life insurance sector. Since nationalization LIC has built up a vast network of 2048 branches, 109 divisions, 8 zonal offices and 1004 satellite offices spread all over the country. Life Insurance Corporation of India also transacts business abroad and has offices in Fiji, Mauritius and United Kingdom. With its multinational presence, it is associated with joint venture abroad in field of insurance namely, Ken India Assurance Company Limited, Nairobi, United Oriental Assurance Company Limited, Kualalumpur (www.licindia.in).
Figure 5.1 reveals the different areas covered by LIC in framing its distribution strategy. LIC emphasizes mainly on product development, followed by concentrating on its marketing activities. Agency channel is the major strength of LIC, side by side it is trying to promote bancassurance channel. It is examined that at present LIC is concentrating on foreign branches and micro insurance plans.

5.1.1 Distribution Strategy of LIC

LIC, being oldest insurer and Govt. owned insurer in the market. Its market share is large as compared to private players. But consumers’ perception of the insurance is that of an investment rather than as a risk cover. They expect prompt services. LIC has been facing competition pressure, so it has been reorganizing itself in order to perform better and to compete with private players. LIC has been formulating new strategies and plans from time to time. No doubt, experience generally improves performance, the LIC has
experience of more than fifty years. Even IRDA also aims at innovative and progressive development of insurance sector. LIC has following steps to increase its market competitiveness and retains its dominant position in the insurance market:

- **Product development**

  Life Insurance Corporation introduced traditional insurance schemes. To cater consumers needs about protection against risk factor, provision of future, old age provision, by launching whole life plans, endowment plans, term insurance plans and pensions plans over a period. Every year by taking market review, it introduces new innovative plans and also withdraw those plans which have less market response.

  Now, LIC of India has been changed its products to meet the varied need of the customers. It has been caused due to following reasons.

  a. Competitive pressure

  b. Changing behaviour of consumer

  In the competitive market there is a greater need to provide insurance products that meet the needs of the customers. Therefore, LIC offers wide variety of products which fulfills the needs of different segments of the society. As at the end of financial years 2011-12 the corporation had 52 plans available for sale. During the year corporation had introduced 6 new plans viz Money plus-1, Market plus-1, Jeevan Bharti-1, Child Fortune plus and two term insurance plans i.e. Jeevan Astha and Jeevan varsha.

- **Marketing Activities**

  In marketing of insurance products effectively, field personnel play pivotal role. The corporation has developed alternative distribution channels along with existing channels to increase its business volume which are discussed as follows:

  - **Agents**

    In LIC of India, the Agent is a pioneer field force, in procurement of the LIC’s business. In the year 2011-12 total number of agents was 13,44,856. The corporation has launched scheme of urban career agents and rural career agents. To promote them, the corporation also gives stipends at the start of their career and to enable them to settle down in their profession.
• **Bancassurance and Alternate channels**

LIC also tied up with the banks in urban and with Regional Rural Banks (RRB) to spread its business. The percentage share of alternate channel business to total business went up from 2.01% to 2.40% in policies and from 1.84% to 3.05% in first premium income. Out of total business of alternate channels, banks (under corporate agency mode) contributed 67.29% of number of policies and 63.70%.

• **Foreign Branches**

The corporation directly operates through its branch offices in Mauritius at Port Louis, Fiji at Surva and Lautoka and United Kingdom at werobley. During the year 2007-08 these three foreign branches together issued 10,477 policies with sum assured of US $ 97.7 million at FPI of US million.

- **Micro Insurance Plan**

The LIC of India, not only concentrates on celebrity marketing and rich class segment but also launched insurance plan under a separate business vertical to extend security to the less privileged section of the society under business vertical ‘Jeevan Madhur’ plan was launched in Sept. 2006 by the LIC.

### 5.2 HDFC Life Insurance Company Limited

HDFC is the leader in housing finance in India and Standard life is the UK market leader. The company is using direct marketing tactics to build HDFC brand and for convincing the customers, about insurance as a protection tool. The company strives to build strong foundation for distribution in the initial years and focus on shareholders value. HFDC Life has adopted a multi channel distribution model to popularize and market its products. The company also, simultaneously, attempts to sell its products as long term investment plans (Gupta, 2004).

HDFC Life Insurance Company was the first private life insurance company to be granted a certificate of registration by IRDA. HDFC Life Insurance Company Ltd. is one of India’s leading private insurance companies, which offers a range of individual and group insurance solutions. It is a joint venture between Housing Development Finance Corporation Limited (HDFC Ltd.), India’s leading housing finance institution and a Group Company of the Standard Life, UP. HDFC as on December 31, 2007 holds 72.38 percent of equity in the joint venture.
HDFC Life’s product comprises solutions, which meet various customer needs such as protection, pension, savings, investment, health and term insurance. Customers have the added advantage of customizing the plans, by adding optional benefits called riders, at a nominal price. The company currently has 26 retail, 9 group products & 2 rural products in its portfolio, along with 10 optional riders catering to the savings, investment, protection and retirement needs of customers. HDFC Life continues to have one of the widest reaches among new insurance companies with about 475+ branches servicing customer needs in over 700 cities and towns. The company has a strong presence in its existing market with a strong base of financial consultants (Business Standard, December 2012).

**Figure 5.2**

**Strategic Model of HDFC Life**

<table>
<thead>
<tr>
<th>DISTRIBUTION STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empowerment of sales</td>
</tr>
<tr>
<td>Customer Service</td>
</tr>
<tr>
<td>Underwriting decision</td>
</tr>
<tr>
<td>Crunched policy issuance cost</td>
</tr>
</tbody>
</table>

It is indicated from Figure 5.2 that HDFC Life has adopted a strong distribution strategy model which concentrates on increasing its sales, providing best customer service. It also concentrates on underwriting decision and crunched policy issuance cost.

**5.2.1 Marketing strategy of HDFC Life insurance**

Section 5.2.1 states the distribution strategies of HDFC Life which covers emphasis on increasing sales volume, customer service, underwriting decision and crunched policy issuance cost.

- **Complete empowerment of sales**
  - Real – Time status
• Complete information of decision and requirements

➤ **Unique customer experience**
• No more handwriting issues, incomplete questions, incomplete address
• Auto check listing and standardized 100% scrutiny
• Complete clarity of application status and requirements if any

➤ **Underwriting decision**
On the spot underwriting decision in front of the customer,
• If the case is accepted,
• If any documents/ medical tests are required
• If the case is referred for expert underwriting

➤ **Crunched policy issuance cost**
• Quick discharge, elimination of rapid processing experience for sales and underwriting
• Speedier and smoother process
• Increased take-up rate due to shorter and more streamlined sale process
• Multiple manual process steps eliminated leading to reduced cost of letters/ communications and processing.(www.hdfclife.com)

### 5.3 ICICI Prudential Life Insurance Company Limited

The strategy of ICICI Prudential Life Insurance is to achieve high scale in premium income and increase distribution force in shortest time. It is the major competitor to LIC in India. The company is using tools like workstation marketing, corporate agents, road shows, stalls in trade fairs etc. Research statistics shows that the awareness level of ICICI Prudential Life Insurance has grown substantially in the last one year. The strategies of ICICI Prudential Life Insurance are mostly proactive in nature. The focus is more on direct selling apart from communication and building personal relations (Aggarwal, 2005). Figure 5.3 highlights promotional strategies opted by the company in order to sustain in the competitive environment.
5.3.1 Promotional strategy of ICICI Prudential

A successful product or service means nothing unless the benefit of such a service can be communicated clearly to the target market. An organization promotional strategy can consist of:

- **Advertising**: It is a non-personal paid form of communication using any form of mass media.
- **Public relations**: Involves developing positive relationship with the organization media public, A Good Public Relations is not only to obtain favorable publicity within the media, but it enables to handle successfully negative attention.

- **Sales promotion**: Commonly used to obtain an increase in short term sales. It involves using money off coupons or special offers.
- **Personal selling**: Selling a product service one to one. By personalizing advertising, response rates increase thus increasing the chance of improving sales.

5.3.2 Investment Criteria and Benchmarks

ICICI Prudential is concentrating on its investment process and benchmarks which considers the success of a company to a great extent. This process is discussed as follows:
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- **Investment process**
  - The investment management process relies on analytics & research to achieve positive risk adjusted returns in each product category, be it for child plans, retirement solutions or other endowment-related funds. An asset allocation strategy is clearly defined that matches the risk characteristics of the corresponding liability. It ensures that the promise they have made to the customer will be met.
  - The investment decision-making process has three tiers, each of which has varying degrees of discretion and considers detailed research in order to decide the best portfolio composition.
  - Their investment management team that has a cumulative experience of more than 50 years in various aspects of market like research, trading, risk management etc. The top management team at ICICI Bank and Prudential Corporation Asia is able to guide the investment team in making the strategic asset allocation and to continuously monitor the performance of the investment team.

- **Benchmarks**
  - To ensure that they maintain a strict discipline in managing policyholder’s funds, company has clearly articulated benchmarks for various unit-linked funds. In addition it also has strict deviation limits vis-à-vis benchmarks that ensure that it does not take undue exposure in any particular sector or stock. It is the endeavor to give better returns than the benchmark to policyholders for all the funds that they manage.

As a life insurance company, it knows that its customers trust the company to keep its funds for the long-term in order to use these funds to protect and achieve the dreams and aspirations of their families. With this in mind, investment focus is to ensure long term safety, stability and profitability of customers’ funds. The aim is to achieve superior returns for a given level of risk. In order to meet this objective, the company has developed an investment framework that is based on a sound investment process coupled with a rigorous and sophisticated risk management strategy.
It can be examined that investment process is a function of extensive research and is based on data and reasoning, backed by superior risk control measures. This would enable to deliver to customer safety, stability and returns on their investments. (www.iciciprulife.com)

5.4 Max Life Insurance Company Limited

A joint venture between Max India and New York Life, a Fortune 100 company Max New York Life started operations in April 2001, which is at present named as Max Life. Today, Max Life has cast net across 389 cities and 139 rural districts and has over 40 lakh customers. It is stressing on cross-selling which is better than cold walking into a new customer and making a pitch ground-up. It’s one of the most effective ways of increasing market share and expanding relationship with customers.

Max is operating with 2500 agents spread in 9 cities in India. It is using individual agents as its primary source of distribution. It offers a suite of flexible products with many option and riders that can be customized to over 250 different combinations. The company is using various methods like media advertising, event sponsorship etc. and tools like direct marketing relationship building to generate awareness and build customer base. The core of Max Life lies in offering more of protection policies and whole life policies. The company places emphasis on the quality of its first sales personnel i.e. agents. The company has a focus on south-Indian and J&K market and has plans to expand distribution network in a phased manner. The company is also focusing on selling group policies (Chennappa, 2005).

Marketing campaign opted by Max Life is ‘Karo Zyada Ka Irada’. It is a challenger brand strategy, based on an ambition to own a differentiated position in the marketplace with innovative marketing programs. It will take Max Life to a higher level-financial planning for a better future. Life Insurance has traditionally been sold on the plank of duty and responsibility. It had been about ‘Jeevan, Zindagi and Suraksha’ (Kumar, Priyan 2012).

A resurgent India is rewriting the rules of living in its mission to create, indulge and celebrate. Earnings, savings, investment and consumption were the force multipliers that would feed the cycle of desire as people moved from denial to desire. That was the basis of the ‘Karo Zyada Ka Irada’ campaign. It was an integrated launch
across multiple consumer touch points. Its efficacy was proved with the brand awareness moving upwards by 25 points in just 18 months. Life Insurance is the business of life and not finance. It touches the most memorable and emotional milestones of one’s life from marriage, to childbirth to children’s education, and so on. People also have to be prepared for sudden accident arises. The marketing strategy, therefore, has to be framed from a deeper understanding of this entire journey (www.businesswireindia.com).

5.4.1 Max Life Insurance Marketing Strategy

Max Life has mainly use ZERO level channels to sell the products to its customers.

- **Zero Level Channel of Distribution:**
  It consists of a manufacturer directly selling to the end consumer. This might mean door to door sales, direct mails or telemarketing. Zero Level Channel to distribution is giving the manufactured products to consumers with our any intermediaries.

- **Other Channels**
  - Insurance Agents
  - Direct Selling Agents
  - Internet Marketing
  - Bancassurance

- **Product Strategy**
  The Max Life Insurance exhibits the following five product levels.
  - The core benefits: Security
  - Basic Product: Health, Child, Life, Pension and Growth.
  - Expected Product: Claim Settlement.
  - Augmented Product: Electronic Fund Transfer settlement.

(Mohammed, Murthy 2012)
5.5 TATA AIA Life Insurance Company Limited

The company claims to have expertise in assessing the appropriateness of risk covered, as well as uniqueness of the risks faced by them. The company follows the mass marketing strategy to cover as many lives possible in the initial years of its operation. The company is also trying to build its brand by stressing on the credit worthiness of the company and its partners (www.marketingtips.com)

Tata AIA Life Insurance Company Limited (Tata AIA Life) is a joint venture company, formed by Tata Sons and AIA Group Limited (AIA) Tata AIA Life combines Tata’s pre-eminent leadership position in India and AIA’s presence as the largest, independent listed pan-Asia life insurance group in the world spanning 15 markets in Asia Pacific. The AIA Group Limited (AIA) is the largest, independent listed pan-Asian life insurance group in the world, with an unparalleled footprint spanning 15 markets is Asia Pacific. The Group has total assets of approximately US $90 billion and traces its roots in the region back more than 90 years.

Tata AIA Life Insurance Company Limited meets the savings and protection needs of individuals and businesses by offering a comprehensive suits of products and services covering life insurance, retirement planning, accident and health insurance, as we as wealth management solutions through its savings plans. (www.businessweek.com).

![Figure 5.4
Distribution Strategy of TATA AIA Life Insurance](image_url)
It is indicated from Figure 5.4 that strategic model of TATA AIA Life insurance follows simplified distribution process. It emphasizes on its corporate social responsibility. It is examined that micro insurance model of TATA AIA Life Insurance is running successfully followed by satisfactory service.

5.6 Kotak Life Insurance Company Limited

Kotak Mahindra Old Mutual Life Insurance is a joint venture between Kotak Mahindra Bank Ltd. and Old Mutual plc. Kotak Mahindra Old Mutual Life Insurance is one of the fastest growing insurance companies in India and has shown remarkable growth since its inception in 2001. Kotak Mahindra believes in offering its customers a lifetimes of value. A commitment that has made it a leading financial services group with a net worth of over Rs. 3,200 crore, employing around 10,800 people in its various businesses and has a distribution network of branches, franchisees, representative offices and satellite offices across 300 cities and towns in India and offices in New York, London, Dubai, Mauritius and Singapore. It services around 2.6 million customer accounts. It currently owns a 26% stake with an option to increase this to 49% when applicable local legislation permits. It has a wide network of 79 branches in 51 cities, covered nearly 339700 policies on books representing a basic sum assured of Rs. 206 billion. It has 260 group policies covering 528100 lives with an aggregate sum assured of Rs. 150 billion.

From the beginning, Kotak Life Insurance has put in considerable effort and time to train its sales force. It wants its life advisors to give the appropriate advices to the clients and recommended customised solutions by investing heavily in training the life advisor to do the proper advising. The company has established 38 training centres across the country with highly qualified trainers. All the systems and processes comply well above the IRDA standards. The company is continuously increasing emphasis on retaining its agency force and aiming at raising the agency productivity as a long-term marketing strategy.

In a fast changing socio-economic environment, its strategy is to educate their customers about the need and importance of insurance. Its advisors are trained to study
the need of every individual client and offer comprehensive insurance solutions. Last year it had two TOT (Top of the Table) qualified members out of the 24 TOT members from India. (TOT is the highest honour in any life insurance agency). Its 23 advisors have qualified for the prestigious Million-Dollar Round Table (MDRT). In terms of its fund management philosophy, the company’s strategy is to show consistent growth over the long term. The returns in the balanced and the growth funds have been showing a good record of 28.65% and 38.96% respectively on an absolute basis since inception.

Kotak Life Insurance’s tie-ups with Kotak Bank, Kotak Securities, Dena Bank, and other corporate agents have helped ramp up distribution and extend the benefits of its products to a wider clientele. The company is currently selling a range of products from credit-term group plans to farmers buying tractors to extremely market savvy high networth investors through Kotak Bank & Kotak Securities. Each of these tie-ups has delivered on its stated objectives and is expected to grow aggressively in the coming years.

It is examined that company is also developing alternate channels for distribution. Currently, it was about 400 corporate agents and Kotak Life Insurance tie-ups with Kotak Bank, Kotak Securities, Dena Bank and other corporate agents have helped ramp up distribution and extend the benefits of our products to a wider clientele. The company is currently selling a range of products from credit-term group plans to farmers buying tractors to extremely market savvy high networth investors through Kotak Bank & Kotak Securities. Each of these tie-ups has delivered on its stated objectives and is expected to grow aggressively in the coming years.

The company expects a contribution of about 20% to the total business from these two bank tie-ups. The affluent and the high net worth category of the age group of 30-45 years in the top 20 cities of India is the target of the company. (www.kotaklife.com)

5.6.1 Key Strategies Ahead

Kotak Life insurance targets at continuing with existing above mentioned strategies and will be concentrating on additional distribution strategies in future which are discussed as follows:
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- Create goal alignment between insurance company and bank salesman in selling life insurance products.
- Create process & system appropriate to address the requirements of customers.
- Provide a suitable product portfolio for customers.

5.7 Birla Sun Life Insurance Company Limited

The Aditya Birla Group is a US $24 billion conglomerate with a market capitalization of US $31.5 billion (as on 31st December 2007) and is one of the largest business houses in India. It enjoys a leadership position is all the sectors in which it operates. It is anchored by a force of 100,000 employees, belonging to 25 nationalities. Its operations span 20 countries across six continents and is reckoned as India’s first multinational corporation. Its headquarters are in Mumbai, India and over 50 per cent of the group’s revenues flow from its overseas operations. It nurtures a work culture where success is built on learning and innovation.

Birla Sun Life Insurance Company Limited is a joint venture between the Aditya Birla Group, one of the largest business houses in India and Sun Life Financial Inc., a leading international financial services organization. The local knowledge of the Aditya Birla Group combined with the expertise of Sun Life Financial, offering a affordable protection for future. Birla Sun Life Insurance (BSLI), in its five successful years of operations, has contributed significantly to the growth and development of the life insurance industry in India. It pioneered the launch of unit linked life insurance plans amongst the private players in India. It was the first player in the industry to sell its policies through the bancassurance route and through the internet. It was the first private sector player to introduce a pure term plan in the Indian market. This was supported by sales practices which brought a degree of transparency that was entirely new to the market. The process of getting sales illustrations signed by customers and offering a free look period on all policies, which are now industry standards, were introduced by BSLI. Being a customer-centric company, BSLI has invested heavily in technology to build world class processing capabilities. BSLI has covered more than a million lives since inception and its customer base is spread across more than 1000 towns and cities in India. All this has assisted the company in cementing its place amongst the leaders in the
Industry in terms of new business premium income. The company current capital base is Rs. 520 crore.

Birla Sun Life Insurance (BSLI) has completed 7 successful years of operations & has contributed significantly to the growth and development of the life insurance industry in India. The was supported by sales practices, which brought a degree of transparency that was entirely new to the market. Being a customer centric company, BSLI has invested heavily in technology to build world class processing capabilities (The Economic Times, 2012).

5.8 ING Vysya Life Insurance Company Limited

ING Vysya Life Insurance Company Ltd., a private life insurer with a market share of just over 1% of new life insurance policies sold in India, aims to nearly double its share to over 2% by the end of the current fiscal year. Over three-fifths of life insurance premium in India come from new policies. Towards this end, the insurance firm has chalked out and implemented, aggressive growth plans that include substantially expanding its presence to 175 cities, up from around 100 cities last year, and strengthening its distribution network.

The industry sold policies with premier sector major Life Insurance Corporation Ltd., that had a 75% market share as at the end of June. Private insurers (led by ICICI Prudential Life Insurance Co. Ltd and Allianz Bajaj Life Insurance Co. Ltd), who had a market share of 15% in year 2009, have since raised their market share to 25% in year 2012. It has signed up alliances with over 100 cooperative banks across the country in the last year or so for distributing its products and expect the benefits to accrue from this year onwards. The immediate target segment of the insurance company is ING Vysya bank customers. A new life insurance product branded, positive Life, would be marketed and prospectively cross-sold to a 1.5 million customer base of the affiliate bank. At present, ING Vysya Life has around 4, 00,000 customers

The insurance firm currently has a 20 products strong portfolio with 13 insurance products and seven products linked to investment units.

(www.indiaprwire.com)
5.9 Met Life Insurance Company Limited

Met Life Insurance is one of the fastest growing life insurance companies in India. It is an affiliate of US based Met Life Insurance. It commenced operations in India in 2001. While the market shows plenty of growth potential and the industry still believes in the phenomena of insurance being sold and not bought, the focus continues to remain on products, distribution efficiency and cost optimization.

However, the real strategy towards growth lies in taking steps towards creating a better two way interaction designed to meet the consumer and provider needs. Adopting this view could differentiate Met Life from the rest of the insurance companies. The road ahead lies in establishing an environment which encourages innovative thinking and research both internally and externally, leveraging the power of social networking and computing, fostering collaboration amongst partners and competitors to learn and work alongside, viewing opportunities with a wide perspective and developing appropriate solutions. The need of the hour is to switch from product to customer centricity – to look beyond products and to segment customers by analyzing psychographic instead of demographic information. It will require Met Life India is required to change its thinking, measure the customer value it provides. It should also use social media to interact and co-innovate with customers, listen to their needs and create a trusted and transparent relationship (www.indiainfoline.com).

5.10 Bajaj Allianz Life Insurance Company Limited

Bajaj Allianz Life Insurance Co Ltd is a joint venture between two leading conglomerates- Allianz AG, one of the world's largest insurance companies, and Bajaj Auto, one of the biggest two and three wheeler manufacturers in the world. Allianz Group is one of the world's leading insurers and financial service providers. Founded in 1890 in Berlin, Allianz is now present in over 70 countries with almost 174,000 employees. Allianz Group provides its more than 60 million customers worldwide with a comprehensive range of services in the areas of Property and Casualty Insurance, Life and Health Insurance, Asset Management and Banking.

Bajaj Auto Ltd, the flagship company of the Rs80bn Bajaj Group is the largest manufacturer of two-wheelers and three-wheelers in India and one of the largest in the
world. Bajaj Auto has a strong brand image & brand loyalty synonymous with quality & customer focus in India has been a part of the operations of the life company. Its marketing strategy is to have lesser number of bancassurance tie-ups but to have deeper relations with them. It will be a multi channel distribution company.

Bancassurance contributes around 35% of our premiums. The channel partners are chosen on the basis of number of branches, the customer base and more importantly the seriousness of the top management to enter into insurance. It is believed that unless the management is serious, it is difficult to make bancassurance a success. The premiums differ because the premiums are decided after taking into account 3-4 main parameters viz mortality & morbidity tables, rate of interest, expected earnings and profit loading by the insurance companies.

There would be two key differentiating factors. The first would be branding and the second would be service levels. On the product side, there will be innovation (www.business-standard.com).

![Figure 5.5](image)

It is clear from figure 5.5 that the company is focusing on product portfolio, bancassurance and agency model. It is examined that it also focuses on providing after sale services to customers.

### 5.11 Reliance Life Insurance Company Limited

Reliance Life Insurance is focusing on the marketing strategy to improve its market share by concentrating on providing variety of products and satisfactory
services to the customers as and when required. This strategy has helped the company to attain third position in India’s life insurance market.

The company has registered the growth record of 15% which is much faster than any other company. The company is on track to reach its goal of being India’s number one private life insurance provider. To a large extent, Reliance’s market success is a testament to the effectiveness of its low-cost distribution models as well as to the technology investments and process changes that made it possible. Indeed, the fact that Reliance reduced its operating costs by 30 percent. It took the initiative to made the difference in its ability to reach rural customers with smaller value life insurance policies and in doing so, extended financial security to places where it had been scarce.

Reliance’s rural insurance strategy has a lot in common with the micro-finance industry, which through the provision of very small loans to people who had no access to them before, is also bringing stability and opportunity to the masses. It is examined that Reliance Life insurance aims to reach the low-income, rural population in “tier 3” and “tier 4” cities and towns. Reliance is partnering with micro-finance institutions, non-governmental organizations and similar groups to help people on their life insurance options.

Attracted by challenges and opportunities, it entered a freshly deregulated industry that was in full growth mode and it started out in a field already crowded with competitors. To achieve its goal of becoming a market leader through rapid growth, Reliance sought a truly differentiated strategy, that would position it to profitable markets and segments (www.reliancelife.com)
The strategic framework of Reliance Life Insurance is presented in Figure 5.6. It shows that online insurance is its basic model. On the other hand, it is also concentrating on bancassurance model and direct sales force. It is examined that the company is fulfilling its corporate social responsibilities and providing satisfactory products to the customers.

5.12 Aviva India Life Insurance Company Limited

Aviva India is an Indian life assurance firm and a joint venture between Aviva, a British assurance company, and Dabur Group an Indian conglomerate. Aviva began its operations in July 2002 as a joint venture with Dabur Group, one of India’s oldest business houses. As per the Indian insurance sector regulations, Aviva has 26% stake and Dabur has 74% stake in the JV partnership.

Aviva India employs close to 3700 people, over 20,000 financial advisers with 135 branches across the country. Aviva has also partnered with more than 70 insurance brokers. Aviva has a balanced distribution network through bancassurance, direct sales force and online products. This includes a direct sales force of more than 20,000 financial planning advisers, in 99 branches across the country and multiple bancassurance
Partnerships with private sector banks, co-operatives and regional rural banks. Through its distribution setup and partnerships, Aviva reaches customers in over 1000 towns and cities across India. Aviva has been focusing on the online platform in recent years, and a number of products, including Aviva i-Life, Aviva Health Secure and Aviva i-Shield were launched recently. This is in line with the company’s strategy to focus on newer formats and products that are easier for customers to understand and buy.

Aviva India was amongst top life insurance companies to introduce modern unit-linked and unitized with-profit policies. Its products include: fixed term protection plans (Aviva Life Shield Platinum), endowment plans (Aviva Moneyback, Aviva Dhanvridhhi, Aviva Sachin Extra Cover Advantage, Aviva Dhanvarsha, Aviva FreedomLife Advantage, Aviva Life Saver Advantage), Child policy (Aviva Young Scholar Advantage, Aviva Young Scholar Secure), Single Premium plans (Aviva Life Bond Advantage). In addition to these, a new traditional plan called Family Income Builder was launched in August 2012 (www.avivaindia.com).

Aviva India has also been expanding its distribution through online products. Aviva i-Life, an online fixed term protection plan and Aviva Health Secure, an online health insurance plan were launched to cater to the fast developing online insurance market. Zibika.com, a leading online insurance site in India provides product information of Aviva online term policies. Aviva is one of the best Insurance Company in India.

Aviva India is involved with education of underprivileged children, under street to school programme, the international corporate social responsibility programme of Aviva. Within India, it works with NGOs in various parts of India to enable education for street and slum children and helps them with funds for setting up and running outreach centers Aviva Life has diverse portfolio of life insurance plans spreading across many domains like retirement plan child plan, term plans, savings & investment plans and health plan. (www.businesswire.com)
5.13 Sahara India Life Insurance Company Limited

Sahara India Life Insurance Company Ltd (SILCL) is the first totally Indian owned life insurer in the private sector. SILCL started its operations on October 30, 2004 after receiving its license from February 6, 2004. The organization launched its business with a paid up capital amounting to INR 157 crores. It operates with a team of committed and properly trained professionals who focus specially on the rural areas as well as the regions with less than the ideal amount of economic progress.

The organization offers a competitive group of products that are capable of catering to the requirements of various economic and age based client groups. The customer support and services set-up of the insurer is quick and provides a proper standard of services. The officials at Sahara Life Insurance are trained with VIP software systems as well as other important areas such as product pricing and development by Watson Wyatt Consulting Private Limited, one of the leading names in this industry.

The insurance plans offered by Sahara India Life Insurance Company Limited are unique in their own terms. The company offers both individual and group insurance products. Through the different insurance plans, the company aims to cater to the different needs of the Indian Society (www.businesswireindia.com).

**Figure 5.7**

Strategic Model of Sahara India

Figure 5.7 indicates the strategic model of Sahara India Life Insurance Company. It is examined that it focuses on need based selling to customers, provides...
extended services to customers. The company is concentrating on expanding its offices and fulfilling corporate social responsibility.

5.14 Shriram Life Insurance Company Limited

Shriram Life Insurance, a joint venture of Shriram Group with South Africa’s Sanlam, which has 208 offices currently. It will be adding 50 more branches, mostly in North India. The paid-up capital of the company stood at Rs.175 crore. In year 2011-12, the life insurer recorded a pre-tax profit of Rs.67 crores. The company which is among those with the lowest operating expenses believes in steady expansion at lower costs. Its strategy is to target clientele of its group. This helped to reduce operating expenses and to become profitable.

Shriram Life, which started operations in 2006, was the first private life insurer to report profits in the first and next three consecutive years of operation. Even during expansion. It has 6,000 agents but prefers to go slow in raising this number. Shriram Life is expecting to close the current financial year with a total premium income of Rs.850 crore (www.business-standard.com).

Effective penetration into the customer base and an excellent leveraging of the group’s network enabled the company to do exceptionally well in its first 3 years of operations in comparison to the other industry players with the same vintage. The business is now planned to expand outside Shriram’s existing geographies and customer base through a well-defined cautious strategy of expansion and investment in new branches and channels which together has the potential to make Shriram a significant player in the life insurance business.

5.15 Bharti Axa Life Insurance Company Limited

Bharti Axa plans on expanding its wings in the fast growing life insurance market. It has forecasted 5 percent market share holding by the end of 2012. One of the primary reasons for this aggressive expansion strategy of the company is the huge potential and largely untapped insurance market.

India is the fifth largest life insurance market in the emerging insurance economies globally and is growing at 32-34% annually. This impressive growth in the
market has been driven by liberalization with significantly enhancing product awareness and promoting consumer education and information. Bharti AXA Life insurance, which is a joint venture company between India's leading conglomerate, the Bharti Group and France-based financial protection and wealth management service provider-AXA, has currently a modest share of 1 percent in the market.

Bharti-Axa’s key strategy is to leverage on the wide reach of Bharti Operations by aligning with Bharti Airtel distribution points, corporate agents and brokers. Bharti Axa has set-up virtual branches to distribute policies using the retail and telecom outlets of the Bharti Group. Bharti-Axa envisions virtual branches as a key strategy and has currently 25 percent revenues from the same. Apart from this, the company is on an aggressive hiring spree with its plans to increase the sales force to 45,000 from the present 30,000.

The current product portfolio of Bharti-Axa is that of eight life insurance products. This includes six ULIP products. Bharti-Axa’s key strategy would be to focus strongly on ULIP products. Its marketing strategy is based on the ‘Strategy of Proof’, a global Axa framework that is extremely compelling. Proof is nothing but tangible evidence of answering customers’ queries about expectations in a manner that nobody else has. The another strategy of Bharti-Axa is the digital platform for customers. It is working hard on Search Engine Optimization (SEO) and high impact banner ads on the Internet. Additionally, they have e-mail campaigns for behavioural targeting. The company targets internet users who particularly use the medium for personal financial needs such as insurance. Contextual advertisements ensure that relevant messages appear on relevant websites when people search for such products.

The new regulations increased benefits for customers. All its efforts last year, were directed at building customer awareness around market linked products. It used many ways of communicating to consumers by outdoor campaigns, as well as front-page ads in the Times of India and many leading regional dailies. There were radio campaigns as well as a host of media initiatives undertaken primarily to build awareness of the fact that post-regulation, it was even more beneficial from the customer’s standpoint to buy ULIP products (www.financialchronicle.com, 2013)

It can be concluded that Bharti Axa Life has been able to build strong brand recall in the consumers’ mind and it is now amongst the top life insurance brands in the
country. The challenge going forward is to exceed customer expectations by powerful proofs that can truly redefine the company’s image.

5.16 SBI Life Insurance Company Limited

SBI life insurance is a joint venture between SBI-India’s largest bank and BNP Paribas Assurance – France’s banking and financial services provider. SBI owns 74% of the total capital and BNP Paribas Assurance the remaining 26%, formed in 2001.

5.16.1 Product Portfolio of SBI Life

Products’ portfolio of SBI Life is explained as follows:

**Retirement Plan:** The cost of living is experiencing fast steady rise which makes retirement plan an important financial decision. It is known as Pension plan, this plan takes care of financial needs after retirement by investing a part of savings for limited period. Pension plan provides fixed income after retirement and takes care of daily needs. The pension plan offered by SBI Life is Lifelong Pension Plus.

**Child Plan:** Parenthood brings responsibilities which you cherish each day. Child Plan is a plan specifically designed to take care of financial needs of your child. Child plan provides with necessary funds that will take care of child’s education, marriage etc. By investing small portion of your savings you make sure your child’s financial aspirations are met. Child plans of SBI Life are called Smart Scholar and Scholar II.

**Term Plan:** A risk plan which provides comprehensive cover for your family in the unfortunate event of untimely demise. A term life insurance plan provides good cover at relatively nominal cost and has no survival benefits. SBI Life term plans are Smart Shield, Saral Shield and Swadhan.

**Investment Plan:** It is popularly known as ULIP, an investment plan invests part of savings in equity or debt market as per your preference. The purpose of investment plan is to give returns which easily beat the rising costs since the usual returns in a bank are extremely low. ULIP’s offered by SBI Life are Smart Performer, Unit Plus Super, Saral Maha Anand, Smart Elite, Money Back, Sanjeevan Supreme, Shubh Nivesh, Smart Horizon and Saral Life.
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**Health Plan:** Slightly different from health insurance, health plan provides cover for surgery costs, critical illness. A lump sum is paid irrespective of actual hospital bill. Hospital Cash is SBI’s health plan.

**Distribution Network:**

SBI Life extensively leverages the State Bank Group relationship as a platform for cross-selling insurance products and has over 65,000 Insurance advisors. SBI relies on bancassurance channel for insurance sales so the campaign was designed to reach the people who are not customers of the bank. SBI Life campaigns have always focused on the optimism side of the table, the “feel good” factor. SBI life television commercial has been revolving around this very thought of “Celebrate life” (www.sbilife.co.in).

### 5.17 Future Generali Insurance Company Limited

The strategy of the company is to concentrate on the retail business is also supported by fact that its largest shareholder, Future Group, operates a large network of retail stores and hypermarkets. This gives it access to a large distribution network at very low costs. Future Generali, the three-year-old general insurer, is adding 10 more offices this year to its existing 68 branches. The rest is a combination of construction/engineering insurance, besides other specially-designed insurance products for events.

Private life insurer Future Generali is open to have banks as equity partners. In fact, banks are waiting for the insurance regulator to come up with the necessary regulatory framework on bancassurance. Banks who want to get into these tie-ups are awaiting the regulatory framework. The company, which is looking at bancassurance tie-ups with co-operative banks too, expects 5-8 per cent of its customer base to be from this segment in the first year. Regarding company’s product mix, the portfolio includes five unit-linked products and 13 traditional products.

Private sector insurer Future Generali Life has undertaken extensive restructuring since April 2012. As a result of this restructuring company has reduced a third of its workforce and also closed 30% of its branches. Company has reduced 55 branches during April 2012, where as on 30th April, 2012 company’s number of branches stood at 125 as against 180 branches as on 31st March, 2011.
Chapter 5

Company has abolished the position of zonal head, channel heads and significantly reduced the number of regional managers, area managers, branch managers and sales managers. There have been several exits at senior management levels, which include the chief marketing manager, the head of the agency channel and others. As per the company, considering an average attrition rate of 8-10% in frontline sales across the industry a reduction of 350-400 in the headcount is not surprising and as a part of its restructuring process, company is not filling up all the positions. Future Generali is a joint venture between Kishore Biyani led Future Group holding 74% stake and Italy based Generali Group holding 26% stake. Company started its operations in March 2008.

During 2011-12 company reported a decline of 23.43% in premium collection at Rs 343.68 crore as against Rs 448.84 crore in 2010-11. At present Future Generali life ranks 17th among all 24 life insurance companies in the country in terms of new premium collection (www.businesss-standard.com).

5.18 Aegon Religare Life Insurance Company Limited

ARLI launched its operations in July, 2008 with four distribution channels; agency distribution, direct channel, Religare corporate agents and brokers. This tie-up adds a fifth distribution channel, Bancassurance, to the business. AEGON’s businesses serve over 40 million customers in over 20 markets throughout the America, Europe, Asia, with major operations in the United States, the Netherlands and the United Kingdom. With headquarters in The Netherland, AEGON life insurer has employed almost 30,000 people worldwide. The company’s common shares are listed on four stock exchanges: Amsterdam, London, New York and Tokyo. AEGON has more than 160 years of experience with its roots going back to year 1844. It holds 26% equity in Religare Company.

AEGON Religare Life Insurance is the coming together of AEGON, one of the world’s largest life insurance and pension groups and Religare, one of India’s leading integrated financial services groups. This venture is dedicated to build a firm future, both for customers and employees and will continue to balance a local approach with the power of an expanding global operation.
The company launched their pan-India multi-channel operations in July, 2008 with over 30 branches spread across India. Their business philosophy is to help people plan their life better. In an industry first, AEGON Religare life Insurance offers policy servicing on the phone via Interactive Voice Response System (IVR) by issuing the customer a T-Pin for authentication. It is also the first company to include the customer’s medical report in the policy kit (www.aegonreligare.com).

5.19 Canara HSBC OBC Life Insurance Company Limited

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited was launched its operations in June 2008 and is jointly owned by two of India’s largest public sector banks – Canara Bank (holding 51%) and Oriental Bank of Commerce (23%) – and HSBC Insurance (Asia Pacific) Holdings Limited (26%), the Asian insurance arm of one of the world’s largest banking and financial services groups – HSBC. The Company has exclusive access to around 48 million customers and a pan-India network of over 4,400 branches of Canara Bank, HSBC and Oriental Bank of Commerce. The formidable distribution strength and in depth local market knowledge of Canara Bank of Commerce coupled with the considerable insurance experience, product range and proven bancassurance capabilities of HSBC make this an unparalleled union of financial strength, expertise and most importantly, trust.

Canara HSBC Oriental Bank of Commerce Life Insurance Company understands that today innovation is a key differentiator. in mind, The Company currently has 29 offices across the country (in 27 cities) to provide necessary training and coaching support to the bank staff and ongoing service support to over 900 bank branches selling its products in 316 locations. Out of 316 locations, around 80 locations are in semi-urban and rural area.

In December 2009, the company tied up with two Rural Regional Banks (RRBs) – Pragathi Gramin Bank in Karnataka and Shreyas Gramin Bank in Uttar Pradesh – to deliver affordable insurance solutions to address the needs of the rural population, the social sector and economically weaker sections of the society, especially those who have none or very little access to organized financial services. Through a strong network of around 550 branches of the two RRBs, Canara HSBC Oriental Bank of Commerce Life Insurance Company will reach out to more than 4.6
million customers in addition to the existing customer base of 48 million. Currently, the company has 10 products: 6 unit-linked products and 4 traditional products.

The Company also recently introduced immediate payouts on death claims, where the deceased’s family would receive the fund value immediately on registration of death claim under unit-linked policies. Meanwhile, it is in the process of filling its modified unit-linked products with lower fund management charges with the Insurance Regulatory & Development Authority (IRDA) Canara HSBC Oriental would not push for other distribution channels such as the agency model.

Strategy of the company would be to focus on bancassurance channel, to understand the customers, shareholders and position the products in line with their needs. Moreover, bancassurance is a much more efficient and cost-effective model (www.canarahsbclife.com)

5.20 IDBI Federal Life Insurance Company Limited

It started its operations in March 2008 leading with flagship product ‘Wealthsurance’. At present it has 13 innovative products and each one of them is drafted considering the needs of people. Wealthsurance Milestone Plan a flagship product, is a unique combination that aims to help people reach their important goals in life with full confidence. It offers a wide range of investment options, insurance options and unmatched flexibility that allows customers to customize a plan suited to their needs. Customers can plan for their milestones like completion of school education by the children, their marriage, acquisition of a new house and so on. This plan comes with a wide range of 13 investment options and 7 insurance benefits – all packaged with a low charge structure and unmatched flexibility. The recently added plan is ‘Bondsurance Advantage Insurance Plan’ & Termsurance Group Life Plan’ in the series of innovative products.

5.20.1 Marketing strategy based on demographics.

The products are based on catering needs of consumer at different life stages. It intends to plug all the relevant needs that emerge with different life stages and demographics. From the communication perspective it is now in a fairly crowded market with 23 players. While most players work on establishing categories like
pensions, child plans, etc., its aim is to differentiate its products and communication once the audiences have warmed up to categories. Thus it leads communication through products, which makes it imperative to create products that are different and add value as compared to competitors.

5.20.2 Importance of brand equity in marketing

Brand equity plays a vital role for companies especially in life insurance as the products are of mass appeal. It is very important to create strong brands and sustain them in the minds of the masses. When we look at the financial category, the brand brings with it trust and reliability that helps get a long term commitment from customers. Since these are large investments into a company’s products spread over years, the customer needs to feel comfortable about the company and its background.

IDBI Federal, have the benefit of being a part of giants in the financial and banking space with parent companies like IDBI Bank and Federal Bank. Both these names bring with it huge brand equity. All its efforts therefore are to focus on creating strong product brands. (www.business-standard.com).

5.20.3 Distribution strategy followed by IDBI Federal Life Insurance

The consistent strategy has been to push product rather than company. It has consistently focused on designing innovative products, which provide superior value to the customers. Therefore, it is advantageous to keep the customer focused on specific offerings rather than speak on emotional generalities

It has introduced wealthsurance which is a unique product, because it has managed to put a comprehensive range of investment options and insurance options in one product. This product can cater to almost every conceivable insurance or investment need at any stage of life. IDBI Federal Wealthsurance Milestone Plan is a unique combination of 13 investment option and 7 insurance covers. Its campaign revolves around the immense strength of its products.

Incomessurance: It is hard to predict the exact amount one can get in the long term in most investment options. It has innovated to get a product that can tell the exact amount you can get, the day you pay your premium. In most investment options, it is hard to predict the exact returns that a customer gets in the long term. But
Incomesurance addresses this. Around 12.5% of its policies come from the rural area. It has launched few products like Microsurance, Termsurance Grameen Suraksha and Termsurance Grameen Bachat Yojana for the rural areas; attempting to contribute to the greater cause of financial inclusion. These products are created for specific audiences and distributed through NGOs.

IDBI Fortis has strong parentage of IDBI Bank, Federal Bank and Fortis. With a wide reach of the two banks across their 1,380 branches all over the country and expanding, bancassurance is its primary distribution channel. It has such a strong launch pad, with 35 own branches making agency channels contributing to over one third of its business (www.indiaprwire.com).

5.21 DLF Pramerica Life Insurance Company Limited

DLF Pramerica is a joint venture between DLF and Prudential International Insurance Holdings Ltd, a fully-owned subsidiary of US-based Prudential Financial Inc. “Prudential prefers to service its clients by offering such customize products. For instance, in the US it has tailor-made products for the Army while in Japan it works with school teachers by offering annuity products Pramerica would try to replicate the model in India.

The pilot project for school children was rolled out in Gurgaon, while the for defence personnel was launched in Punjab last year. It has been one year since it launched the pilot project and it is already working with about 80 schools in Gurgaon.

At a time when insurance companies have been relying primarily on agency network and third-party administration, DLF Pramerica, is pinning hopes on direct sales strategies to tap specific segments, such as schools and army cantonments. Company has launched a pilot project to offer tailor-made products for these segments to be distributed primarily through branch network. At present, almost all its products are distributed through agency and third-party channels. It is working for the direct sales channel where in the company’s network can be leveraged to tap certain specific segments of customers.

In the case of Army personnel, after-sales service is the key issue to be addressed. Army personnel keep getting transferred so after-sales service is the most important thing to be looked into. It is engaging ex-Army men who can go to the
defence cantonments and explain them about company’s products (Business line, August 2010)

**Figure 5.8**

*Marketing Strategy Model of DLF Pramerica*

- ULIPS
- Agency Model
- Third Party Alliances
- Untapped Rural Market

*ULIPS: Unit linked Investment plans.*

Figure 5.8 describes the distribution strategy of DLF Pramerica Life Insurance. It is examined that the company concentrates on ULIPs as it is the principal product in the portfolio of the company. The company concentrates on agency model and third party alliances. Its distribution strategy is focused on capturing untapped rural market (www.dlfpramericalife.com).

### 5.22 Star Union Dai-Ichi Life Insurance Company Limited

Star Union Dai-Ichi Life Insurance, which is a joint venture of Bank of India (51%), Union Bank of India (23%) and Dai-Ichi Life Insurance (26%), had received IRDA licence for undertaking life insurance business in end-December 2008. The company expects to close the current fiscal with a total premium income of Rs. 1,500 crore. The company had recorded a total premium of Rs. 1,200 Crore last year. About 8,400 branches of Bank of India, Union Bank and some cooperative banks support Star Union Dai-Ichi Life’s growth.
Company’s growth is efficiency-led. This is because cost of channel, cost of customer acquisition and cost of servicing are more optimum and efficiently placed than other who depends on agency channels, which are capital intensive. It is primarily a bancassurance based organization, the company aims to start selling its products online in next two quarters. The company, which is a joint venture of Bank of India, Union Bank of India and Japan’s Dai-ichi, already had significant presence in Uttar Pradesh through over 1,000 branches of the two public sector banks. Its is in the process of joining hands with another regional rural bank based in eastern UP Life of harness the remote rural market as well.

So far, the company had sold over 10,500 policies. Meanwhile, the company has opened its regional office in Lucknow to look after Uttar Pradesh and Uttarakhand regions. At present, there are a dozen life insurance products being offered by the company, including three each of Unit Linked Insurance Plans (Ulips) and traditional products.

Due to regulatory pressures and non-remunerative structure, the insurance advisors are promoting the traditional life insurance products more than Ulips unlike a couple of months back, when Ulips were more in demand. Star Union Dai-ichi Life Insurance (SUD Life), which has traditionally relied on bancassurance model, plans to expand its agency distribution. The company is currently running a pilot with 473 agents who have so far brought in Rs. 4.79 crore of premium.

Figure 5.9 reveals that bancassurance would continue to remain its dominant business model, it has started experimenting with the agency model in the Eastern region of the country. The marketing strategy of the company will further focus on
ULIPS which is possible only after creating awareness among consumer. The company will also concentrate on untapped rural market having a great insurance potential (www.indiaprwire.com).

5.23 **India First Life Insurance Company Limited**

India First Life Insurance is one of the youngest life insurance companies in India with a rich legacy of over 360 years of combined service of its promoters – Bank of Baroda, Andhra Bank and Legal & General. This joint venture brings together a real understanding of the Indian consumers by the promoter banks with international best practices developed by Legal & General regulations. Its headquarters are situated in Mumbai, with share capital of Rs. 475 Crore. Bank of Baroda holds a 44 percent stake in India First, while Andhra Bank and Legal & General hold a 30 percent and 26 percent.

It has set up new benchmarks in bancassurance in terms of branch activisation, productivity and customer friendly sales processes, aims to place its customers ‘First’ in everything and believe that it can differentiate through simple and fair price products, high quality service and honest advice. It initially focused on the bancassurance model leveraging the existing branch network of over 5000 branches of promoter banks across the country.

The combination of domain expertise, customer knowledge, product innovation and nation wide reach has helped to garner over Rs. 1000 crore premium during financial year 2011-12 and cover over 1.6 million lives across more than 1000 cities and towns in India. The product range covers the typical needs of protection i.e. term insurance, savings, education and retirement benefits.

The Marketing Strategy followed by India First Life Insurance is to become a life insurance and pension business leader in providing significant value for all stakeholders through true customer delight.
Figure 5.10 states that India First Life Insurance has adopted a different distribution strategies like offering product videos to the customers to explain the product. The company concentrates on the needs of senior citizens by providing them need based policies. It further focuses on online availability of the product to the customer.

India First Life Insurance has also introduced product videos as a compulsory part of sales process to bring transparency in product information dissemination. Each customer is taken through pre-recorded product videos, informing them about not only the key features but also the risk factors. Monitored through an in-built application, no sale can be closed before the customer has seen the video.

The next big step taken by IndiaFirst in the direction of customer empowerment was to create a direct ‘Buy’ channel-Ask-Apply-Get-in 3 minutes process to buy insurance. The objective was to simplify the process of buying insurance and create a direct channel for buying insurance. India first life insurance is adopting different approach where it is inviting the customer to take a step forward and ask for the product, on the premise that, if the process of buying is made simpler and faster, the pull for the product will definitely increase.

The latest initiative LifeStore’ is a complete Do-It-Yourself online store for understanding and buying insurance. This initiative is one more step towards taking insurance benefits literally to their homes. LifeStore aims to help you transact your insurance requirements on the back of authentic information, online advice, services and realistic expectations. It has various features such as Live Vide Call, product Audio Visuals, Simple step-by-step Comparison of Products, Details about how and where
your money is being invested including details about the respective companies in the fund portfolio etc.

Netfirst and PhoneFirst together present the digital channel “LifeStore” which has a customer friendly interface and content that simplifies understanding. Lifestore aims to helps to transact insurance requirements on the back of authentic information, online advice, services and realistic expectations. Loaded with all critical information on various products and company performance, it provides value added services and convenience of online purchase and premium payment through a safe and secure payment gateway. One can now carry out all your transactions premium payment, fund switch, premium re-direction, set up various mobile alerts, etc., by simply logging in. LifeStore also helps to solve queries by taking to our representative through a Live Video Call, compare products through a simple step-by-step Comparison of our products, know how and where your money is being invested including details about the respective companies in the fund portfolio (www.insuringindia.com).

5.24 Edelweiss Tokio Life Insurance Company Limited

Edelweiss Tokio Life Insurance Limited is a joint venture between the Edelweiss Group and Tokio Marine, one of the world’s leading insurance groups, headquartered in Japan. The Indian economy is poised for a 9% annual GDP growth, with a savings growth rate upwards of 32%.

Edelweiss, in partnership with Tokio Marine Group, aims at bringing differentiated Life Insurance products to the Indian market based on a strong understanding of the Indian investor. After receiving all necessary regulatory approvals, it has started rolling out operations by setting up branches in Maharashtra, Gujarat, Punjab, Haryana, Chandigarh and Delhi. Over the next couple of years it plans to have a pan-India presence with a network of highly trained personal financial advisors (PFAs). Edelweiss Tokio Life PFAs would undergo a rigorous training program specially designed to blend Indian context with international knowledge. This is expected to lead to higher customer satisfaction. With a paid up capital of INR 550 Crores, Edelweiss Tokio Life has the highest capital base at the time of launch of any private sector life insurance company in the country. (www.edelweisstokio.in).
Figure 5.10 depicts that Edelweiss Tokio Life Insurance is a player which has adopted a very unique approach towards selling their products in insurance industry. Its unique sales process focuses on the need based selling approach. Through this it conveys the same message that its personal financial advisors will understand the exact need of the consumer before it suggests an insurance solution that best fits the consumers need. It is ingrained to all the advisers that they cannot sell a product to a customer, unless and until they understand the needs of the customer.

The creative thought is based on the "need-based approach" adopted by the Edelweiss Tokio Life Insurance which gives importance to understanding the needs of the customer first. It has used real-life situations and a touch of humour to establish a strong connect with its audience which is mass market consumers.

Edelweiss Tokio Life Insurance campaign aims to redirect the focus on understanding the Insurance needs of the customers. The ad campaign revolves around the tag line “Insurance se badhkar hai aapki zaroorat”, which emphasizes that identifying the customer’s needs & requirements are of utmost priority to Edelweiss
Tokio Life Insurance, before offering an insurance solution. It has adopted different marketing strategies to spread Edelweiss Tokio Life’s message of ‘Need based selling’.

While most of the other insurance players focus on the end result/ benefit of purchase of insurance (e.g. Peace of mind, secure future, fulfilling responsibility etc) Edelweiss Tokio Life Insurance has focused on the process of insurance purchase. Through the campaign, Edelweiss Tokio Life Insurance has attempted to position itself as the most need focused insurance player in the market. Social Media is definitely a medium that no marketer can afford to ignore. The challenges faced in using social media is that it is very different from a typical marketing medium in the way consumers behave and communicate.

Life Insurance market in India has a new entrant with Edelweiss Tokio Life Insurance, gearing up to take the Indian market by storm. The company intends to set up a multi channel distribution business but will start with the implantation of the agency model. The company has set up 19 branches and will increase it to 22 by November, 2012. The target is 44 branches by the next 2 years. The company has plans of hiring 6000 agents and forecasts with Rs.100 Crore in premiums expected by March 2013 (www.edelweisstokyo.com).

This chapter has discussed the distribution strategies of life insurers. It is examined that the insurers have adopted different strategies which best suits the needs of customers. The companies are presently concentrating on customer service, suitable product portfolio for different age groups, strongly building its distribution network with traditional and new distributional channels.