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**India**

**Evolving Frontiers, Exciting Prospects**

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# Historical performance

## Impressive growth

	FY2000-01	FY2012-13
Number of companies	5	24
Number of individual agents	1,15,709	21,22,757
Number of branches	Approx. 2,000 <sup>Estimated</sup>	10,285
New Business APE <sup>(1)</sup> (in Rs. Crore)	14,107 <sup>(2)</sup>	57,708
Funds under management <sup>(3)</sup> (in Rs. Crore)	1,42,910	16,43,757

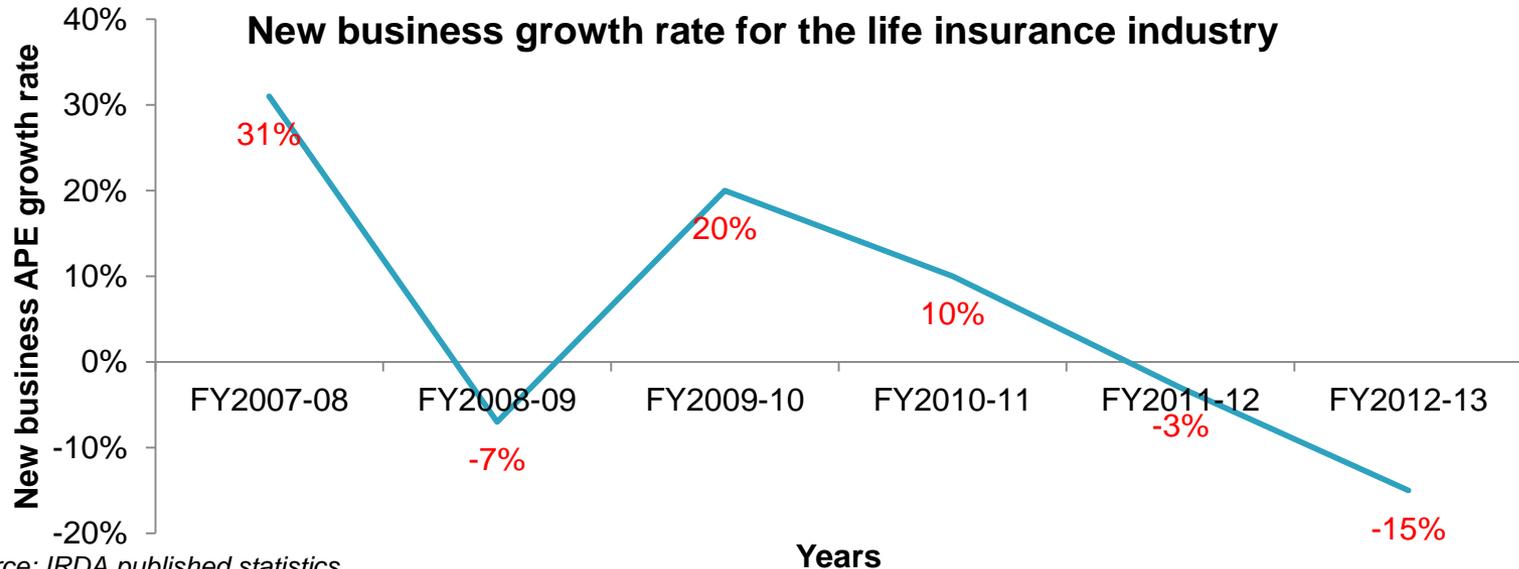
Source: IRDA annual reports / company published accounts / estimates

(1) APE refers to annual premium equivalent and is derived as 100% of annualized regular premium plus 10% of single premium

(2) The split between regular and single premium business was not available for this year and hence the amounts shown include 100% of single premium from new business

(3) Funds under management is taken as the total of the shareholders' and policyholders' investments as shown in the balance sheet.

# Recent turmoil



Key reasons include:

- Multiple regulatory changes
- External factors
  - Global economic meltdown
  - Low GDP growth rate
  - Volatile equity markets
  - Constraints on further capital

# Industry revival through changes in -

- »» Macro-economic environment
- »» Business practices adopted
- »» Legislations/Regulations

# Macro-economic environment

- ▶ Revival of the Indian economy
    - GDP Growth
    - Investments growth
  - ▶ Stable performance of equity markets
    - Restore investor confidence in unit-linked products
  - ▶ Softer interest rate regime
- 

# Business practices adopted

- ▶ Change promoters' mindset
- ▶ Align stakeholders' interests
- ▶ Align cost structures with productivity
- ▶ Enhance use of technology
- ▶ Sales process revamp
- ▶ Improve PR
- ▶ Segmentation of the opportunity
  - Mapping of “customer needs – distribution channel – sales process – products”
- ▶ Customer centric programmes
  - Training / education / awareness
  - Customer loyalty / value added services
- ▶ Focus on rural

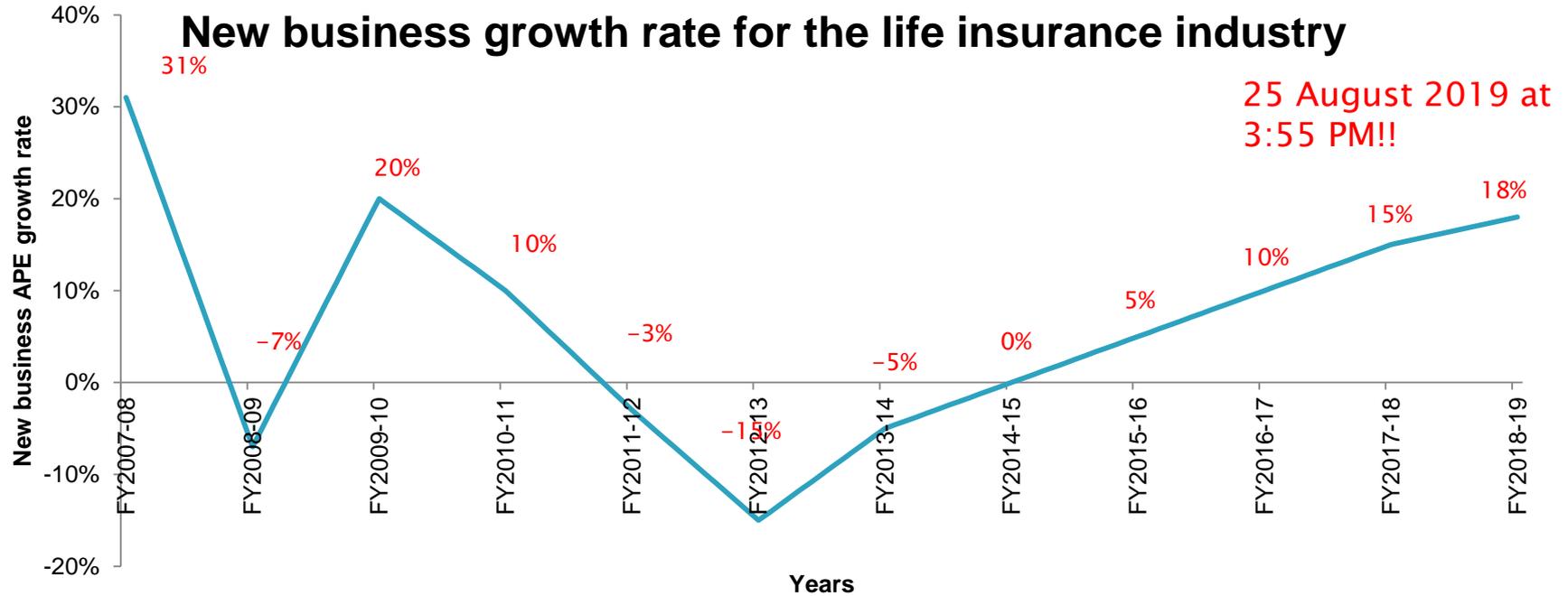
# Legislations/Regulations

- ▶ Flexible distributor compensation
- ▶ Mandatory to buy term insurance
- ▶ Revamp pension product regulations
  - Remove minimum guaranteed benefit / investment return
  - Allow 'open market option'
- ▶ Relax restrictions on rider premiums
- ▶ Tax incentives on insurance policies
- ▶ Steps to promote annuities
- ▶ Flexibility in investments
- ▶ Allow PF monies to be invested in insurance
- ▶ Make distributors more accountable
- ▶ Increase FDI limit in insurance

# Conclusion

- » Significant potential
- » With the right policies, the industry will achieve high growth rates in the long term
- » So when would that be?

# Future of Indian life insurance



**Thank you!**

