



**Prudential**  
Seizing  
the  
**Opportunity**

# **India :** **Leadership through Innovation**

**Shikha Sharma**  
ICICI Prudential Life Insurance  
November 2004

# India : Overview

## Country

**Population** 1,055m

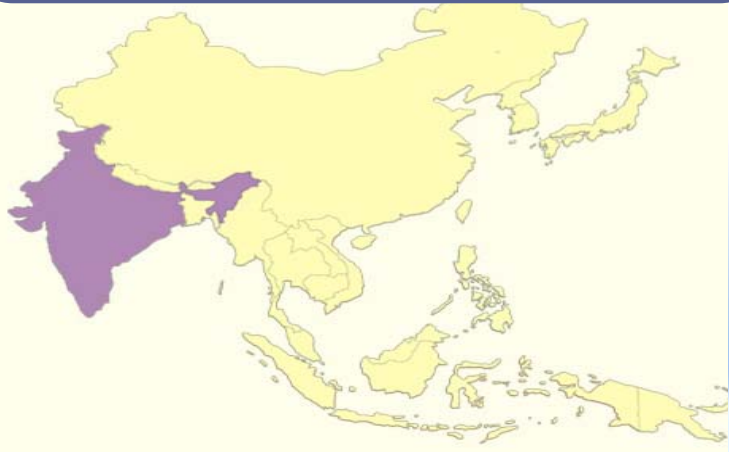
**Insurance penetration\*** 2.2%

## Life insurance market

**In-force premiums** £5.2b

**FY'04\*\* new premiums** £1.6b

**Total premiums** £6.8b



## Characteristics

**Pre-2000 : Public monopoly**

**Market deregulated in 2000**

**Prudential entered in 2000 through joint venture with ICICI**

## Top 5 players

**Life Insurance Company in India (LIC)**

**ICICI Prudential**

**Birla Sun Life**

**Bajaj Allianz**

**TATA AIG**



# Insurance industry prior to deregulation

**Prior to deregulation in 2000, market was a public monopoly with limited focus on customer needs**

- **Public monopoly**
  - 2,000 offices
  - Over 800,000 agents
- **Distribution through tied agents only**
- **“Push” sales approach purely on a tax savings platform**
- **Traditional style product offering : Endowment and money back plans**
- **Inflexible and inadequate products**
- **Pensions : Small part of product offer**
- **Limited focus on customer needs**

# Our approach : A new life insurance model for India



## Entry

- Joint venture entry platform
- Strong, respected partner

## Product

- Comprehensive portfolio
- Innovative and flexible

## Brand

- Creation of a superbrand

## Distribution

- Rapid expansion of agency
- Multi-channel platform

## Operations

- Best in class
- Customer centric

## People

- Talent from diverse industries

# Our approach : Our joint venture partnership

We have built a powerful joint venture partnership with a highly innovative, market leading local player

**Brand strength**

**Infrastructure**

**Customer base**

**Market innovators**

**Local knowledge**



**Reputation**

**Insurance expertise**

**Product**

**Distribution**

**Operation**



# Our approach : Our rapid expansion of agency

We have created a large-scale, nationwide agency network

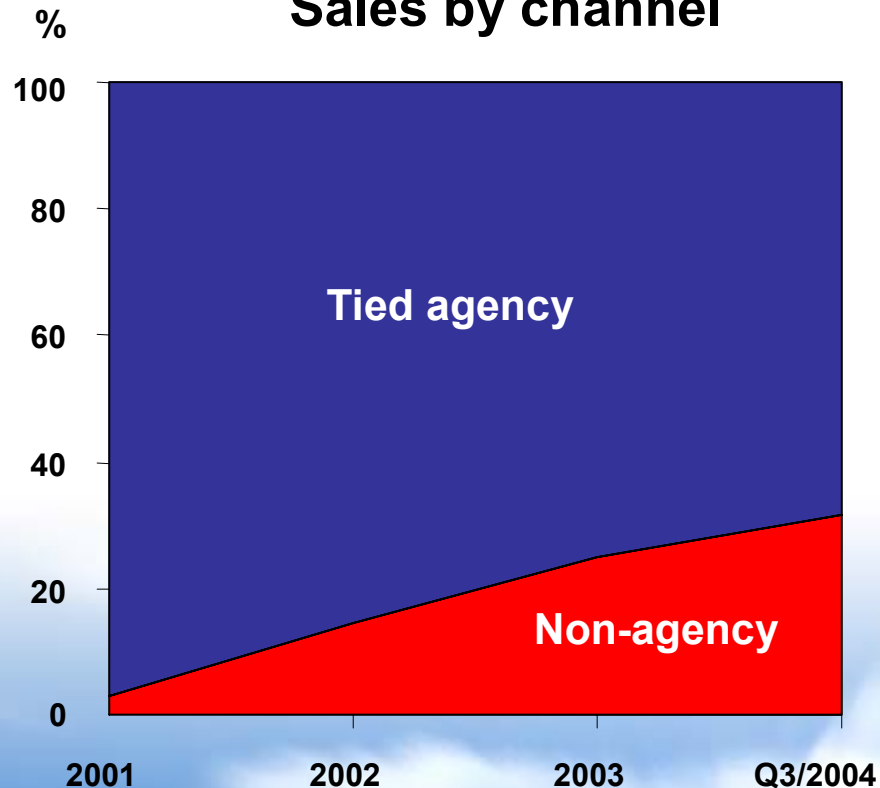
	Mar 2002	Mar 2003	Mar 2004	Sept 2004
<b>Locations</b>	<b>13</b>	<b>25</b>	<b>54</b>	<b>66</b>
<b>Branches</b>	<b>14</b>	<b>29</b>	<b>70</b>	<b>88</b>
<b>Advisors</b>	<b>10,000</b>	<b>18,000</b>	<b>33,000</b>	<b>41,000</b>

- Initial years, emphasis was on expanding the reach
- Now, penetrating those cities for increasing market share
- Focus on sales and service processes to achieve higher penetration into High Net Worth (HNW) segment

# Our approach : Our multi channel distribution

At the same time we have created powerful non-agency channels

**Sales by channel**



- 800 Financial sales consultants
- 7 bancassurance partners
- 15 Key non-bank partners
- Direct and telemarketing

- Expands speed and quality of reach to customer
- Multi-channel approach for customer acquisition

# Our approach : Multi-product strategy

We have a comprehensive and innovative product portfolio

- **Customer centric product positioning based on customer life stage and income needs**
  - Retirement Solutions
  - Child Plans
- **Innovative and flexible product solutions**
  - Unbundling of benefits
  - Introduction of a variety of rider options
- **Focus on UL (Unit Linked and Universal Life) to address different risk-return customer profiles**
  - Capital efficient products



One million Indians sleep more soundly.  
One million policies insure it.

1600 22 2020  
Or call your advisor

**ICICI PRUDENTIAL**  
LIFE INSURANCE

We cover you. At every step in life.



Just like you, Smart Kid leaves nothing to chance.

**Smart Kid**  
Child Plan

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Or call your advisor

**ICICI PRUDENTIAL**  
LIFE INSURANCE

We cover you. At every step in life.



2830 7877  
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Age 35 - visits to doctor, 2 times  
Age 70 - visits to doctor, 22 times  
Will your savings be enough?

**Retirement Solutions**

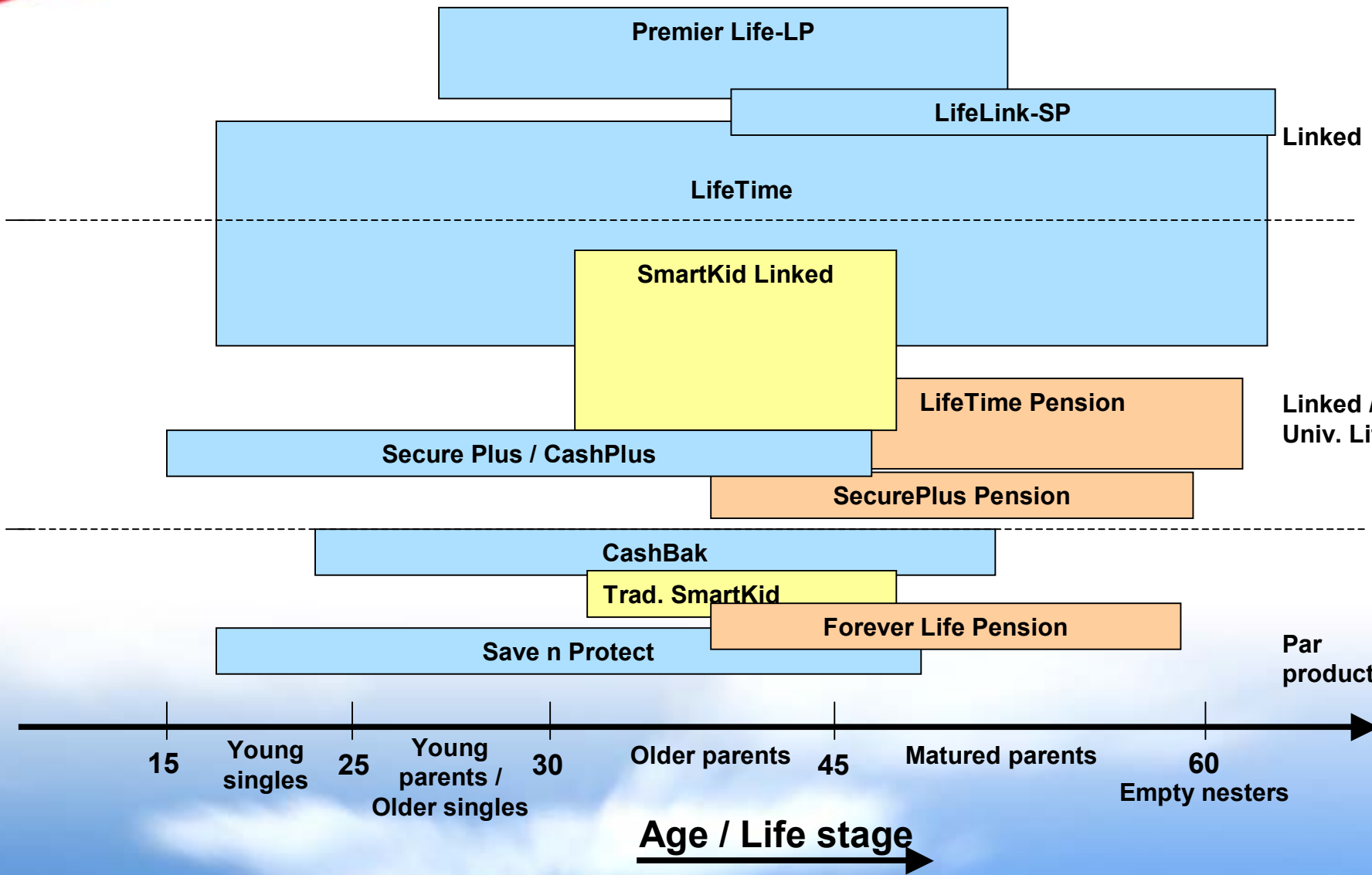
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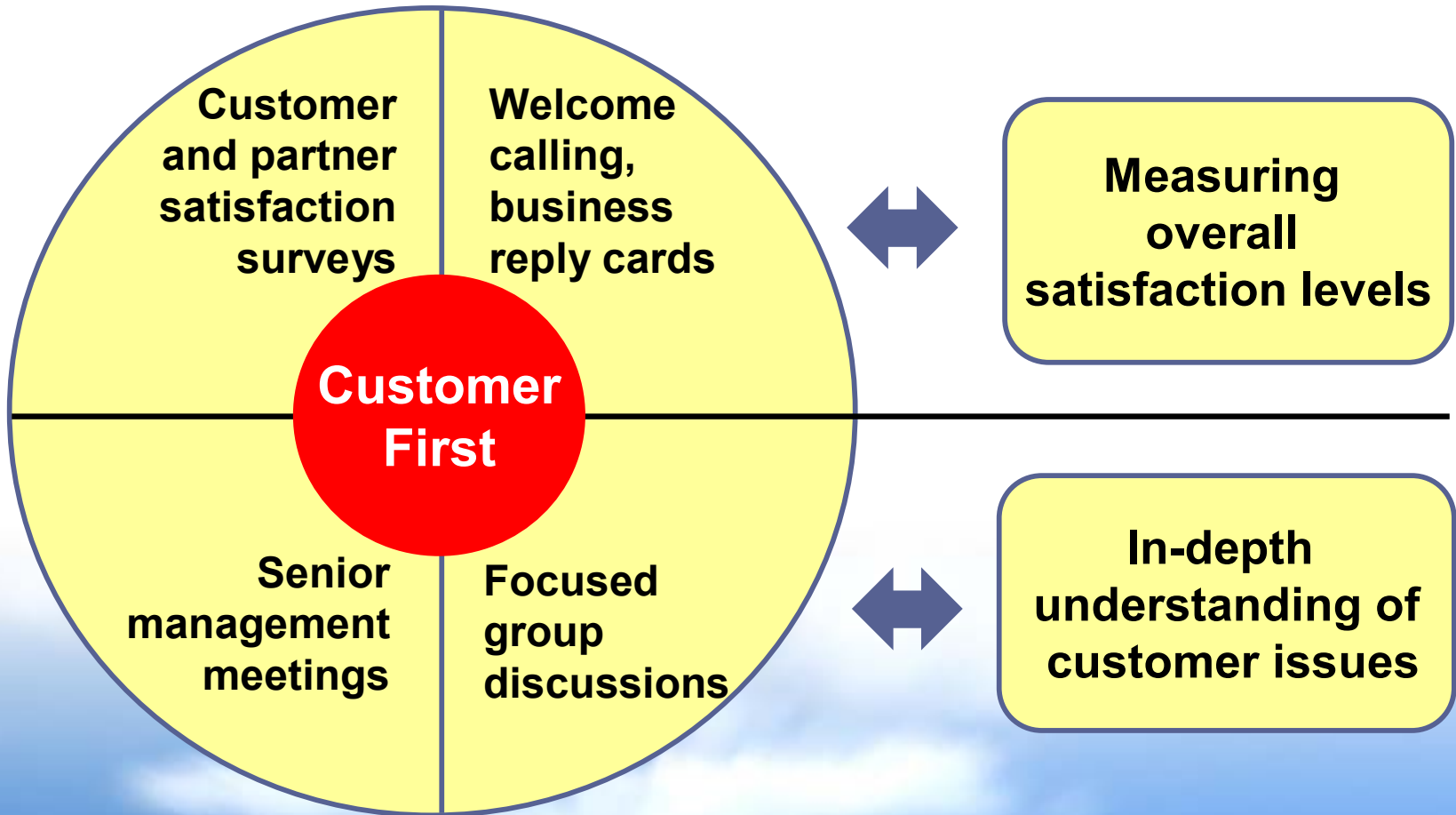
# Our approach : Product coverage

Income ↑



# Our approach : Active listening

Front line sales growth is supported with a strong VOC Framework





# Our approach : Operational excellence

**Robust operational structure to balance the growth**

- **Operational and Investment risk management framework**
- **Operational efficiency**
  - monitoring core delivery processes using the Six Sigma methodology
  - Financial control through active cost management
- **Claims experience analysis**

# Our approach : Creation of a superbrand

Our success has been recognised by our customers and our industry peers



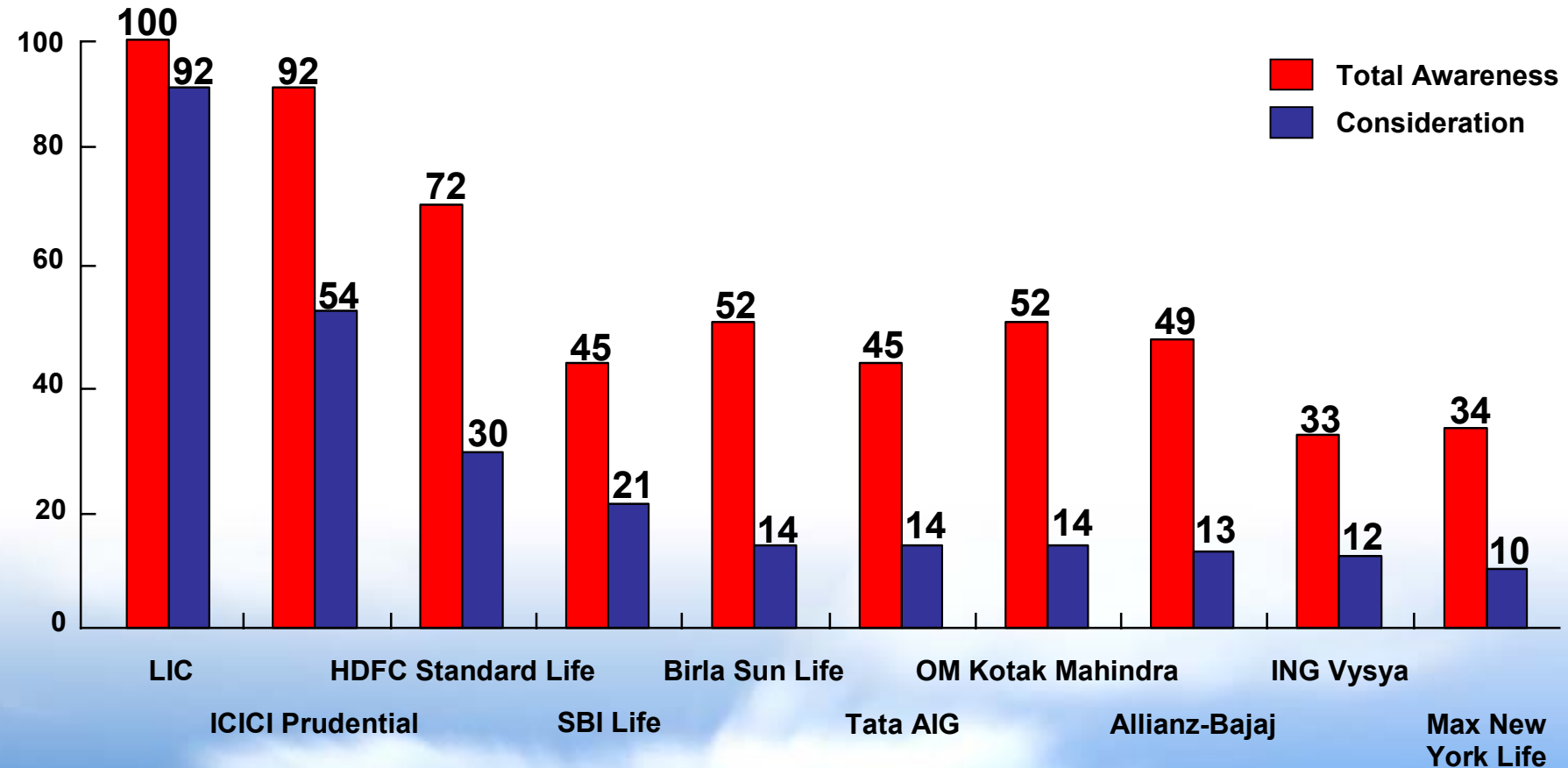
- **“The Most Trusted Private Life Insurer”** :  
*Economic Times AC Nielsen survey, 2003*
- Best Life Insurer of 2003-04 from Outlook Money :  
Two consecutive years
- 2004 Award for Excellence from Institute of Marketing and Management



Only private life insurer awarded in India

# Brand saliency and purchase consideration

54% would consider ICICI Prudential for buying a policy in the next 1 year

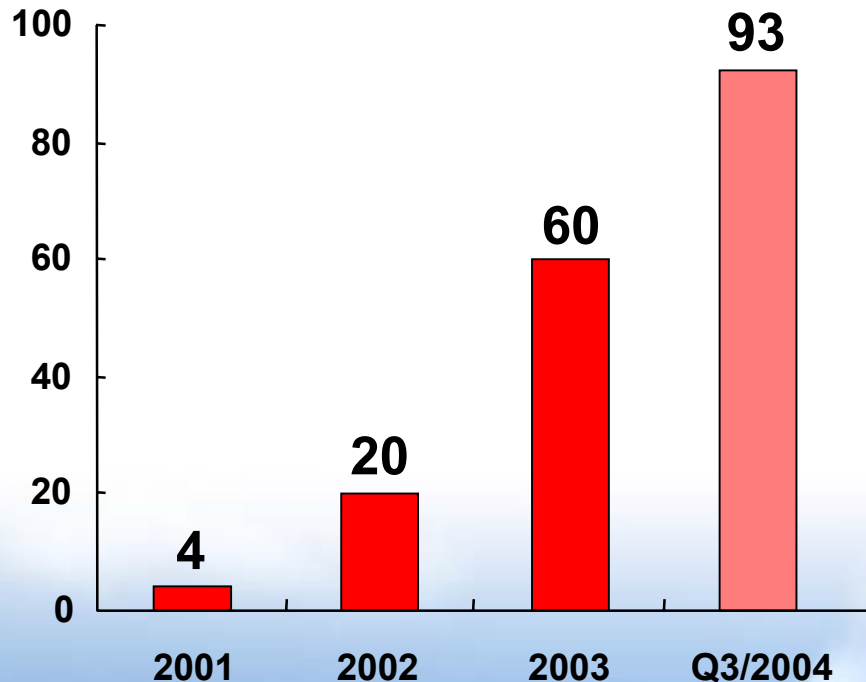


# Our results

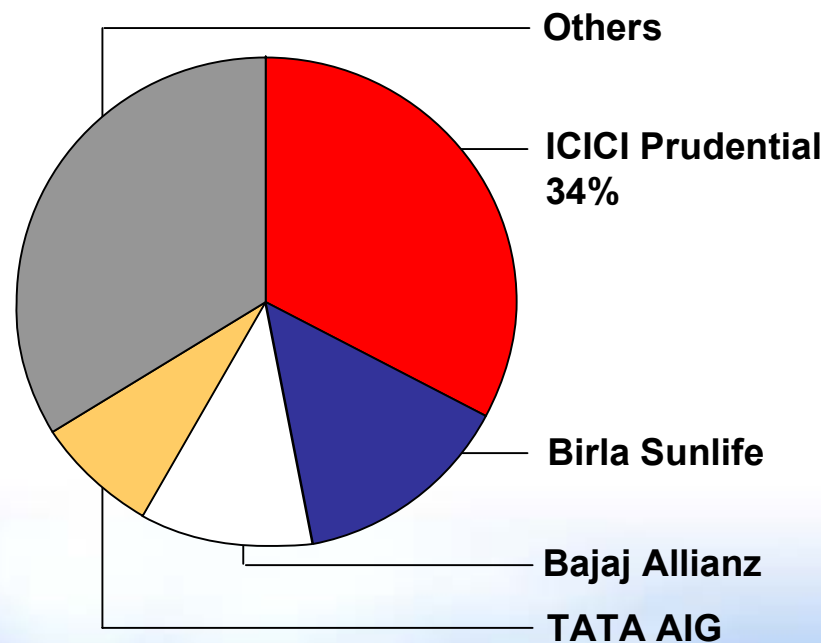
## Exponential growth and leadership of the market

### APE Growth (100% basis)

million



### Retail market share (private players)

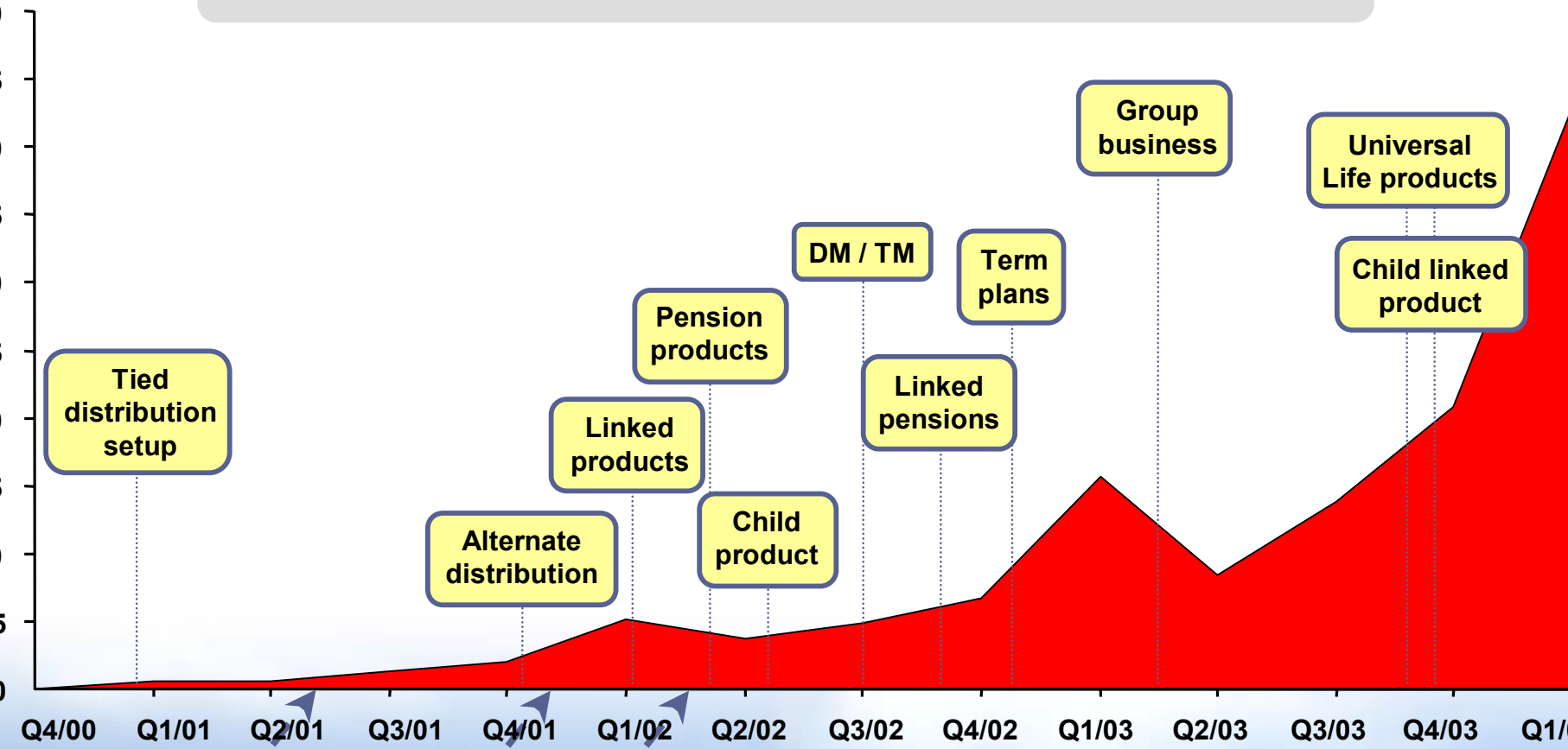


***Crossed 1 million policies in September 2004***

# Our results : Strategic milestones

**Market Leadership through executional excellence**

PE (£ million)



Risk management framework and Investment in technology

BCP

Quality initiative



# Growth opportunities

**Need for further expansion to improve penetration and reach**

- **Current operations in 66 cities with established branches, constituting 67% of the urban market**
- **Low penetration in these 66 cities, with advisor density of only 4.7 per '000 target market households**
  - Total households penetration : 8.5%
  - High net worth households penetration : 1.5%
- **Average sum assured of £2,500 – Industry average of £1,000**





# Going forward : Our strategy

## Distribution

- **Segmented distribution to improve productivity of the sales force**
- **Strong relationships within partnership distribution**

## Customer

- **Focus on needs based selling**
- **Product Offerings for group business**

## Operations

- **Hub and spoke model**
- **Quality Initiatives across delivery processes**

## Product

- **Innovation platform for product differentiation**

## People

- **Leadership and capability development**
- **Top talent management**



# Summary

- **Creation of a new model for life insurance in India**
- **Leadership in innovation supported through our strong partnership with ICICI**
- **Competitive differentiation translated into high sales growth and market share**
- **Robust growth opportunities through expanding penetration of our large-scale distribution network**
- **On-going focus on innovation to maintain our lead in the market**



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# **China :** **Preparing for Future Growth**

**Captain Chia**  
CITIC-Prudential Life Insurance  
November 2004