

LIFE INSURERS BET ON RURAL AND HEALTH BUSINESS

The Financial Express (3/18/2009)

Life insurance companies, which were recording low numbers on unit linked insurance plans, are now targeting rural areas and the health business in a big way.

Life Insurance Corporation, ICICI Prudential Life Insurance, Birla Sun Life Insurance and Reliance have lined up aggressive plans for both rural and health segments in the next fiscal.

ICICI Prudential Life Insurance, for instance, is likely to get 10% of its overall business from rural areas in the near future. Currently, rural business contributes 7% to the company's overall business.

It had taken special initiatives on rural and health insurance business two years ago. Going ahead, ICICI Prudential is looking to sell 5 lakh health policies at the end of the current fiscal, up from 4 lakh policies sold during last fiscal.

Bhargava Dasgupta, executive director, ICICI Prudential Life Insurance, said that the company has set up nearly than 11,00 micro branches, each having an area of 200-250 sq ft, across the country within a span of one year.

Apart from this, it has lined up 54,000 advisors dedicated to the rural business.

On health insurance business, Dasgupta said that currently 20% of the incremental sales come from health insurance policies. However, in terms of premium collection, the number is 5%.

State-owned life insurer, Life Insurance Corporation of India, on the other hand, has aggressive plans to launch a couple of new health products during the next fiscal beginning April, said DK Mehrotra, managing director, LIC.

Meanwhile, Anjana Grewal, senior vice-president and head-health business, Birla Sun Life Insurance, said, "We have been focusing on training our sales and distribution teams. The acceptance at the advisor level is high. Approximately 75% of our branch network have commenced sales."

Birla Sun Life's cashless facility is offered at over 5,000 Hospitals across the country; it covers 101 types of surgeries on exercising guaranteed insurability health benefit (GIHB). The company also offers a free medical Second Opinion by Mediguide. Under this, a Birla Sun life Insurance Health products customer can seek opinion/consultation from a panel of domestic or international doctors on any health-related query without any extra costs, said Grewal.

Reliance Life, meanwhile, remains bullish on the rural market. "Over a period of time, the growth of this segment will outstrip other segments. The market has a sizeable potential and the key to unlocking it is in developing low cost distribution channels that have deep penetration in these areas," said a Reliance Life official.

The company is selling about 20% of its policies in rural areas. But, in volume terms, it is less than Rs 100 crore. This is because of the low ticket size of policies. However, this segment is growing faster and is expected to contribute more in the coming years, in volume as well as number terms.