



A Study of Role and Significance of SBI Life in Life Insurance Sector in India

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Abstract

India reported world fastest growing major economy in recent years. Strong economic factors and various government reforms continue to propelled all sectors in the Indian economy on a glorious path. Financial services industry is evolving in terms of the savings and investment behaviour of its people, their growing income levels, changing lifestyle and increased access to information. Insurance industry has seemed mushrooming over the last decade and is poised for a sustainable & profitable growth in long run. Rising middle class, rise in disposable incomes, increase in FDI, technological advancements and greater awareness for insurance coverage have proved favourable for the Life Insurance industry.

Life Insurance sector after privatization is maturing from mere security as single purpose behind owning a policy to one of better investment options as well as policies is available with multiple options and riders. Now at present around 13 private co.'s are operating in life insurance sector. But real competition is coming from HDFC AND ICICI which is utilizing competitively their old database in attracting customers through cross-selling of financial products at one roof.

Keywords: SBI Life, Life Insurance company (LIC), ICICI Prudential, HDFC Insurance Company, Bajaj and customers, etc.

Introduction

SBI Life Insurance is a joint venture between State Bank of India and BNP Paribas Cardif. SBI owns 74% of the total capital and BNP Paribas Cardif the remaining 26%. SBI Life Insurance has an authorized capital of Rs. 2,000 crores and a paid up capital of Rs 1,000 crores. SBI Life Insurance Company Limited ("SBI Life"/ "the Company"), incorporated in the year 2000, is a joint venture between State Bank of India and BNP Paribas Cardif S.A. and is one of the leading life Insurance companies in India. SBI Life has an authorized capital of Rs. 20.0 billion and a paid-up capital of Rs. 10.0 billion. SBI Life offers a comprehensive range of life insurance and pension products at competitive prices, ensuring high standards of customer service and world-class operating efficiency. The Company offers individual and group products which include savings and protection plans to address the insurance needs of diverse customer segments.

SBI Life has a multi-channel distribution network comprising of an expansive Bancassurance channel with SBI, which has an unrivalled strength of over 22,000 branches across the country. SBI Life also has a large and productive agent network comprising of 123,719 agents, as on December 31, 2019. The Company's other distribution channels include direct sales and sales through corporate agents, brokers,



insurance marketing firms and other intermediaries. As on December 31, 2019, the Company has a widespread network of 923 offices across the Country to address customer needs effectively and efficiently. The Company had an Aim of Rs. 1,641.9 billion as of December 31, 2019. The Company is listed on National Stock Exchange (“NSE”) and The Bombay Stock Exchange (“BSE”).

Insurance industry has seemed mushrooming over the last decade and is poised for a sustainable & profitable growth in long run. Rising middle class, rise in disposable incomes, increase in FDI, technological advancements and greater awareness for insurance coverage have proved favourable for the Life Insurance industry. Over the years, the industry has undergone fundamental shifts such as rapid expansion, rebalancing of distribution mix, transitions of product mix, digital transformation, capital inflows, and approach towards customer-centricity. As a result, Industry has shown commendable growth both in new business premium collection and new policies sold, which exhibit the increase in insurance awareness. In FY 2019, Industry showed a stable growth of 11% in new business premium collection. Despite steady growth rate, life insurance penetration in India still remains low. But the future of the life insurance industry looks promising. With several changes in the regulatory framework which are expected to change the way the industry conducts business and engages with its customers. Sustained efforts towards creating awareness and working to enhance the industry's reach will lead individuals who are financially protected.

Additionally, the regulator has issued various regulations/circular for the life insurance sector such as Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2019, IRDAI (Appointed Actuary) (Amendment) Regulations, 2019, IRDAI (Re-insurance) Regulations, 2018.

Literature Review

Abheek Barua (2004), highlighted that according to the SBI Life Insurance estimates about 15 percent of the gross premium of new insurance players in the financial year 2003 came through bancassurance. While bancassurance does provide an apparently viable model for product diversification by bank and a cost effective distribution channel for insurers, there are some potential areas of conflict between the two that need to be ironed out. **Rajesh C. Jampala (2005)** pointed that whole of the benefits of bancassurance that SBI Life Insurance Company a predominant player in bancassurance is positive about the channel bringing about a transformation in the way insurance has been sold so far. **Jaburullahan and Ramalkshmi (2005)** pointed out the reasons for the privatization of insurance industry and also the reason against privatization. The study also entitled some of the private life companies such as ICICI Pru life, Kotak Mahindra, the SBI life and other such private companies which pay more to their policyholders besides extending the benefits to cover almost all the members of the family, than those run by the government. **Vinayagamoorthy and Gobi (2005)**, concluded that the Indian insurance market is becoming more aggressive day-by-day. The opening of the Insurance sector paved the way to generating phenomenal growth in the Insurance business and innovation and introduction of new products. It has become a complex situation for the buyers of insurance product due to a variety of products and a multiplicity of choices before the customer. The study focuses on the marketing strategy to be adopted by the modern insurer to retain the existing customers and to attract new ones in this global era.

Objectives of the Study

1. To measure the share and contribution of SBI life in life insurance sector
2. To Study of Role of SBI Life in social responsibility in India.
3. To know the claim settlement ration in last five years of SBI Life Company.
4. To know customer service enhancements of SBI Life Company.

Research Methodology:

The present study is of descriptive types. The entire study is based on secondary of data. The secondary data has been collected from SBI Life Annual Report and websites. In order to fulfill constructed objectives of the study the secondary data has been assembled.

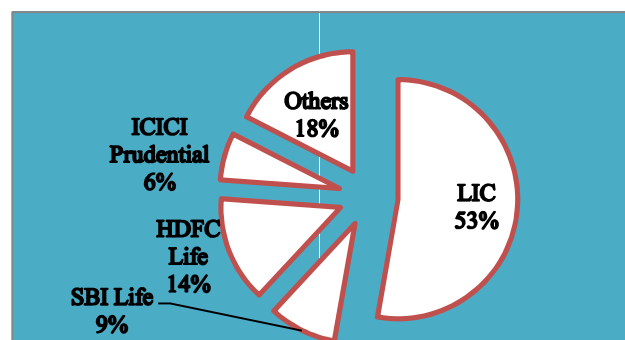
Results and Discussions

Market Share on the basis of gross direct premium collected

LIC is a biggest public company it held 52.78 per cent market share in life insurance and other private companies held remaining 47.22 per cent market share out of these SBI life had 9.15 per cent market share in life insurance sector in India

Table 1. Market Share in the term of gross direct premium collected (FY 2015)

Company	Market Share
LIC	52.78
SBI Life	9.15
HDFC Life	14.25
ICICI Prudential	6.35
Others	17.48



Source: IRDA New Business report of Life Insurance Industry for FY 2014-15

As at March 31, 2014, on the basis of total new business premium, the LIC is the market leader with market share of 75.3% whereas the private sector claims 24.7% of total new business premium market share in FY 2013-14. During the FY 2013-14, SBI Life has maintained its No. 1 position amongst private players in terms of New Business Premium collection, achieving highest NBP of H 5,066 crores with a market share of 4.2% of total new business premium (including LIC) and 17.2% of total new business of private sector.

Customer Service Enhancements

SBI Life aims to provide need-based, bespoke life insurance solutions by deploying best-in-class technology to meet varied financial requirements across the entire lifespan of our customers. SBI Life has a wide range of products catering to various customer needs in the life, health, pension & micro-insurance segments. These products are customer centric, simple to understand and have competitive features. To maintain its competitive edge in the market, the Company had launched two new



individual products and seven existing products (individual and group) with modifications during FY 2019.

Post Issuance Welcome Calls: In our endeavor to ensure that the policy is issued as per the customer's need, we started post issuance welcome calls. The basic objective of the post issuance welcome calling call was to ensure that the policy holder understands the policy terms and benefits of the policy purchased by him.

SBI Life's Mobile Application - Easy Access: SBI Life launched Easy Access, an application designed for mobile phone users to access almost all the services currently available through the internet on their fingertips. The various functionalities available in this application are:

1. My Policy: Where user can avail services like view policy, request forms, information about renewal premium, query resolution and feedback.
2. Contact Us: Provides the user multiple options to communicate with SBI Life through toll free numbers, e-mail or write to SBI Life's corporate office.
3. Plans (Products): User can view information about all existing or new products of SBI Life.
4. Premium Calculator (Benefit Illustrator): User can select the product to calculate premium for the insurance plans offered by SBI Life
5. Latest News: User can see the latest news about SBI Life.
6. Twitter & Facebook: User can visit SBI Life's profile on Facebook and Twitter
7. Go Green Project: In our effort to reach to the customers seamlessly, SBI Life launched the Go Green project. On signing up for e-statement, the policyholders are eligible to receive all communication related to their policy on their registered email id. This ensures the confirmed delivery of all policy related information at the policy holder's email id without chances of getting misplaced and also contributes to the green initiative by avoiding a lot of bulk printing.

Social Relationship and Capital Building

SBI Life maintained strong, time-tested relationships with our stakeholders – employees, business partners, policyholders, creditors, shareholders, financial analysts, regulators, government and the society at large. It engages with them regularly to stay closer to the changing realities and continue to deliver high value. At SBI Life, it is committed to uplifting the communities around us. Identified a few focus areas and are adopting a two-pronged approach to meet their goals. First, it aims to provide insurance solutions tailored to the needs of people residing in rural areas and social sector (unorganized sector, economically vulnerable segment etc). Second, it is undertake multi-faceted corporate social responsibility (CSR) activities to improve community wellbeing.

Owing to proactive approach, they are making steady progress towards empowering communities and multiplying the positive impact we make on their lives. During the year 2018-19, SBI life continued to drive awareness about insurance products and bring more people in the rural and social sectors in the ambit of life insurance sector.

Corporate Social Responsibility

The Company has spent ` 189,616 thousands for the year ended March 31, 2019 (previous year ended March 31, 2018 ` 153,647 thousands) towards Corporate Social



Responsibility activities mentioned in Schedule VII of The Companies Act, 2013. (Page 107)

Education: The Company has provided support towards the cost of education, nutrition and overall development of underprivileged children from the society, to give equal opportunity of learning to all. Rs.32,243 thousands in 2018 and Rs.78,544 thousands, in 2019. It has contributed towards the infrastructure development of school premises, hostels, playgrounds and classrooms, digital equipment for building smart classrooms, sanitation facilities, kitchen facilities, and transport facilities to various schools in rural areas. Rs 54,233 thousands in 2018 and Rs. 26,857 thousands, in 2019

The Company has provided for folding canes for the visually challenged, rehabilitation of the mentally and differently-abled children through education, training, speech & physio therapy, and multisensory stimulation that aid the overall learning of the underprivileged and differently-abled children's 12,803 thousands in 2018 and Rs 11,772 thousands, in 2019. Helped over 50 schools across 17 states in India to build and enhance their infrastructure facilities

Healthcare: The Company has contributed towards procurement of various medical facilities improving infrastructure of the hospitals and healthcare institutes, preventive care measures for cancer and screening, and surgeries for the less fortunate children's 36,022 thousands in 2018 and Rs 50,171 thousands, in 2019.

- Provided essential medical equipment, ambulance, sanitation facilities to hospitals/ NGOs and supported Cancer awareness
- Sponsored treatment/surgeries for poor patients
- Focused on improving health and nutrition status of rural/ tribal pregnant women and lactating mothers

Environment: The Company has contributed towards making a greener planet by planting saplings and maintaining the plantations. Rs 4,978 thousands in 2018 and Rs 1,615 thousands, in 2019

Rural Development: The Company has contributed towards providing basic amenities like sanitation facilities, safe drinking water, solar lights in the villages which are remotely located and training rural youth on financial literacy Rs 5,399 thousands in 2018 and Rs 637 thousands, in 2019

Armed Forces: The Company has contributed towards infrastructural equipment for the Officers' Training Academy Rs 649 thousands in 2019

Disaster Relief: As a socially responsible company, SBI Life lend its hand in the hour of need by contributing towards disaster relief in the form of providing relief material to the victims of flash floods, arranging clean-up and disinfection drives, and providing warm clothes and other essentials. Rs19,371 thousands in 2019. Provided relief materials to over 1,000 victims of natural calamities in Kerala, Assam, Manipur and Karnataka

Skill Development: The Company has contributed towards vocational training and skill development of people from disadvantaged sections of the society in order to enhance their livelihood opportunities. Rs 100 thousands in 2018

Prime Minister's Relief Fund and Swachh Bharat Kosh and disaster relief: The Company has contributed for Prime Minister's Relief Fund and Swachh Bharat Kosh Rs 7,869 thousands in 2018 for improving cleanliness levels in rural and urban areas and provided relief materials to victims of natural calamities.

Claims Management System

Claims Management is a very important aspect of the insurance business. At SBI Life, customer focus at claims stage is ensured by providing efficient services, striving to exceed the customer expectations by creating avenues for increasing self service facilities, including setting up of programmes for effective resolution of customer grievances.

Table 3. Benefits (Claim) paid (net) and interim and terminal bonus paid

Particulars	FY 2019 (Rs in billion)	FY 2018 (Rs in billion)
Death claims	15.60	13.59
Maturity claims	44.36	12.68
Annuities/Pension payments	1.82	1.74
Survival benefits	7.59	8.85
Surrenders	40.58	42.69
Discontinuance/lapsed termination	11.76	13.51
Withdrawals	31.67	24.92
Others	1.05	0.82
Total benefits	154.43	118.80
Less: Reinsurance on claims	(1.49)	(1.68)
Net benefits paid	152.94	117.12

(Source: Annual report of SBI Life FA 2018-19)

Claims and benefits payout increased by 30.6% from ` 117.12 billion in FY 2018 to ` 152.94 billion in FY 2019 primarily on account of increase in Maturity claims by ` 31.68 billion in FY 2019 as compared to FY 2018 and increase in withdrawals by ` 6.75 billion in FY 2019. In FY 2019, the claim settlement ratio for individual policies stood at 95.03% and for Group policies at 99.30% thereby achieving Overall Claims Settlement Ratio of 97.82%.

Post Issuance Profile Verification (PIPV): In view of revised Section 45 of the Insurance Act, profile verification of high risk cases through external investigation has commenced from April 2017. In continuation of this process, in FY 2018-19, 26,022 Policies were routed through PIPV. This exercise has helped us to identify fraudulent cases and initiate appropriate action to curb fraud. Policy cancellation increased 4 times from 70 in FY 2018 to 352 in FY 2019. This helped us to reduce repudiation ratio by 1.65% of SBI Life, Sum assured involved in policy cancellation was Rs 0.22 billion and Cost benefit - Rs. 0.19 billion

Automation of PIPV process: End to End process automation which includes from allocation to generation of final communication and Auto Population of Dashboards

Performance based grading and incentive scheme for the Investigating agencies:

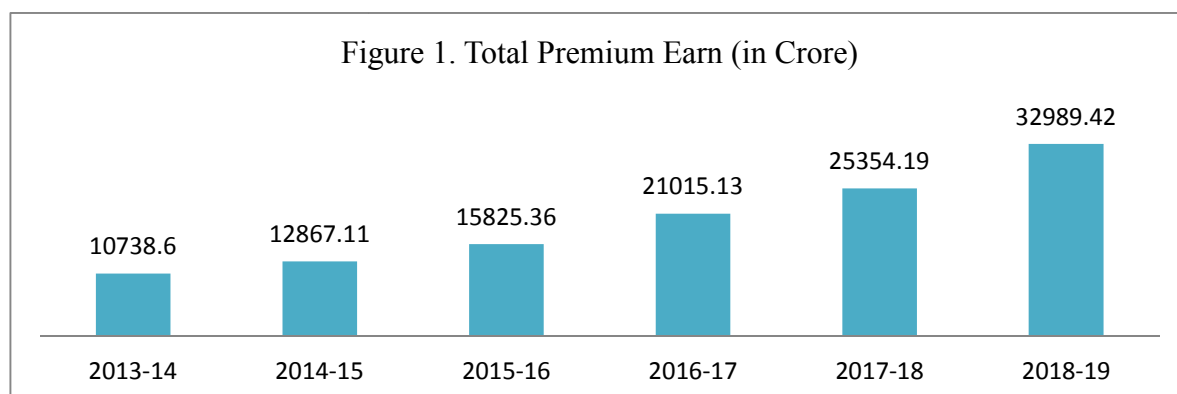
The revision of existing remuneration and grading of investigating agencies was implemented in July 2018 based on two parameters i.e. (a) Repudiation Ratio and (b) Turn around Time. Immediate incentive in addition to the applicable fees for all cases that get repudiated based on evidences procured by the Investigating agency.

Customer Centric Process Enhancement: Paper-less processing of Group Death Claim enhancing the speed and efficiency of claim settlement. Facility to upload documents through Bitly link and on website enabling the customers to submit the documents at finger tips.

Table 4. Year Wise Total Premium and Claim Settlement Ratio of SBI Life Insurance

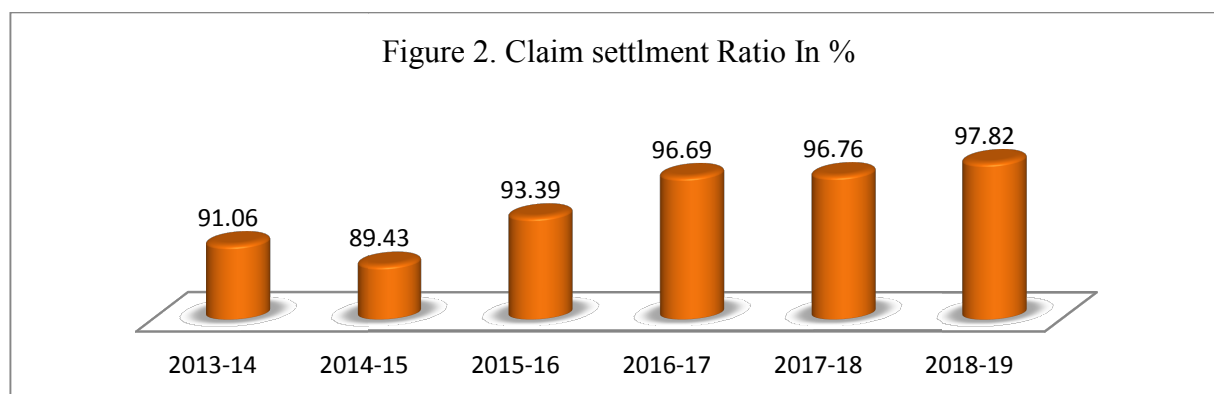
Particulars/ Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total premium (Rs in Crores)	10738.6	12867.11	15825.36	21015.13	25354.19	32989.42
Claim Settlement Ratio (in %)	91.06	89.43	93.39	96.69	96.76	97.82

(Source: Annual report of SBI Life)



(Source: Data Analysed by Researcher)

Above table no 4. shown that year wise gross premium of the company it is indicated that the growth of premium is grow up from the FY 2013-14 to FY 2018-19 growth rate between these two year is high. Growth between FY 2017-18 to FY 2018-19 is high which is at 30.11%.



(Source: Data Analysed by Researcher)

Above figure no. 2 Shown that claim settlement ratio are satisfactory performed since 2013-14 to 2018-19 It is decreased in Financial year 2014-15 otherwise curve of claim settlement ratio always grow up In FY 2019, the claim settlement ratio for individual policies stood at 95.03% and for Group policies at 99.30% thereby achieving Overall Claims Settlement Ratio of 97.82%.



Conclusion

With discussion it is conclude that The Indian insurance industry has undergone transformational changes with the liberalisation of insurance sector. There have been increasing product and operational innovation in the industry and we have taken the responsibility to educate, both, our old and prospective customers about the products. This practice enables them with the right product knowledge which helps in the decision-making process. SBI Life is known to have one of the lowest cost ratio in the industry; implying that we save our client's money do not spend them on frills. SBI Life's Corporate Social Responsibility initiatives have touched multiple dimensions of social issues in the realm of child education, healthcare, skill development, rural development and environmental upgrade,

The Company continues to focus on improving customer's experience of SBI Life at every touch point. Last year, the Company introduced many initiatives in the areas of customer service delivery, process automation, business process and quality improvements.

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