

# SBI Life Policy Retention Revolution

**Hades**  
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## THE CHALLENGE

### The Crisis at Hand

The Indian life insurance industry faces an unprecedented retention crisis, with ₹15,000 crores lost annually due to policy lapses. SBI Life, despite its market leadership position, suffers from a ₹2,000 crore annual revenue leakage with an 18% lapse rate significantly above industry best practices.



15000+ Cr lost annually on policy lapses

2000+ Cr lost from SBI Life

## THE CHALLENGE

### Transformation Targets

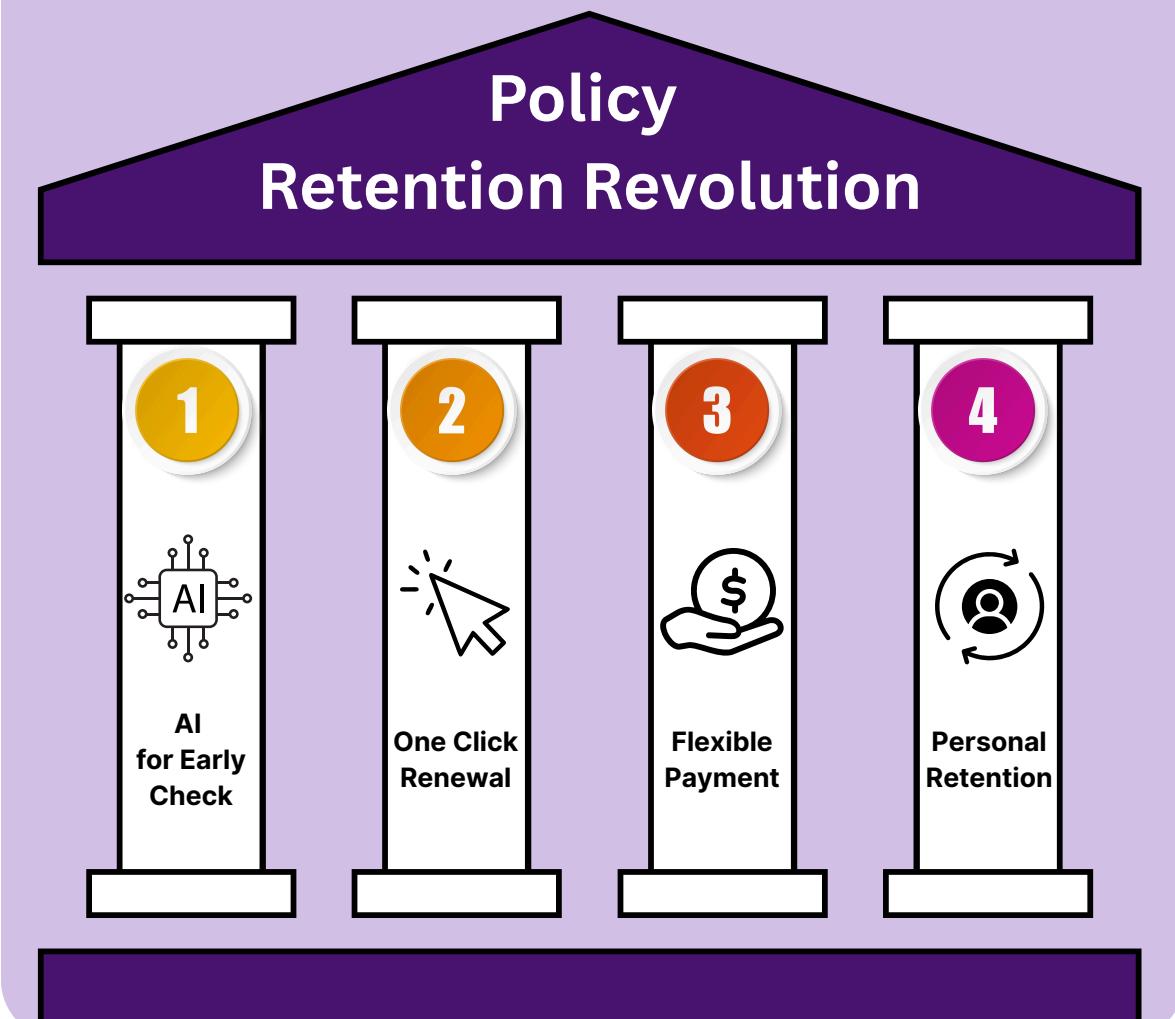
- Lapse Rate Reduction: 18% → 11% (39% improvement)
- NPS Transformation: 6 → 35 (483% increase)
- Customer Satisfaction: 40% → 85% CSAT score
- Digital Adoption: Current 25% → Target 70%
- Minimize Lost Revenue due to lapses



## Current Performance Metrics - Q1 FY26 Results

Performance Indicator	Current Value	Industry Impact	Competitive Position
Annual Revenue Loss	₹2,000 crores	Direct profit impact	Above peer average
Current Lapse Rate	GAP 18% vs 12.8% (LIC), 14.2% (HDFC)		Under performing
Net Promoter Score	6	vs Industry avg: 32	Critical dissatisfaction
Customer Return Rate	42%	58% never return post-lapse	Relationship damage
Market Share	22.4% private sector	Leading Private Position	Growth opportunity

## 4 Pillars to Success



## Policy Retention Transform

Investment Component	\$	Timeline	Expected Return
Total Investment	975	12 Months	20:1 ROI Ratio
Break Even Achievement	-	8 Months	Revenue Positive
5-Year Revenue Protection	-	60 Months	₹6,000 crores NPV
Annual Savings Target	-	Post-Implementation	₹777 crores sustained

**Indian Insurance Market Overview - 2024**

Market Metric	FY24 Performance	Growth Trajectory	Global Ranking
Life Insurance Market Size	₹8.30 lakh crores	6.06% CAGR	5th largest globally
Insurance Penetration	3.7% of GDP	Declined from 4.2% (FY22)	Below global average
Life Insurance Penetration	2.8% of GDP	Down from 3.0% (FY23)	Significant upside
Insurance Density	\$70 per capita	Growth from \$44 (FY15)	Strong improvement

**Market Opportunity Assessment**

The diagram illustrates the Market Opportunity Assessment with three concentric circles representing Total Addressable Market (TAM), Serviceable Available Market (SAM), and Serviceable Obtainable Market (SOM). The outermost circle is labeled 'TAM'. Inside it is the 'SAM' circle, which contains the 'SOM' circle. To the left of the circles is a purple money bag icon with a rupee sign (₹) and the text '₹ Indian Rupees'. Above the circles, the text '25.7 lakh Cr by 2027' is at the top, '5.1 lakh Cr' is in the middle, and '1.14 lakh Cr' is at the bottom.

**IRDAI Regulations 2024**

**IRDAI Regulations 2024 - Favorable Framework:**

- Customer Protection**
- Digital Transformation**
- Innovation**

**Focus:** Enhanced policyholder rights and transparency

**Support:** Electronic policy issuance, simplified processes

**Encouragement:** Regulatory sandbox for new products and services

**"Insurance for All by 2047":** Government mandate creating growth imperative

**Key Regulatory Enablers**

- Simplified Claim Procedures:** Reduced documentation requirements
- Electronic Policy Issuance:** Digital-first approach mandated
- Customer Information Sheets:** Standardized transparency requirements
- Flexible Product Design:** Greater customization permitted

**Competitive Response**

**LIC:** Leverage government backing and traditional distribution

**HDFC Life:** Accelerate digital transformation initiatives

**ICICI Prudential:** Enhance bank-insurance integration

**Max Life:** Focus on customer experience differentiation

**Competitors Map**

The Competitors Map is a scatter plot with 'NPS Score' on the vertical axis (ranging from 10 to 40) and 'Lapse Rate %' on the horizontal axis (ranging from 10 to 20). Five companies are plotted: LIC (blue dot at ~12.5 NPS, ~11.5 Lapse), SBI (purple dot at ~35 NPS, ~18.5 Lapse), HDFC (red dot at ~38 NPS, ~14.5 Lapse), ICICI (orange dot at ~40 NPS, ~16.5 Lapse), and MAX LIFE (green dot at ~42 NPS, ~17.5 Lapse). A dashed green box encloses the LIC and SBI points, with a callout stating: "SBI Life faces strong competition from LIC, HDFC Life, ICICI Prudential, and Max Life, with higher lapse rates highlighting an urgent need for retention-focused innovation." A target icon is positioned to the right of the plot area.

**Sustained Advantage**

- Network Effect:** **Impossible-to-replicate** 27,000 branch network
- Data Moat:** Cross-product customer insights from banking relationships
- Scale Economics:** Fixed technology costs spread across massive customer base
- Trust Heritage:** **200+ year SBI legacy** and government association

**IDEATION 2.0**

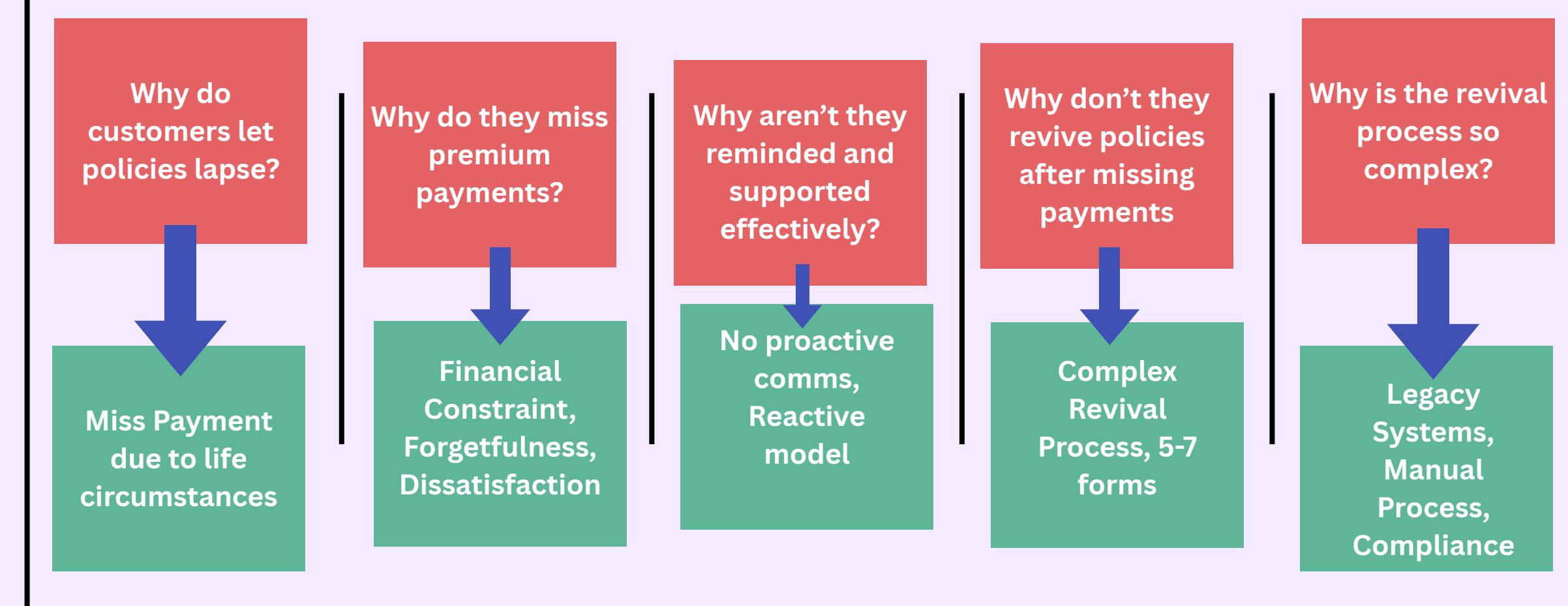
## RESEARCH METHODOLOGY

Through extensive primary research methodology (500+ customer surveys, 200+ agent interviews), we've identified the critical failure points in the customer lifecycle that drive policy lapses.

### Primary Lapse Drivers - Data Insights

Root Cause Category	Prevalence	Customer Impact	Revenue Loss	Complexity Score
Process Complexity	70% of customers	High frustration	₹1,400 Cr	8
Payment Inflexibility	45% affected	Medium-High	₹900 Cr	7
Communication Gaps	85% experience	Medium	₹510 Cr	6
Agent Dependency	60% vulnerable	Medium	₹600 Cr	7

### Root Cause Analysis - 5 Whys Methodology



### Quantified Customer Needs

- 89% want proactive payment reminders 15+ days in advance
- 78% prefer mobile payment options over branch visits
- 85% would use one-click revival if available
- 92% want transparent communication about policy benefits vs surrender



"I missed one payment due to work travel, now they want medical tests and 5 forms to revive my 3-year policy"



"My agent left the company, no one follows up on renewals, I don't understand new digital systems"



"SBI branch is 15 km away, payment dates are fixed, no one explains surrender value vs continuation"



Customer Voice - Primary Research Insights

## Solution Architecture - Four-Pillar Retention Revolution

**AI-Powered Predictive Early Warning System → One-Click Digital Revival Platform → Flexible Payment Infrastructure Innovation → Personalized Retention Interventions**



The Policy Retention Revolution employs a holistic, customer-centric design addressing each identified pain point through integrated technology, process innovation, and behavioral psychology principles.



### PILLAR 1 : Technology Stack & Implementation

Component	Technology Solution	Business Impact	Customer Benefit
Risk Scoring Engine	AI/ML algorithms analyzing payment patterns, life events, economic indicators	85% accuracy in lapse prediction	Proactive support before problems
Communication Automation	Multi-channel messaging (SMS, WhatsApp, email, voice) in 12 regional languages	40% improvement in payment compliance	Convenient, timely reminders
Behavioral Analytics	Customer journey mapping with trigger identification	60% success rate in interventions	Personalized engagement
Predictive Interventions	Automated escalation to retention specialists for high-risk customers	25% reduction in preventable lapses	Human touch when needed



### PILLAR 2 : Process Revolution - From Weeks to Minutes

Revival Component	Current State	Transformed State	Technology Enabler	Customer Mobile App
Documentation	5-7 forms, physical signatures	Zero paperwork, digital KYC	OCR, Aadhaar integration	Customer Mobile App
Processing Time	7-10 business days	Same day completion	Cloud-based automation	Policy Status API
Medical Requirements	Hospital visits, lengthy	Digital health verification	AI-powered risk assessment	AI Eligibility Engine
Payment Integration	Manual bank visits	UPI, wallets, EMI options	API integrations	Digital KYC
				Payment Gateway
				Policy Activation



### PILLAR 3 : Multi-Modal Payment Ecosystem

#### Digital Channels (Urban Focus - 70% adoption target):

- Mobile App Integration: UPI, digital wallets, net banking
- WhatsApp Payments: Rich media with payment links
- EMI Conversion: Split annual premiums into monthly installments
- Auto-debit Enhancement: Smart notifications, flexible dates

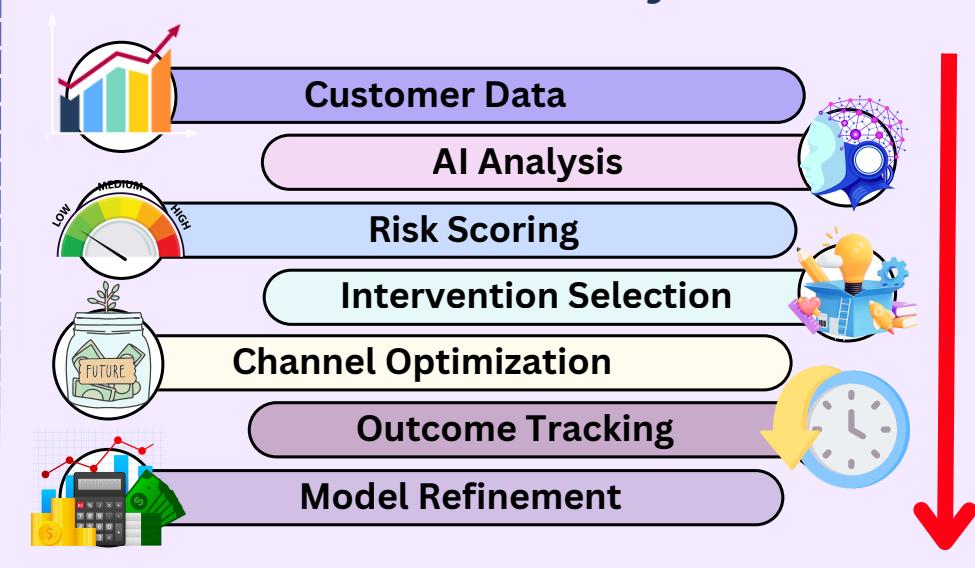
#### Physical Infrastructure (Rural Innovation - 50% adoption target):

- Mobile Payment Vans: 500 vans → 5,000 rural locations monthly
- SBI Branch Integration: Dedicated insurance counters, extended hours
- Agent POS Devices: Digital payment, real-time tracking
- Community Partnerships: Self-help groups, microfinance integration

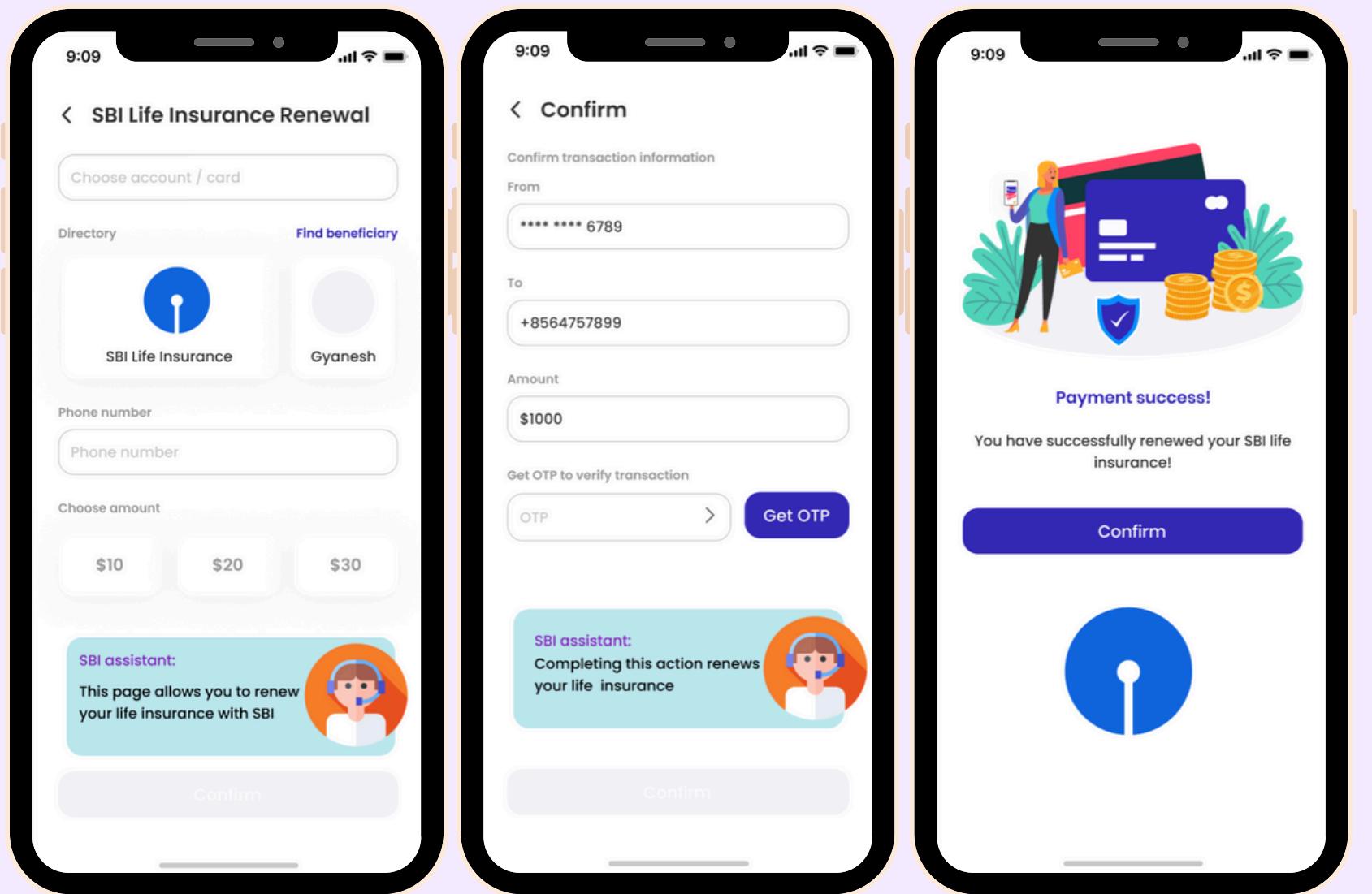
### Core System Connections:

- Policy Management System: Real-time data synchronization, status updates
- SBI Core Banking: Cross-product insights, payment automation
- CRM Enhancement: 360-degree customer view, interaction history
- Analytics Platform: Continuous model training, performance optimization
- Communication Hub: Omnichannel orchestration, preference management

### Seamless Ecosystem



## Renewal Flow through UPI payment like page with SBI AI Assistant hand holding



## PREDICTIVE MODEL VARIABLES



- Payment Behavior Analysis (35% weight)
- Customer Demographics & Life Events (25% weight)
- Engagement & Interaction Patterns (20% weight)
- External Economic Indicators (10% weight)
- Product & Policy Characteristics (10% weight)

## SBI's Unique Data Advantage - Competitive Moat

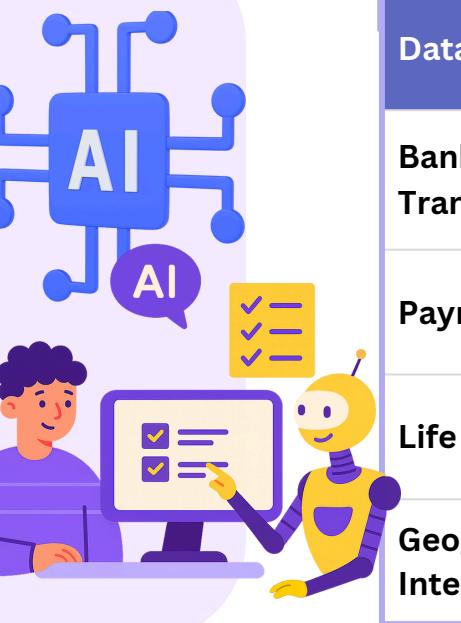
## Core App Functionality:

- **Policy Dashboard:** Real-time status, payment due dates, benefit summaries
- **One-Click Revival:** Document camera, digital signatures, instant processing
- **Payment Hub:** Multiple options, date flexibility, EMI conversion
- **AI Assistant:** Personalized recommendations, instant query resolution
- **Life Stage Planning:** Family changes, coverage adjustments, future needs



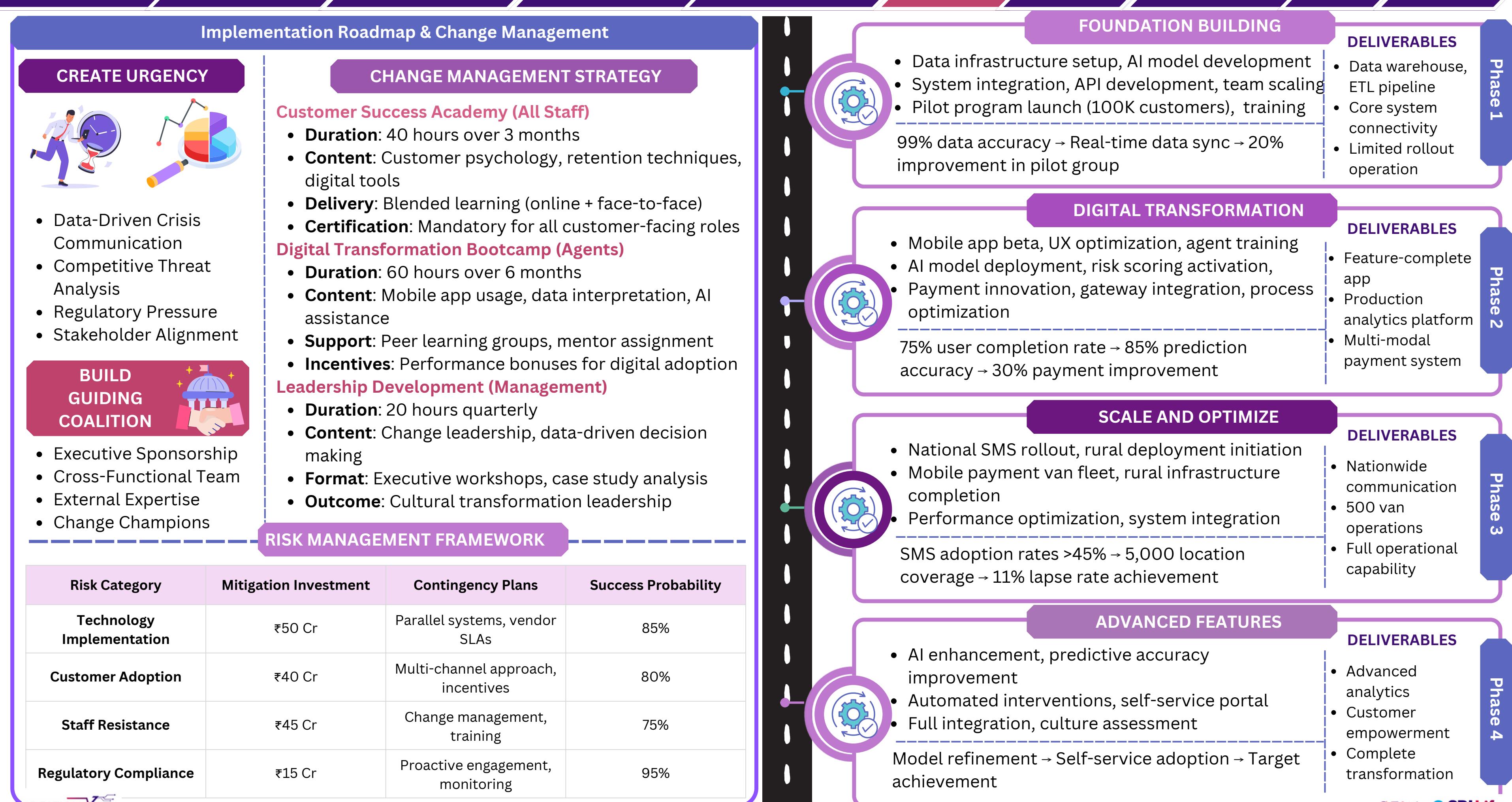
## Predictive Analytics Engine - Core Architecture

AI Component	Technical Specification	Performance Target	Business Application
Algorithm Stack	Gradient Boosting + Neural Networks + Ensemble Methods	85% prediction accuracy	Risk scoring, intervention timing
Data Processing	50+ behavioral indicators, real-time stream processing	<2 second response time	Customer risk assessment
Model Training	Weekly retraining with expanding dataset	Continuous improvement	Accuracy maintenance
Integration APIs	RESTful services, microservices architecture	99.5% uptime target	Seamless system connectivity



## SBI's Unique Data Advantage - Competitive Moat

Data Asset	Volume/Scope	Uniqueness Factor	Predictive Power	Competitive Advantage
Banking Transactions	45 crore customers, 200+ million monthly	Cross-product behavioral insights	30% accuracy improvement	Impossible to replicate
Payment Patterns	Real-time cash flow data	Seasonal income visibility	Early warning capability	Unique relationship depth
Life Event Detection	Account activity analysis	Predictive life changes	Proactive intervention	Advanced personalization
Geographic Intelligence	27,000 location data points	Regional economic factors	Local market adaptation	Granular market insights



This investment framework of ₹975 Cr outlines allocation, ROI drivers, and alternative strategies supported by sensitivity, cash flow, and revenue analyses. It highlights both financial risk protection and upside potential, positioning the business for sustainable growth and market leadership.

## Investment Allocation - ₹975 Crores

Investment Category	Amount (in ₹Cr)	% of Total	Justification	ROI Contribution
Technology Infrastructure	300	31%	AI platform, cloud infrastructure, integration	Core capability building
Digital Application Development	180	18%	Mobile apps, web portals, user experience	Customer touchpoint creation
AI & Analytics Platform	150	15%	Machine learning models, data processing	Predictive intelligence engine
Rural Payment Infrastructure	120	12%	Mobile vans, POS devices, connectivity	Market expansion enabler
Training & Change Management	120	12%	Staff development, culture transformation	Success foundation
Risk Mitigation & Contingency	105	11%	Security, backup systems, compliance	Investment protection

## Revenue Projections

Year	Investment (in ₹ Cr)	Revenue Protected (in ₹Cr)	Net Cash Flow in ₹Cr	Cumulative NPV (in ₹Cr)	Lapse Rate	NPS Score
0	975	0	-975	-975	18.00%	6
1	50	1,200	1,150	175	15.50%	18
2	30	1,850	1,820	1,995	13.00%	26
3	30	2,100	2,070	4,065	11.50%	32
4	25	2,200	2,175	6,240	11.00%	35
5	25	2,250	2,225	8,465	11.00%	35

## Sensitivity Analysis

### Sensitivity Factors:

Customer Adoption Rate: 50-80% impact on ROI  
AI Model Accuracy: 75-90% intervention success  
Economic Conditions: GDP growth impacts lapse rates  
Competitive Response: Market dynamics influence

### Additional Value Drivers:

1. Cross-Selling Amplification
2. Referral Value Enhancement
3. Operational Excellence Gains
4. Brand Value & Market Position



Scenario	Lapse Rate Achievement	Annual Savings (in ₹Cr)	ROI Multiple	Break-Even (Months)	Risk Assessment
Conservative	15% (vs 18% current)	556	15:01	12	Low adoption, slow change
Base Case	11% (vs 18% current)	777	20:01	8	Expected performance
Optimistic	9% (vs 18% current)	1,000	33:01:00	4	High adoption, fast execution

## Cash Flow Analysis



### Break-Even Analysis:

- Customer Break-Even: 125,000 customers retained
- Time Break-Even: Month 8 based on scenario
- Financial Break-Even: Month 10

Quarter	Investment (in ₹Cr)	Revenue Impact (in ₹Cr)	Operating Savings (in ₹Cr)	Net Cash Flow (in ₹Cr)	Cumulative (in ₹Cr)
Q1	225	50	25	-150	-150
Q2	360	200	50	-110	-260
Q3	240	400	75	235	-25
Q4	150	550	100	500	475

## Alternative Investment Analysis

Investment Alternative	Expected ROI	Risk Level	Strategic Value	Market Impact
Policy Retention Revolution	20:01	Medium	Very High	Industry Leadership
Traditional Marketing Expansion	03:01	Low	Low	Limited differentiation
New Product Development	08:01	High	Medium	Product portfolio growth
Distribution Network Expansion	12:01	Medium	Medium	Geographic growth
Technology Modernization	05:01	Medium	High	Operational efficiency

## Financial Risk Assessment

### Downside Protection:

- Minimum Viable Performance
- Contingency Reserve
- Revenue Insurance
- Gradual Rollout

### Upside Potential:

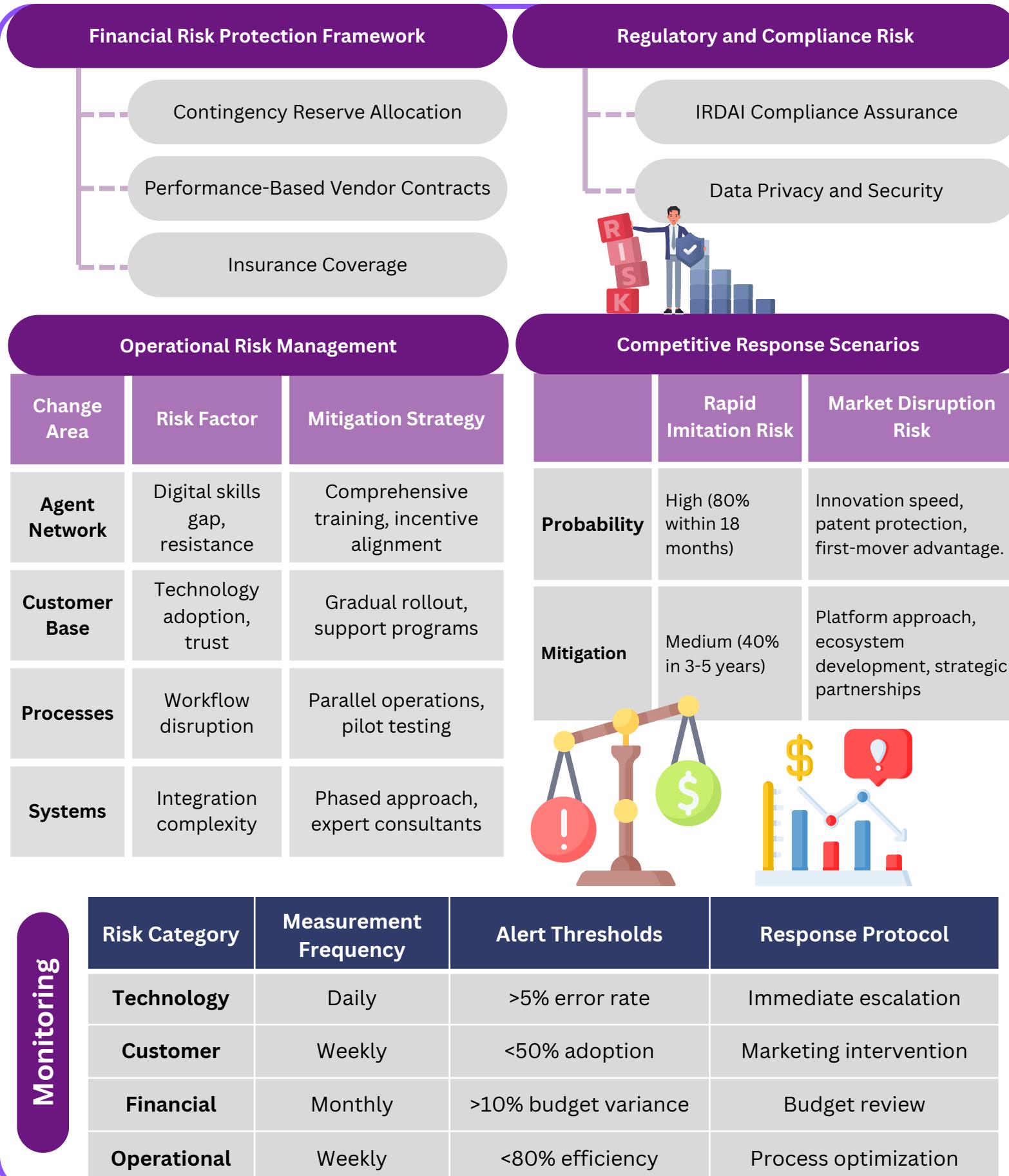
- Market Expansion
- Technology Licensing
- Industry Transformation

Risk management forms the cornerstone of successful transformation. Our analysis identifies 12 primary risk categories with quantified probability, impact, and mitigation strategies totaling ₹180 crores in mitigation investment.

High-Impact Risks (Risk Score >40)					Medium-Impact Risks (Risk Score 20-40)				
Risk Category	Specific Risk	Probability	Risk Score	Potential Loss (₹ Cr)	Risk Category	Specific Risk	Probability	Risk Score	Mitigation Priority
Technology Implementation	System Integration Failure	6	54	100-150	Technology	AI Model Performance Issues	5	40	High
Customer Adoption	Low Digital Adoption Rate	7	42	75-100	Operational	Process Disruption	5	35	Medium
Operational	Staff Resistance to Change	7	42	50-75	Customer	Rural Market Resistance	6	36	Medium
Competitive Response	Competitor Imitation	8	40	25-50	Regulatory	Compliance Challenges	3	27	Medium

Risk Mitigation Strategy		
Technology Implementation Failure		
Probability Reduction	• Phased rollout approach • Extensive testing protocols	• Multi-channel approach, • Customer education programs
Impact Mitigation	• Parallel system operation • Immediate rollback capabilities	• Incentive programs, • Gradual feature introduction
Investment	• ₹50 crores in backup systems and testing infrastructure	• Incentive programs, • Gradual feature introduction
Success Metrics	• 99.5% system uptime • <5 second response times	• 70% adoption rate within 12 months
Monitoring	• Weekly technical reviews • Automated alert systems	• Incentive programs, • Gradual feature introduction
Customer Adoption Challenges		
Probability Reduction	• Incentive programs, • Gradual feature introduction	• Comprehensive change management • Stakeholder engagement
Impact Mitigation	• Incentive programs, • Gradual feature introduction	• Training programs • Performance incentives,
Investment	• Incentive programs, • Gradual feature introduction	• ₹45 crores in change management and training infrastructure
Success Metrics	• 90% staff participation in training • 80% satisfaction scores	• Quarterly culture assessments • Continuous feedback loops
Staff Resistance to Change		
Probability Reduction	• Incentive programs, • Gradual feature introduction	• Comprehensive change management • Stakeholder engagement
Impact Mitigation	• Incentive programs, • Gradual feature introduction	• Training programs • Performance incentives,
Investment	• Incentive programs, • Gradual feature introduction	• ₹45 crores in change management and training infrastructure
Success Metrics	• 90% staff participation in training • 80% satisfaction scores	• Quarterly culture assessments • Continuous feedback loops
Monitoring	• Incentive programs, • Gradual feature introduction	• Quarterly culture assessments • Continuous feedback loops

Crisis Management		Recovery Planning
Level 1: Operational issues, automated resolution		• Scenario Planning: Multiple contingency scenarios developed
Level 2: Management intervention, resource reallocation		• Resource Reserve: Emergency budget allocation for crisis response
Level 3: Executive decision, strategy modification		• Communication Strategy: Stakeholder messaging, reputation management
Level 4: Board involvement, fundamental reassessment		• Learning Integration: Post-crisis analysis, process improvement



## Primary Financial KPIs

KPI	Current Baseline	12-Month Target	24-Month Target	Measurement Method
Lapse Rate Reduction	18.00%	13.50%	11.00%	Monthly cohort analysis
Revenue Protection	₹0	₹1,650 Cr	₹3,750 Cr	Quarterly financial impact assessment
ROI Achievement	N/A	5.5:1	20:1	NPV calculation with 10% WACC
Cost Savings	₹0	₹300 Cr	₹750 Cr	Operational efficiency measurement

## Customer Experience & Satisfaction KPIs

KPI	Current State	Target Achievement	Measurement Frequency	Industry Benchmark
Net Promoter Score (NPS)	6	35	Quarterly survey	Industry leader: 45+
Customer Satisfaction (CSAT)	40%	85%	Post-interaction survey	Best-in-class: 90%+
Customer Effort Score (CES)	4.2/7	2.1/7	Monthly process tracking	Digital leaders: <2.0
Digital Adoption Rate	25%	70%	Real-time app analytics	Progressive insurers: 75%+

## Operational Excellence KPIs

Process Area	Current Performance	Target Performance	Improvement %	Technology Enabler
Policy Revival Time	7-10 business days	Same day completion	90% reduction	AI automation, digital KYC
Payment Processing	85% success rate	95% success rate	12% improvement	Multi-channel integration
System Uptime	95% availability	99.5% availability	5% improvement	Cloud infrastructure
Agent Productivity	Baseline performance	40% improvement	Significant gain	Digital tools, AI assistance

## Strategic Outcomes

- Track:** Lapse Rate ↓ | NPS Score ↓ | CSAT ↓ | Digital Adoption ↓ | AI Accuracy ↓
- Use:** Monthly cohort, Quarterly reviews, Real-time dashboards
- Outcomes:** Revenue Protected, Customer Satisfaction, Market Share

## SBI Life Policy Retention Revolution



## Scalability Plan

SBI Life's transformation creates multiple layers of competitive protection that compound over time, establishing industry leadership through unique assets and capabilities impossible for competitors to replicate quickly.



### Core Competitive Advantages - Unassailable Assets

Asset Category	SBI Life Advantage	Competitor Limitation	Replication Difficulty	Strategic Value
Distribution Network	27,000 branches nationwide	Competitors: 400-2,100 branches	Impossible (requires decades)	Omnipresent customer access
Customer Data Depth	45 crore cross-product relationships	Limited single-product data	Very difficult (unique relationships)	Predictive accuracy advantage
Brand Trust Heritage	200+ year SBI legacy, government	Cannot replicate historical	Impossible (time-dependent)	Unshakeable customer confidence
Scale Economics	Massive customer base for cost	Limited scale benefits	Difficult (requires significant)	Unit cost leadership

### Success Dependencies - Critical Enablers

- Talent Retention:** Key personnel stability, succession planning
- Technology Evolution:** Platform adaptability, emerging tech integration
- Market Position Defense:** Innovation pipeline, competitive intelligence
- Stakeholder Alignment:** Customer, employee, shareholder value optimization

- Phase 1**

  - Perfect retention solution:** 11% lapse rate, 35+ NPS, ₹975 Cr investment, 12 months
  - Achieve #1 retention rate,** lowest churn; additional ₹200 Cr, 24 months
  - Build proprietary AI platform with 85%+ accuracy;** R&D over 18 months
  - Establish customer success culture with 90%+ employee engagement;** 24 months

**Phase 2**

  - SBI General Insurance:** P&C retention platform, ₹3,500 Cr market, 15:1 ROI
  - SBI Mutual Funds:** SIP persistence improvement, ₹2,000 Cr opportunity, 12:1 ROI
  - SBI Cards:** Credit card retention, ₹1,500 Cr market, 18:1 ROI
  - Cross-Product Synergy:** Unified experience, ₹800 Cr value, 25:1 ROI

