



KOTAK LIFE GROWTH MANAGER CHALLENGE

HOUSE TARGARYEN



Prashant Chaudhary



Shraddha Khandekar

Shah & Shah Life Insurance Company Overview

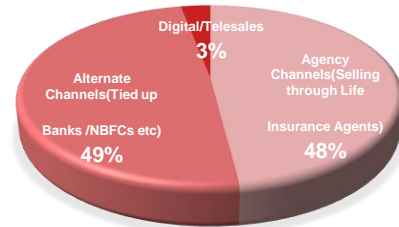
Started in 2002

Profitable since 2010

5th in market share among 23 Life Insurance companies

- Part of large BFSI Conglomerate started in 1980s
- 8500+ employees out of which 80% are in salesforce
- Serving around 3 million consumers

B2C Revenue Share by Distribution Stream



SWOT ANALYSIS



STRENGTHS

- 99%+ claim settlement ratio
- Ranked 5th by market share
- One of Top 3 in renewal Insurance business
- Known for providing long term careers to employees
- Around 3 million consumers



WEAKNESSES

- New in digital business space
- Very low(3%) digital/telesales



OPPORTUNITIES

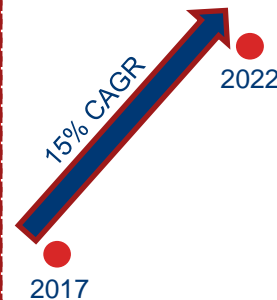
- Evergreen Life Insurance sector
- Lookout for insurance solutions after covid
- Increased digital awareness



THREATS

- Three companies below SSLI entering digital business space
- Established Digital Products and resources of Top 3 companies

Last 5 Years Growth



The Problem in hand



Nisha Wadhva, CTO

'Digital Ready' project for building entire digital ecosystem for customers started one year back in 2021



Tanvi Soni, CHRO

Confused between 2 options:

1. Outsource project to a third party partner:
 - Currently working with FirstTech solutions which is their partner for last 4 years
 - Serious concern of service delivery due to recent attrition at FirstTech which is further causing delay in Tech launches and impacting business
 - She doesn't believe FirstTech COO who promised her of improvements
2. Hire a team of 20 developers:
 - Not satisfied with candidates' pool shared by HR



Pramod Gupta, Head of Digital Sales

- Key Result Area: To anchor and lead this project
- Would not be able to launch the new customer journey scheduled to be launch after 2 months
- The launch is critical for the company to drive more digital traffic and generate interest amongst consumers.



Shanmugam Reddy, MD & CEO

- Worried that target for this project would go for a toss
- Need to work on two plans:
 1. Short term plan (3 months)
 2. Long term plan to tackle this problem

- Hiring would take around 18-24 months
- Increase in departmental cost by 40%
- Difficult to retain hired employees once this project is done
- Huge chunk of candidates are not interested to join an insurance company
- Only 5 (approx.) are found suitable after contacting 210 candidates over 2 weeks

Contacted

Interested

Lies in CTC range

Total Selected Candidates

210 candidates

100 candidates

50 candidates





3 got selected out of
30 interviewed
(10%)

Approx 2 will be
selected out of 20
remaining

5 candidates

Comparison of both alternatives

Parameters	Hiring Developers	Outsourcing Activity
Start Time	18-24 months according to CHRO Considering 5 selected candidates per month (based on last slide) and 50% offer acceptance rate(due to low industry attractiveness), it will take at least 8 months	Immediately if FirstTech Solutions Will take around 2 months if another third party partner is to be partnered
Cost	40% higher than Outsourcing Activity (considering rate same as FirstTech Solutions) Recruitment cost is additionally involved	29% lower than Hiring developers and no recruitment cost involved
Future Benefits	There'll be several digital projects in future, can be engaged in any of the new initiatives	Can't be sure of future collaboration as there's no control on efficiency/functioning of third party partners
Ownership	Complete Ownership (data privacy, culture fit, dynamic)	No ownership(lack of trust and disaster management)
Investment Benefit	Time and efforts invested in developing team and resources will give returns over time	There's no guarantee of returns even after building a healthy relationship by investing time and efforts

	Hiring Developers	Outsourcing Activity
Short Term		
Long Term		

Key Takeways for Short Term Goals



- It's necessary to build a team for 'Digital Ready' project be it development team, analytics team, digital marketing team or any other technical team considering future technological prospects
- We need to leverage the fact that Candidates are not interested in joining an Insurance company but they'll be more than happy to join a Tech or Digital Payments company since we're part of a big conglomerate



- First step would be to stop ongoing hiring (as candidates hired would be a compromise on quality and laying off after this project will ruin established image) and forecast need of tech team during and after this project
- Fix a meet with Group Manager and Group COO to discuss following options:
 1. Building an Infotech Company which will act as technology enabler to all the business of the conglomerate
For example: 3i Infotech which was established by ICICI Group or Larsen & Toubro Infotech
 2. Acquiring or buying a considerable stake in a suitable Tech firm so that we can have a control on functioning
For example: HDFC Bank recently acquired 7.4% stake in Virtuoso Infotech
 3. Building in-house team for SSLI including Data Analytics, Development and Digital Marketing among others
For example: Bajaj Allianz turning into fully digital and using data & big data analytics for risk assessment



- Fix a meet with CEO and COO of FirstTech and communicate clearly about your dissatisfaction on their performance and ask them to clear backlogs in next 2 months otherwise you have to look for another options
- Analyse performance of FirstTech for two weeks with CTO and Head of Digital Sales:
 1. If found Satisfactory: Continue with FirstTech and launch customer journey as scheduled
 2. If found dissatisfactory: Invite proposals from other TSPs and postponed launch according to new workplan
- Based on discussion with Group Manager and Group COO, until a long term solution is established, either outsource whole project or follow a mix model of outsourcing and in-house development
- Ask Pramod to focus and grow on digital aggregators like Policybazaar and PayTM (leverage his experience)

Short Term Plan of Action

May

29th April

With CHRO and CTO

1. Stop Ongoing Hiring
2. Forecast Techteam needs during and after project

2nd May

With Group Chairman and COO

Discuss on 3 mentioned options and decide how to go ahead

2nd May

With FirstTech

Express your dissatisfaction and give 2 months deadline

29th April

With Head of Sales

Ask him to focus on building digital aggregator business along with this project

Acquiring stake

Building InfoTech

Building In-House Team

Satisfactory Work

Dissatisfactory Work

June

As per plan

With Concerned Persons

Clearly inform your needs and wants

Late May

With CHRO and CTO

Devise an evolutionary hiring strategy according to forecast

16th May

With CTO

Discussion on continuing with FirstTech

16th May

With CTO

Shortlist Other TSPs and Invite Proposals

July

1st July

Replace FirstTech with Finalized TSP

Key Takeaways for Long Term Goals

Product Search Price Search Office Location Search Discount and Offers Actual Purchase Post Purchase Management Reviews & Comments

63%

42%

26%

34%

29%

26%

4%

Online search enquires in various stages of insurance purchase (source: Mordar Intelligence report)

Indian Customers tend to buy Insurance in person but they'll search about it on internet, which significantly impacts their decision. Other than having own Websites and App, All round presence on Internet can help SSLI in cracking a formula to increase digital sales share.



Digital Partnerships

- With digital aggregators like Policybazaar
- With FinTech Apps like PayTM and Google Pay
- With InsurTech like Ditto



Social Media Presence

- Build a presence across social media channels
- Create content to engage better with your target customer



Educate Consumer

- Content should add value to TG
- Educating the consumer is real digital sales
- Conduct awareness sessions



Understand Consumer

- Collect data at all the touchpoints
- Make use of data in giving personalized experience and options to consumer



Own Touchpoints

- Launch your own App and website
- Use them as your exclusive touchpoints
- Provide end-to-end digital service

Long Term Plan of Action



2022

May 2022

Start Digital
Aggregator Business

June 2022

Partner with all
major FinTech Apps

July 2022

Start building Twitter
Facebook, Instagram
and LinkedIn profiles

December 2023

Review the progress
on the chosen
option out of 3 for
development team

2023

February 2023

Start Conducting
Awareness Sessions
and Webinars on
your own YT channel

February 2023

Partner with Ditto
Insurance for a month
of Insurance
Awareness

May 2023

Execute the chosen
option and start
assigning tasks to
chosen team

2024

May 2024

Build a internal/
external Data
Analytics Team

2025

April 2025

Transfer all tech
work from
Contracted Team to
new team

2026

February 2026

Combine all the
digital Teams: Digital
Sales, Social Media,
Development, Data
Analytics together

April 2026

Launch all
deliverables of
'Digital Reddy'
program

2027

January 2027

After testing of
App/Website, start
aggressive digital
sales

Key Competencies to Increase Insurance Penetration



Design Products suitable for Gen Zs and Millennials

- Millennials account for 34% whereas Gen Zs account for 27% population of India which makes them 61% in total
- Changing lives, needs and digital presence of Gen Zs and Millennials makes their choices different from others
- Traditionally, they were not prime target for Insurance firms which caused very few of them to take insurance



Build a Distribution Network in Rural and Semi-Urban Areas

- Millennials account for 34% whereas Gen Zs account for 27% population of India which makes them 61% in total
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Use Technology to disrupt the industry

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Build Right Partnerships for wider reach

- Millennials account for 34% whereas Gen Zs account for 27% population of India which makes them 61% in total
- Changing lives, needs and digital presence of Gen Zs and Millennials makes their choices different from others
- Traditionally, they were not prime target for Insurance firms which caused very few of them to take insurance

Life Insurance Penetration Statistics

$$\text{Life Insurance Penetration} = \frac{\text{Total Underwritten Life Insurance Premium}}{\text{Gross Domestic Product (GDP)}}$$

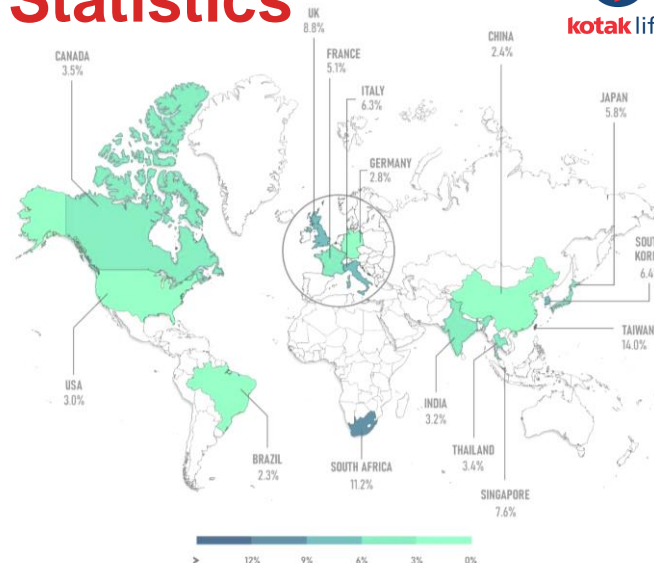
Expected GDP growth rate for next 10 years = 7 %

Expected CAGR of Life Insurance Premium = 14 %

Top 10 Life Insurers in 2020-21

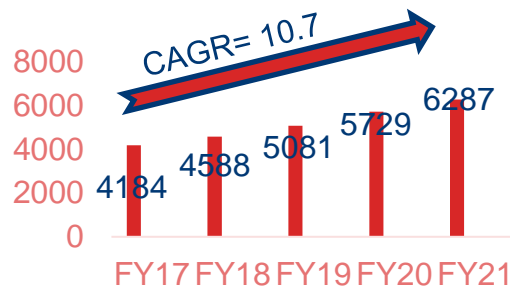
Insurer	Premium Underwritten (in Rs. Crore,%)
LIC	403286.55, 64.14%
SBI Life	50254.17, 7.99%
HDFC Life	38583.49, 6.14%
ICICI Prudential	35732.82, 5.68%
Max Life	19017.90, 3.02%
Bajaj Allianz	12024.84, 1.91%
Tata AIA	11105.09, 1.77%
Kotak Mahindra	11100.22, 1.76%
Aditya Birla	9775.22, 1.55%
PNB MetLife	6032.82, 0.95%
Total (of all 23)	628731.04

*Source: IRDAI Annual Report, Swiss Re, Statista



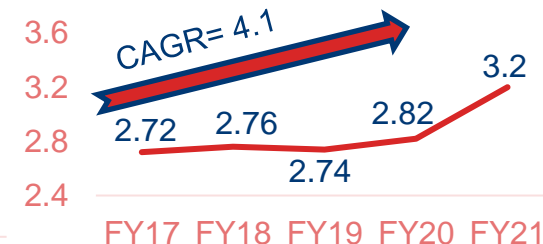
Last 5 years' Life Insurance Premiums

In Rs. Hundred Crores



Last 5 years' Life Insurance Penetration

In %





How many years?

Let n be the number of years taken to reach 6% insurance penetration from 3.3%

Scenarios	Worst Case Scenario	Current Scenario	Best Case Scenario
Calculations	<p>Considering CAGR of next few years equal to last 5 years CAGR which is 4.1%:</p> $3.3(1.041)^n = 6$ <p>Hence, $n = 15.23$</p>	<p>Considering Expected CAGR of Life Insurance Premium is 14% and Expected GDP CAGR is 7%: Hence, CAGR of life insurance penetration would be 6.54%.</p> $3.3(1.0654)^n = 6$ <p>Hence, $n = 9.41$</p>	<p>Let's suppose our company have 8% market share and due to the steps mentioned, we will be able to grow by 30% instead of present 14% growth for next 9 years.</p> <p>It would make CAGR of Life Insurance Premium to be 15.1</p> <p>Hence, CAGR of life insurance penetration would be 7.57%.</p> $3.3(1.0757)^n = 6$ <p>Hence, $n = 8.49$</p>
Number of Years	16 years	10 years	9 years



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THANK YOU!!!