



Kotak Life Growth Manager Challenge

House Targaryen



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Shared Value Life Insurance Product: Adjusted Premium Plans


Assessing Target Group

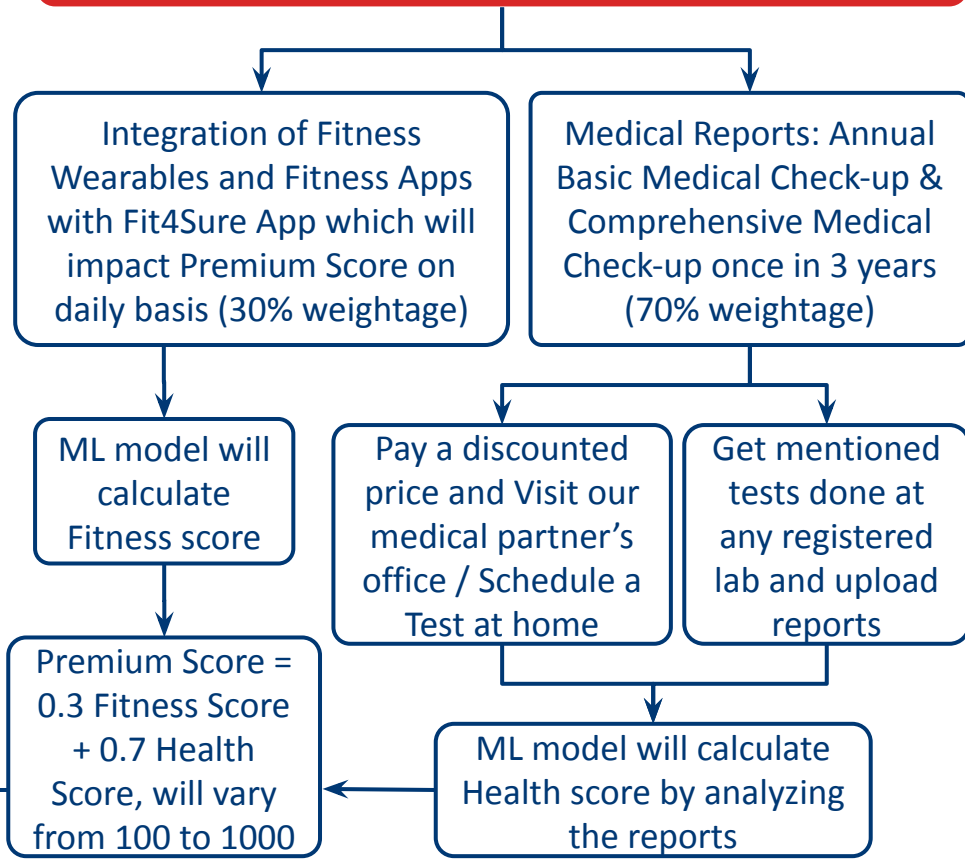
Consumer Insights

-  Consumers want Insurer to **help them to avoid loss** besides compensating for the loss
-  Consumers are more **interested in a bundle of insurance products** e.g. Health and Life
-  Consumers want to stay **connected with insurer in real-time** and love **gamified experience**
-  If Insurer can **help consumers in keeping up with their health**, it will be a unique proposition

Two Plans Available

- Features similar to Kotak e-Term Plan with Adjusted Premium
- Bundle of Kotak Health Shield/Health Riders and Kotak e-Term Plan with Adjusted Premium

 Premium of the Plan will depend upon a **Premium Score** which will adjust according to the user's data collected from different collaborators:



Premium Value = $b + \left(\frac{a}{\text{Premium Score}} \right)$ Where b is assured premium



Go to Market Strategy

[Sample Advertisement](#)



Value Proposition

We as an insurer will not only compensate for loss but will help our consumer in **preventing the loss**



Target Group

Young, **Health Conscious**, Tech Savvy, Educated Individuals



Consumer Gains

1. Lead **longer, healthier lives**
2. Track own lifestyle and set goals to improve healthy habits
3. **Regular Health Checkups**, Fitness Wearables, Apps, Gym Memberships and Healthcare products **at discounted prices**
4. **Discounted Premiums** as a reward of maintaining health



Partnerships



Medical Lab partners like **Dr Lal Path Labs** for sample collection & easy access of Medical reports



Wearable brands like **Apple, Xiaomi, Fitbit** for

- a) Targeting wearable buyers at the time of sell
- b) Easy integration for real-time data access



Fitness Apps like **FitBit, cult.fit, HealthifyMe** for

- a) Targeting health conscious users directly
- b) Easy integration for real-time data access



Gym & Fitness center Chains like **Gold's Gym**



InsurTechs like **Ditto Insurance, Digit** to create awareness around the product in target audiences



Promotion



Touchpoints where consumer is buying fitness products or services like wearables, gym membership



Sponsored Videos and Posts by Fitness, Finance and Youth Influencers to target GenZ's and Millennials



Creating content in association with FinShots and Ditto Insurance to **make audience aware**



Consumer Connect

Personal Relationship manager and a dynamic profile on **Fit4sure app** containing all the details regarding reports, premium score and the plan



Emotional Appeal

Highlight the **need of being fit**



Insurer Gains

1. **Real time Consumer data** access to **optimise risk**
2. Consumers taking steps in being fit leads to **fit Consumer** resulting in **low insurance claims**
3. **High Consumer engagement** due to gamification in App
4. **Increased Consumer loyalty** and retention



Financial Feasibility

[Financial Calculations](#)

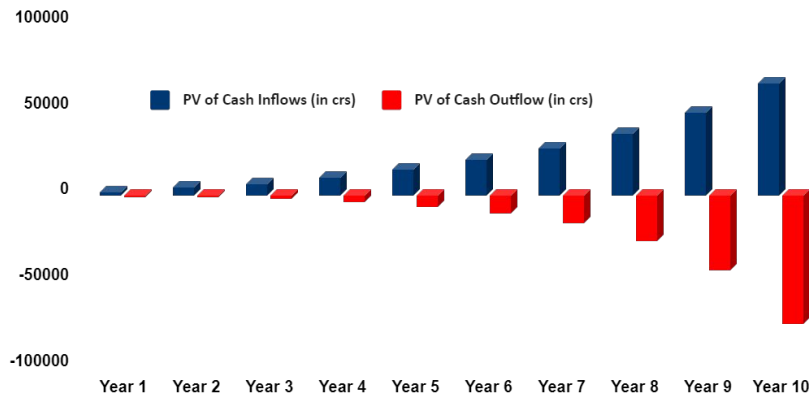


Estimated Costs

Particulars	Cost (in Crs)
YouTube Ads	1.97
Instagram Ads	2.64
Fitness Influencers	4.16
Finance Influencers	4.16
Cost of creating Ads	1.20
Cost of TV Space	44.76
Cost of ML Model	0.14
Total Variable Costs	59.02
Premium Payment to Collaborators	6.87
Total Costs Incurred	65.90



Forecasted NPV of Cash Flows



Scenarios	Cash Inflow (Rs. Crs)	Cash Outflow (Rs. Crs)	NPV (Rs. Crs)
Pessimistic Case	38,657	38,364	292
Base Case	39,447	38,848	599
Optimistic Case	40,253	39,341	911

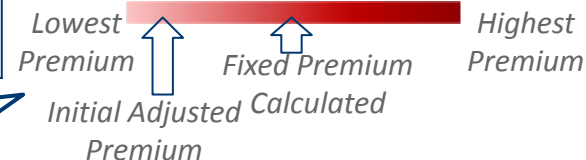
Less Initial Premium in Adjusted Insurance will attract more buyers



Data and Estimates Used

- The Revenue is forecasted for a period of **10 years** in **3 scenarios- Pessimistic, Base Case and Optimistic**
- GenZ**: Avg Premium= **6000**, TG conversion=**0.05%** & **Millennials**: Premium = **7000**, TG conversion = **0.1%**
- Collaborators will be paid **10% of first year premiums** for all the business coming through them
- WACC** is estimated **11.88%** by taking average of Top 5 Private Life Insurance Companies
- The **claim component** and the operating expenditure are assumed to be around **13.2%** of Gross Premium earned as per the IRDAI Report of 2020-21

Initial Calculated Premium Comparison





Annexure

Basic Health Checkup

Details

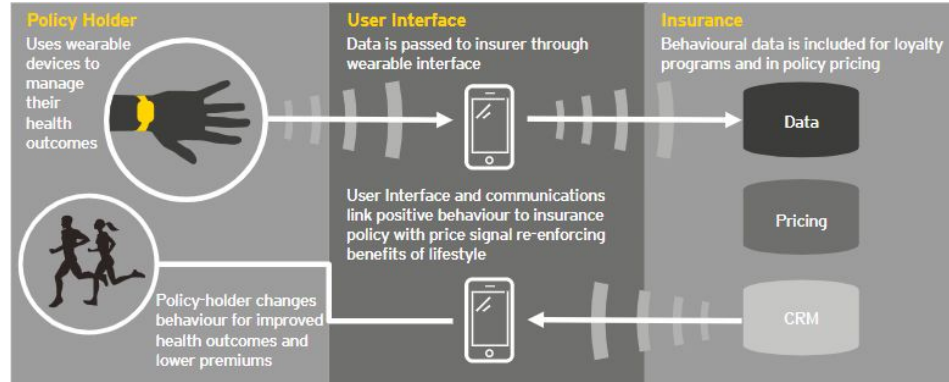
<p>Current Market Price: 850, Expected Discounted Price: 600</p> <p>Optional Test : Complete Urine Analysis (18 tests) at just Rs.300</p>	<p>Thyroid Function Test(3) Thyroid Stimulating Hormone (Tsh) Total Thyroxine (T4) Total Triiodothyronine (T3)</p>	<p>Lipid Profile Test(8) Total Cholesterol Hdl Cholesterol - Direct Triglycerides Ldl / Hdl Ratio Ldl Cholesterol - Direct Vldl Cholesterol Tc/ Hdl Cholesterol Ratio Non-Hdl Cholesterol</p>	<p>Iron Deficiency(3) Iron Total Iron Binding Capacity (TIBC) % Transferrin Saturation</p>	<p>Liver Function Test(11) Bilirubin - Direct Alanine Transaminase (Sgpt) Gamma Glutamyl Transferase (Ggt) Serum Globulin Bilirubin - Total Serum Alb/Globulin Ratio Protein - Total Aspartate Aminotransferase (Sgot) Bilirubin (Indirect) Alkaline Phosphatase Albumin - Serum</p>	<p>Kidney Function Test(5) Uric Acid Creatinine - Serum Bun / Sr.Creatinine Ratio Blood Urea Nitrogen (Bun) Calcium</p>
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Comprehensive Health Checkup

Details

<p>Current Market Price: 2500, Expected Discounted Price: 1800</p> <p>Everything in Basic and</p> <p>For Women (Optional) PAP Smear USG Mammography both breasts</p> <p>If Done half price will be paid by Kotak Life</p>	<p>Diabetes(3) Hba1c Average Blood Glucose (ABG) Fasting Blood Sugar</p>	<p>HIV - 1 & II Erythrocyte Sedimentation Rate (ESR) Urine Routine BMI & BP Check + ECG Chest X Ray Doctor Consultation</p>	<p>Iron Deficiency(3) Iron Total Iron Binding Capacity (TIBC) % Transferrin Saturation</p>	<p>Lipid Function Test(8) VLDL Cholesterol Triglycerides Tc/ HDL Cholesterol Ratio HDL Cholesterol - Direct Total Cholesterol LDL Cholesterol - Direct LDL / HDL Ratio Non-HDL Cholesterol</p>	<p>Complete Hemogram(24) Hematocrit(PCV) Platelet count Basophils Mean corp.hemo.conc(MCHC) Eosinophils Monocytes - absolute count Neutrophils - absolute count Total RBC Red cell distribution width - SD(RDW-SD) Red cell distribution width (RDW-CV) Lymphocyte percentage Immature granulocyte percentage(IG%) Mean corpuscular hemoglobin(MCH) Monocytes Eosinophils - Absolute Count Neutrophils Hemoglobin Mean corpuscular volume(MCV) Nucleated red blood cells Basophils - Absolute Count Immature Granulocytes(IG) Lymphocytes - Absolute Count Nucleated red blood cells % Total Leucocytes Count</p>
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Shared Value Life Insurance Product



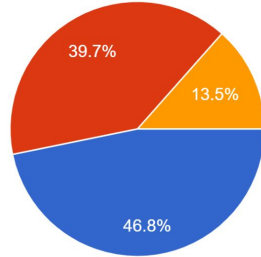
Japan: Japanese life insurance companies are migrating to a “pay as you live” premium schedule with **dynamic pricing**. For example: Customers who exhibit regular healthy behaviors, such as exercising and attending doctor checkups, are rewarded with **lower premiums**

South Africa: Discovery Vitality Insurance (US\$8bn Market Cap) founded in 1992 provides similar model that **rewards people and make people healthier**. Apart from South Africa, Foothold in major markets including UK and China

Google Form Responses(156 Respondents)

Your Age?

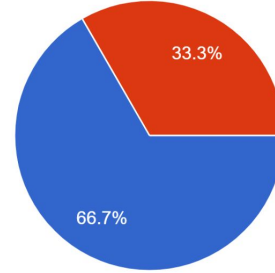
156 responses



Your Gender?

156 responses

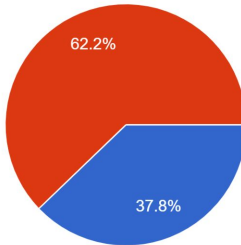
● 18-25
● 26-35
● 35+



● Male
● Female
● Others

Do you have Life Insurance?

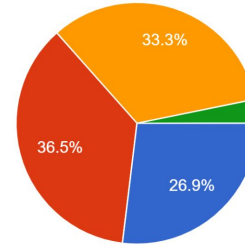
156 responses



● Yes
● No

Which life insurance would you like to buy?

156 responses

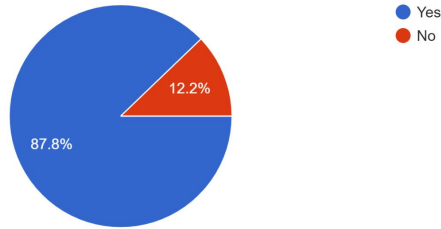


● Protection Plan
● Health Plan
● Saving and Investment Plan
● Retirement Plan

Google Form Responses(156 Respondents)

Other than Compensating for your loss, do you want your Insurer to help you avoiding loss?

156 responses



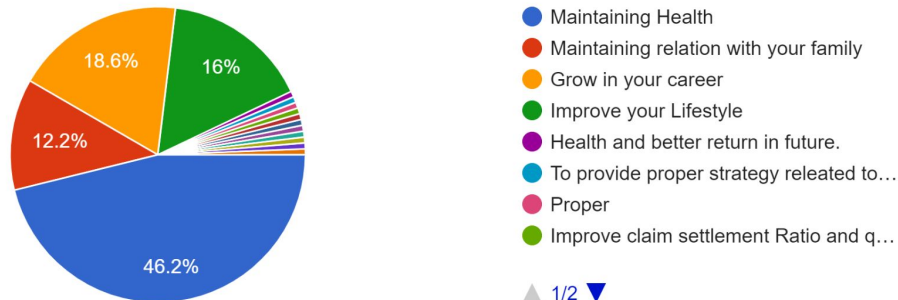
Which Insurance Plan will you most likely Buy

156 responses

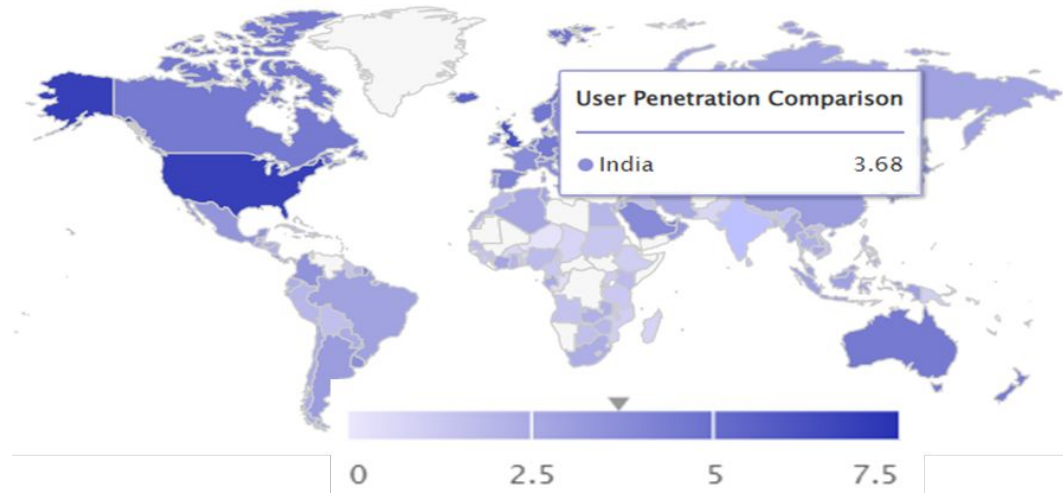


In which of the following do you think your insurer should help you?

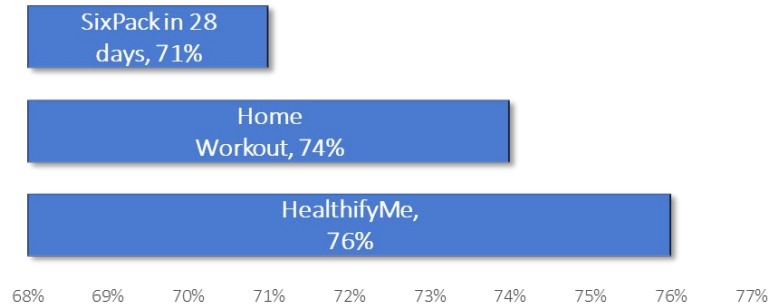
156 responses



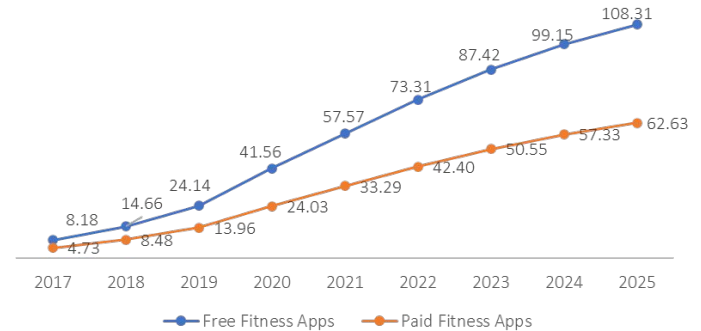
Fitness Apps



Usage of mobile apps for health and fitness



Users of Digital Fitness Apps (in Millions)



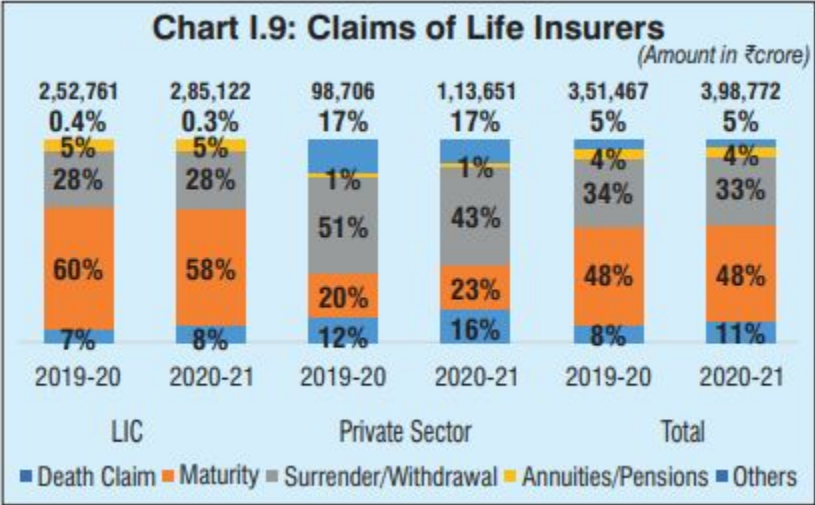
Costs Involved

Table I.13 Operating Expenses of Life Insurers			
Insurer	Item	2019-20	2020-21
LIC	Operating Expenses (₹crore)	34,568.04	34,989.52
	Growth (%)	18.46	1.22
	Operating Expense Ratio (%)	9.11	8.68
Private Sector	Operating Expenses (₹crore)	25,552.96	26,432.76
	Growth (%)	16.42	3.44
	Operating Expense Ratio (%)	13.20	11.72
Total	Operating Expenses (₹crore)	60,121.00	61,422.29
	Growth (%)	17.58	2.16
	Operating Expense Ratio (%)	10.49	9.77

Operational Costs of a Machine Learning Solution				
	Bare-bones		MLOps Framework	
Model Infrastructure	A single machine in the cloud with no load management	\$9,000 / yr	Redundant machines with a load balancer, or Kubernetes-type cluster	\$8,000 / yr
Data Support	Timed script executed on infrastructure to pull data	\$6,750 (labor)	Independent data pipeline manager for continuous updates of analytic data	\$10,000 (labor) + \$3,200 / yr
Engineering / Deployment	Model copied from data scientists machine to cloud machine	\$9,000 (labor)	Continuous integration and continuous deployment (CI/CD) system to pull model from registry	\$24,500 (labor) + \$516 / yr
Total Investment	\$15,750 (labor) + \$9,000 / yr		\$34,500 (labor) + \$12,000 / yr	
5 year TCO	\$60,750		\$94,500	

Type of content / Influencer Tier	Nano (500-5k followers)	Micro (5k-30k followers)	Power (30k-500k)	Celebrity (500k+ followers)
Post	\$100	\$172	\$507	\$2,085
Video	\$114	\$219	\$775	\$3,138
Story	\$43	\$73	\$210	\$721

Financial Data



Growth Rates	Initial 5 years	For infinite timeline
Growth in Premium from New Segments	14%	13%
Growth in Commission Expenses	10%	8%
Operating Expense as a % of Gross Premium	13%	13%

Particulars	Population in crs	Market Size (Can afford)		Average Premium after discount	Total New Premium (in crs)	Drivers		Conversion Rate
India Population	138	-	-	-	-	-	-	-
Gen Z(27%)	37.26	14.90	74,520	7000	52.16	27%	40%	0.05%
Millenials (24%)	33.12	13.25	132,480	8400	111.28	24%	40%	0.10%

Premium Calculation

Premium Score	Premium Calculated
1000	6000
900	6111
800	6250
700	6429
600	6667
500	7000
400	7500
300	8333
200	10000
100	15000
Avg Premium	7928.968254

Assured Premium Amount(b)= 5000	Premium Calculated= $b + (a/\text{Premium Score})$
Awarding Constant (a) = 1000000	



Thank You