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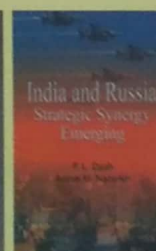
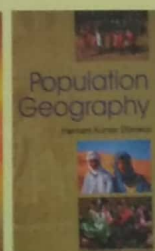


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# Assurance Vs Accomplishments



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With the advent of globalization and opening up of Indian economy, financial sectors especially Insurance face intense competition, better pricing, advances in information technology, more consumer demands etc. Here arise the need to improve distribution, productivity and to reduce the cost. Choosing a right distribution channel has become a competitive strategy for all insurer's in today's competitive environment. Among all recent distribution channels Bancassurance found to be really expert in gaining new businesses and in increasing the market share of the insurance companies.

The present study is an attempt to introspect the level of expectations from customers of banks with regard to Bancassurance and thereby to compare the actual performance with the Expectations of the customers. The analyses revealed, what actually is lacking and where the gap arises between the two extremes of Banker's perception and Customers Expectations.

**A** climatic change in the integration of financial services has been ushered in the world over. The winds of liberalization has brought the necessary competition and better pricing into the industry with significant advances in information technology, models and consumer demands.

The Indian insurance industry has emerged as a serious destination in the global insurance market. India, the second most populous country, is ranked only as the 23<sup>rd</sup> largest insurance market in the world. It is at the 18<sup>th</sup> position among life insurance market and 28<sup>th</sup> in the Non – life insurance market in the world. With the current potential premium income of the country estimated at about \$80 billion, India is seen as the 6<sup>th</sup> largest markets in the world. Insurance business growing at the rate of 15 – 20 percent annually and presently is of the order of around rupees 450 billion. Together with banking service, it adds about 7 percent to the country's GDP, Gross Premium collection is nearly 2 percent of GDP and funds available with LIC for investment are 8 percent of GDP. Yet, nearly 80 percent of Indian population is without life insurance cover, health insurance and Non – Life insurance continues to be below international standards.

In the context of growing competition, the need to improve distribution productivity and to reduce distribution cost is the greatest challenges all insurers face. Therefore, choosing a right distribution channel has become a competitive strategy for all insurers in today's competitive environment. So, new innovations have come in the insurance market which includes Third Party Administration (TPA's),

Brokers, Corporate agents and Bancassurance. Among all these Bancassurance found to be really expert in gaining New businesses and in increasing the market share of the Insurance companies.

As a result, Banks and Insurance industry started identifying new channels to improve their income by exploiting convergence in the financial industry and financial liberalization, for which they found Bancassurance as an attractive and profitable complement to their existing activities.

## 2. About BANCASSURANCE :

The French termed it "Bancassurance", the German termed it "All Finanz" and some familiarise it with the terms "Integrated Financial Services" or "Assurebanking", whatever might be the designation, Bancassurance relates to a concept where banks and insurance companies

Table no :1

Share of Bancassurance in the New Business Premium

SL. N O	Name of the Life Insurance Company	New Business Premium (Rs In crore)	% of business through Bancassurance	Market share in Insurance business
1.	SBI life insurance	482	67	1.46
2.	AVIVA life insurance	192	65	1.08
3.	Birla Sun life insurance	621	40	1.72
4.	HDFC Standard Life	486	37	2.98
5.	TATA – AIG life insurance	300	30	1.66
6.	Bajaj Allianz life insurance	860	25	4.73
7.	ICICI Prudential life insurance	1580	19	6.91
8.	Life insurance corporation of India	15840	1	76.07

(\* source : IRDA ANNUAL REPORTS YEAR 2005-06)

DIAGRAM -1 BANCASSURANCE: CONVERGING STRATEGIES:



collaborate to operate in an integrated manner – the core strategy being insurance products distribution by banks. In other words it