

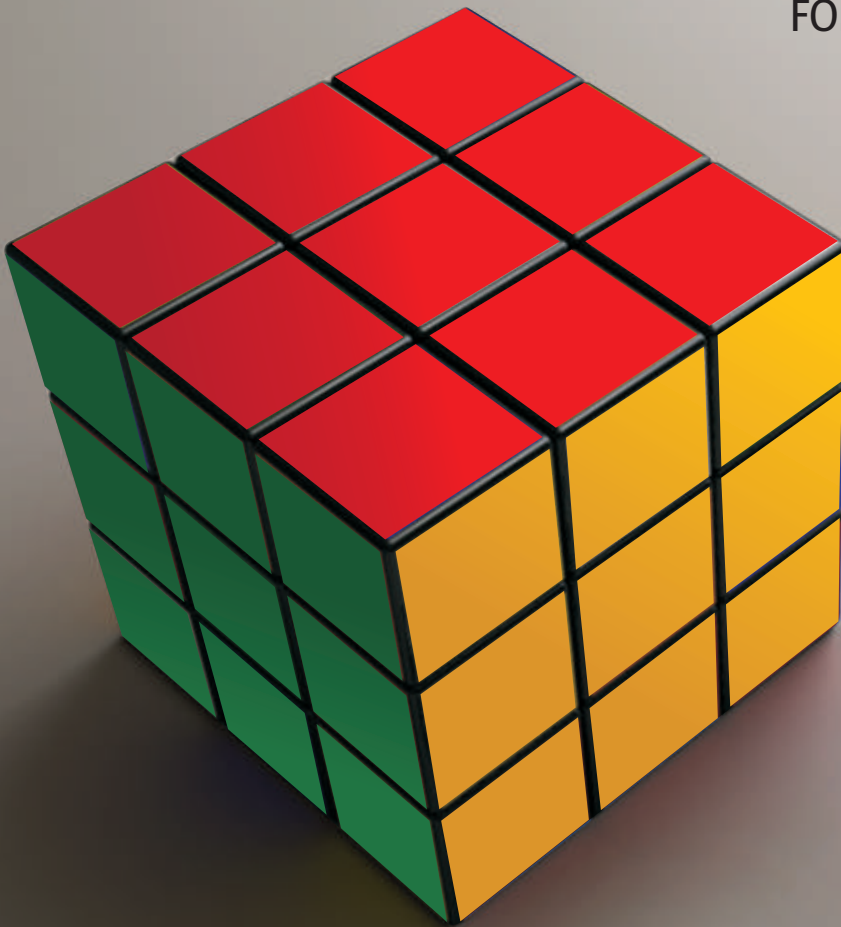
# NEWSTRACK

Corporate Newsletter of Bajaj Allianz | March 2010

**BAJAJ** | Allianz 

## DISTRIBUTION CHANNELS **SIMPLIFIED**

FOR ENHANCED CUSTOMER SERVICE





Managing various distribution channels is a complex task just like a Rubik cube. But each of the channels contributes to customer service in its own unique way.

Issue date : March 2010

Published by : Bajaj Allianz

Editorial Team : Santosh Balan, Jagriti Singh

Design : Durgesh Danve, Corporate Communication Team

Bajaj Allianz Newstrack, is a quarterly news magazine which provides current information on the life insurance and general insurance activities of Bajaj Allianz and also the industry. For further information on the articles appearing in this magazine, please contact [santosh.balan@bajajallianz.co.in](mailto:santosh.balan@bajajallianz.co.in) or [jagriti.singh@bajajallianz.co.in](mailto:jagriti.singh@bajajallianz.co.in)

For an e-version of the newsletter, visit our website:  
[www.bajajallianz.co.in](http://www.bajajallianz.co.in)

Views/ Information expressed herein are illustrative and informative in nature and not binding on the company. Insurance is the subject matter of solicitation.



# Contents

## 02 Foreword from CEO

Is life insurance an investment or insurance? Find out more from Kamesh Goyal.

## 04 Financial Results

Bajaj Allianz announced their results for the financial year 09-10.

Allianz also declared their results for Q1 2010. A summary of the vital statistics and the key drivers.

## 06 Special Feature

Distribution Channels are not only to reach the customers but also to enhance customer service. Newstrack explores each distribution channel in detail.

## 12 FUNDamental

Sampath Reddy Head Equity discusses the market outlook and performance of Bajaj Allianz Funds.

## 14 Products

Arnav Pandya an independent financial planner reviews Health Insurance Plan.

How a product is developed? Newstrack gives a rundown on the Product Development Process.

Riders - Standalone covers or riders what is the best for you? Newstrack explores the pros and cons of riders.

## 17 What's new

A product to ensure security for industrial workers and Motor Insurance launched with several add-on covers.

## 18 Claimstrack

A quarterly review of claims handled by the company.

## 19 Events & News

Update on latest events and happenings at Bajaj Allianz.

# Foreword

Dear Readers,

Let me start with a big thank you to our customers, distributors and employees for a good performance of both companies last year. We have come a long way since we started about nine years back. All of us would continue to strive to improve our service and product offerings as we embark on our tenth year of operations.

Last couple of months ULIPs have garnered lots of attention in the media. The matter of jurisdiction is now in Supreme Court. Let me try to describe what the issue is about ULIPs and how I see the entire debate. Lots of people are alleging that ULIPs have very low (less than 3-4%) insurance element and that the Government should specify a minimum percentage of overall premium towards insurance cover. Though this sounds quite simple, its impact is enormous. If this percentage is mandated to say 7.5-10%, then life cover will have to be very high. For certain age groups and income level, we might not be in a position to give such a high cover and ULIP sale will go down. Any prescribed percentage can only be calculated at the end of the tenor; that is when all payments have come in. Depending on the product and the tenor, the proportion of investment against the premium realized in a year will almost certainly vary year to year; though at the end the sum total investment may be as prescribed. This could just kill the insurance industry.

Let me put forth few arguments as to why this whole idea about 'life insurance is about insurance and not investment' is not based on either logic or practice. Life insurance deals with accumulation & de-accumulation of money. Let us cover the accumulation products first. Life insurance is essentially bought with a certain purpose. For example education of child, marriage of children, compensation in case of any serious ailment,



pay loan in case of death etc. The element of long term savings entails that customer has to be disciplined in paying regular premium over a period of time. The products are designed with minimum lock-in period, higher benefits as policy period keeps increasing. Thus the liquidity in the product is less as compared to other financial assets like fixed deposit, mutual fund etc.

Thus life insurance has always been about savings and protection. Under traditional endowment policies, the entire concept is based on how much money would a customer want either in case of death or at maturity. In case of money-back policies this gets further refined i.e. every five years some percentage of the amount is paid. This is basically not known to customers as they never see element of insurance cost, expenses, savings amount and investment return separately.

The nature of assuming a certain investment return in product design over a longer period makes it necessary that the assumption about return is conservative. As stock markets started gaining importance it was felt that life insurance customers would be better off if the money was invested in equity or other asset classes as returns are better. Thus ULIPs were born where insurance companies unbundled all features like expenses, insurance cover, charges etc and clearly show what the amount is available each year for investment. This amount can then be invested in any financial asset according to the choice of customer.

Over a period of time life insurance companies came out with ULIPs with

minimum guarantee and some upside linked with stock indices. These are not available in Indian market as insurance companies can't hedge their portfolio. Thus ULIPs in this way are no different than traditional policies.

When we talk about de-accumulation products, these came into force when people started living longer after retirement. There was a need felt for products where a lump sum money was given in lieu of monthly income for life or a certain period. These products by very nature are completely investment oriented. These products form the bulk of life insurance sales in developed markets. In India these products have now started becoming popular.

Thus the nature of life insurance products is such that they deal with investment and protection. This proportion varies according to the product and age of the customer. No other financial product is available in the market which is long term in nature. In certain markets like Japan and South Korea even personal insurance products of general insurance companies like PA, Household etc have savings element built into them. Thus certain countries which have a culture of higher savings, people don't prefer to buy pure risks products at all. People might find it strange to know that till 2001 we didn't have pure term products in our country at all!

Life insurance has truly penetrated in all parts of the country with wide distribution network. Hardly 20% of the policies come from top 10 cities. This is against mutual funds which get 80% of the business from top 10 cities. Similarly the average premium per life insurance policy will be less than half of what it is for mutual funds. Thus life insurance plays a very big role in taking the protection and investment option to customers in lower income level.

With best wishes,

**Kamesh Goyal**

Country Manager, Allianz and  
MD & CEO, Bajaj Allianz Life Insurance

[kamesh.goyal@bajajallianz.co.in](mailto:kamesh.goyal@bajajallianz.co.in)

# Cost effective distribution - Key to Profitability

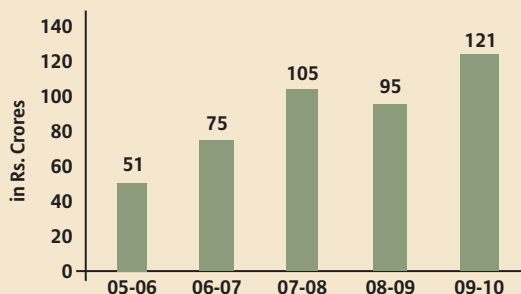
An insurance company is in the business of covering the financial loss of the insured and their dependants. An insurance company also needs to manage its claims efficiently. Profitability is an assurance to the customers about the financial soundness of their insurer. It goes without saying that a profitable company will have the desired financial solidity to meet all the promises made to the customer and be at their side whenever they need it the most.

Bajaj Allianz has announced the results for the financial year 2009-10. Bajaj Allianz Life Insurance has posted a profit of Rs. 427 crores and Bajaj Allianz General Insurance of Rs. 121 crores. Both the companies continue to be capital efficient and did not require any capital infusion for the last two years. The company also maintained high solvency margin. As on 31st March 2010, Bajaj Allianz Life Insurance had a solvency margin of 268% and Bajaj Allianz General Insurance had a solvency margin of 170%.

## Bajaj Allianz General Insurance

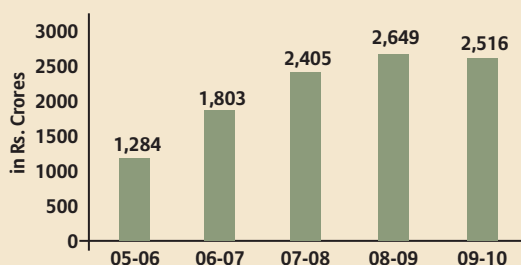
### Profits

Posted a profit before tax (PBT) of Rs. 180 crore in 09-10 as against Rs. 150 crore for the year 08-09. Profit after tax (PAT) was Rs. 121 crore as against Rs. 95 crore in 08-09.



### Premium Income

Gross Written Premium (GWP) shrunk by 5% to Rs. 2516 crore in 09-10 from Rs. 2649 crore in the previous year. This was due to a conscious decision of not entering the rat race of buying market share by indiscriminate pricing. In spite of this Bajaj Allianz retained no.2 position among private insurers.



### Number of policies

Issued over 6 million policies in the year 09-10.

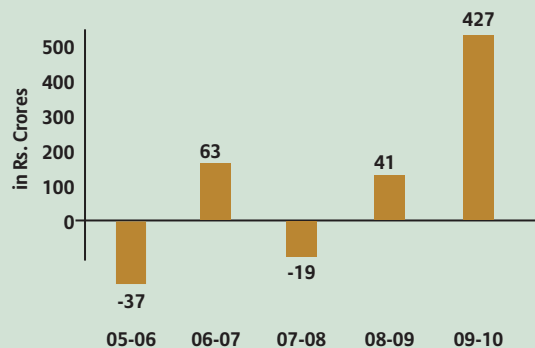
### Key drivers

- Focus on strong cash flow generation by optimizing retention of premium backed by strong underwriting
- Strong underwriting skills, prudent investment philosophy and excellent customer service has helped to combat the aggressive pricing and corresponding fall in margins for general insurers.
- Small exposure to volatile capital gains, focus on underwriting profitability and stable investment income will protect us from the adverse impact of tax on sale of investments (effective from 1st April 2010 at a rate of 32.2%)

## Bajaj Allianz Life Insurance

### Profits

Profits touched Rs. 427 crore in year 09-10 as against Rs. 41 crore in the previous year. After distribution of Surplus from the revenue account to the Shareholders, shareholders' profit stands at Rs 417 crore. In addition to the distribution of surplus to the shareholders, there has been a transfer of Rs. 125 crore from Funds for Future Appropriation (including - Rs. 110 crore is on account of release from "Reserve for Lapsed unit linked policies unlikely to be revived"). The total Shareholders' profit after tax stands at Rs. 542 crore.

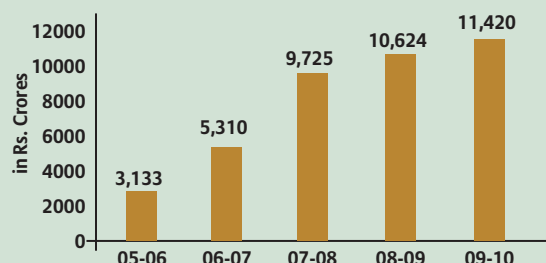


### Premium Income

Gross Written Premium (GWP) grew by 7% to Rs. 11,420 crore with a new business premium of Rs. 4,451 crore and Renewal premium of Rs. 6,969 crore in 09-10 as compared to Rs. 10,624 crore in 08-09 (New business premium of Rs. 4,491 crore and renewal premium of Rs. 6,133 crore).

### Number of policies

Has 8.16 million policies in force and added over 2.23 million of new customers.

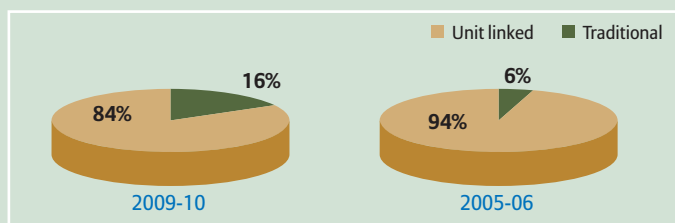


### Investments

- The Investments stood at Rs. 33,422 crore, which is an increase of nearly 95% for Bajaj Allianz Life Insurance in the financial year 2009-10, one of the highest among the private life insurers in the insurance industry.

### Product - wise Contribution

Share of traditional products has steadily increased over the years from 6% to 16% in 2009-10.



### Key Drivers

- Focus on a cost effective distribution model which has helped in balancing growth and profitability.
- Ensure high efficiency in our operations and maintaining a tight leash on management expenses.
- Higher investment income on the Non Unit linked investment portfolio.
- Increase of total unit linked investments and fees earned from these investments.
- One time write back of a Provision for Service tax asset of Rs 156 crs.
- Ramped up customer service initiatives and launched several need-based products.

## Allianz Group increases operating profit by 20.4 % to 1.7 billion euros in Q1

Allianz Group has announced its results for the first quarter of 2010. Total quarterly revenues grew strongly by 10.3% to 30.6 billion euros, from 27.7 billion euros in the first quarter of 2009. Operating profit also increased significantly by 20.4% to 1.7 billion euros, compared to 1.4 billion euros in the same period of last year. Operating profit growth in both Life/Health and Asset Management overcompensated for a decline in the Property-Casualty result. This segment was especially impacted by claims from natural catastrophes.

	Q1 2009	Q1 2010	Increased by
Net Income	€ 424 Mn	€ 1.6 Bn	274.5%
Solvency Ratio	161%	168%	4%
Shareholders Equity	€ 40.2 Bn	€ 43.5 Bn	8.2%

### Property-Casualty segment affected by natural catastrophes

A combination of tariff increases, portfolio cleaning and selective underwriting in the Property and Casualty business

	Q1 2009	Q1 2010	Increased by
Premium	€ 13.9 Bn	€ 14 Bn	0.8%
Operating Profit	€ 969 Mn	€ 712 Mn	-26.5%

The decline in operating profit was largely attributable to major losses from natural catastrophes amounting to 555 million euros during the first quarter of 2010.

"The Property-Casualty segment was hit harder than usual by natural catastrophes during the first quarter. It is too early to say

whether NatCat claims will revert to a normal level for the year as a whole, but we will be watching this closely," said Oliver Bäte, Chief Financial Officer of Allianz SE.

### Life/Health segment again performed strongly

The Life/Health segment delivered its highest quarterly revenue ever, with 15.4 billion euros. Statutory premiums grew from both traditional and investment-oriented products. Compared to 13.0 billion euros in the previous year's first quarter, revenues in first quarter 2010 grew by 18%.

"Our Life/Health segment is developing very well. Unit-linked products are back after a period of caution during the crisis. On the other hand, there is still a high demand for guaranteed products from customers with a clear preference for downside protection," said Oliver Bäte.

### Asset Management posts third-party AuM above one trillion euros

The Asset Management segment recorded very strong quarterly revenue growth. Third-party assets under management amounted to a historic high of 1.023 trillion euros as of March 31, 2010. Supported by strong growth in performance fees, the cost-income ratio improved to 58.2% compared to 70.5% in first quarter 2009 and last year's average of 62%.

	Q1 2009	Q1 2010	Increased by
Net fee & commission income	€ 709 Mn	€ 1.1 Bn	54.7%
Operating Profit	€ 211 Mn	€ 466 Mn	120.9%
Third party AUM	€ 926 Bn	€ 1.023 Tn	10%

Oliver Bäte said "Outstanding third-party net inflows of 37 billion euros and more than one trillion euros in third-party assets under management clearly indicate that investors are looking to quality asset managers like Allianz."



# Distribution Channels

One of the key profit drivers for Bajaj Allianz is cost effective distribution management. Distribution plays an important role for a company not only in hawking their products but also providing exemplary customer service. Agency, Bancassurance and Alternate Channels are some of the main channels for the company. Newstrack spoke to their heads to unravel the secrets of how we manage them.

## Agents - an entrepreneurial professional



An insurance agent or advisor, the new moniker that they like to flaunt, is the oldest and the most inevitable means of distribution channel in the insurance industry. Being the human face of the insurer, an agent gives a personal touch and is often the man Friday for most of their customers. Agents are brand ambassadors of the insurer in its own way. Customers know the company by the agents with whom they interact with.

With several new entrants, number of agents has swelled and many of them turned entrepreneur in their own right. In this scenario, today's insurance agent has to know which product will appeal to the customer, and also know his competitor's products in the same space to be an effective salesman who can sell his company, the product, and himself to the customer. Agents, therefore, needs to be in constant touch with the client and the service levels have to be really high.

It cannot be over emphasised that agents are a large pool of heterogeneous individuals with different profiles and motivation levels. Some of them have it in them as they are self motivated and can sustain it over a long period of time, while others loose it after a short span and on the other hand some of the new into the field needed some kind of handholding. Being independent they are not bound by a set working pattern.

Typically a motivation for an agent to stay with the insurer is the steady stream of renewal commissions and the recognition that he receives. *"We believe that a knowledgeable agent can serve the*

*customers better and also suggest the right product to suit his customers' needs. To achieve this we stress on continuous training and have a concept of club membership at various levels"*, said, Subrat Mohanty, Head – Agency Admin, Bajaj Allianz Life Insurance.

The training initiatives are a mix of classroom sessions and on-line modules. A robust and dedicated training team all across the offices conducts training programmes all round the year. In addition to the fixed modules like Launch Pad for beginners, Path finder etc., there are a number of short term modules to focus on specific lines of business. At times some high level training on special lines of business through our senior Insurance Professionals is also conducted. Bajaj Allianz Life Insurance has over 200 trainers spread across offices who conduct classroom as well as tele-training.

*"What sets our training department apart is that instead of sticking to a fixed training module, the team is able to adapt to the training needs of the offices in general and advisors in particular. Our training department is totally in sync with the channel's goal and supports us in all possible ways to grow the channel profitably. We have several cases where a person with a non-insurance background who started his career as an advisor from a scratch and has made it big. They owe their success to a very great extent to the training interventions provided by our training team"*, says Chetan Prakash, Head – Agency, Bajaj Allianz General Insurance.

For the more tech savvy professionals, there

is a dedicated portal which is kind of their mini-office as it has details like premium collected, renewal reminders, policy forms and also their commission details. *"We encourage them to become more and more independent by empowering them to view all their relevant*



*business, renewal and claims related data directly through the agency portal without depending on the office"*, said Tapan Singhel, CMO, Bajaj Allianz General Insurance.

There are several examples where the agent started as a part timer and found the profession so rewarding that they dedicated themselves to become a professional Insurance salesman. And invariably all these agents have found this profession very satisfying and rewarding.



*"Agency channel is the flagship channel of the company contributing substantially to the profit of the company.*

*It is not only the most robust channel presently but is also a channel of the future, with immense potential"*, feels ECJ Augustine, Head of Sales, Bajaj Allianz Life Insurance.

"We look at this channel more as an avenue to enhance customer service and not only a selling channel", feels Tapan.

# Bancassurance - A Symbiotic Relationship



**Bancassurance in India has taken a flying start. Economies of scale and scope make this an attractive alliance for both parties.**

Bancassurance as a channel for distributing insurance products through Banks has picked up in India in a big way. It has a vast potential and a bright future. In fact this symbiotic relationship inspired several banks of all sizes in the insurance distribution fray. Buoyed by the success of earning a significant fee-based income, several of them have even ventured into manufacturing products either as a consortium, solo or JV with a foreign partner. It has its own merits and demerits.

Bajaj Allianz, one of the few companies which does not have a bank as its promoter, is a natural ally for Banks due to its non-conflicting interests. Bajaj Allianz has been in the forefront in developing Bancassurance in India and continues to have a strong focus on this channel. The company currently has over 160 bancassurance partners in the life and non-life domains.

Bancassurance model being a symbiotic relationship provides a win-win situation for the partners i.e. Banks – who get alternate revenue stream by fee income besides offering their customers a one-stop shop for all their financial needs and for the Insurers it is increasing their presence through the bank's network of Branches.

Bancassurance - a highly institutionalised distribution channel - is another key channel which can enhance customer service. The key lies in:

## Roll-out

In order to drive sales and generate the revenue streams, the branch manager or in some large banks the vertical heads have to

be sensitized on the insurance products and process. Unless the Bank Manager and the staff co-operate with the Insurance personnel, the Business generation to the desired level will not happen. The Challenge is to activate each and every Branch of the Bank. For this Bajaj Allianz has developed a structured Roll out process which enables the Bank to start generating business in a short period.

*"Trust in the Insurance Company is important. Only then the Bank will canvass the Insurance products of the partner. Relationship building is of primary importance and so we have dedicated National Relationship Managers based out of the Headquarter of the Bank. The team under the NRM ensures the rollout process across the branches,"* said Nishith Kumar, Head- Bancassurance, Bajaj Allianz General Insurance.



## Co-branded products

Banks always would like to pamper their customers by launching exclusive products

some of which will not be available in the market. Hence we launch certain customized products which are even co-branded so as to convey exclusivity.

## Training

It forms an integral part of the Roll out process. The challenge is how do we motivate Bankers to sell our Insurance products. The main job is to change the mindset of the Banker and bring them into Sales mode besides educating them on the Insurance products. The product and the process have to be simple otherwise the Bank staff will avoid pushing the Insurance products. Specific modules have been developed for the bank officials which are simple to comprehend. Bajaj Allianz has a dedicated training team of 10 people for the channel that provides customized training programs aligned to the requirement and profiles of the banks besides keeping in view of the culture prevailing in the bank - conservative or aggressive or a mix.



## Financial Planning Tool

Providing need based products is essential to sustaining a long term relationship with the customer. *"We have created a Financial Planning Tool that helps us understand the savings and investment objectives of the customer so that we can suggest an appropriate solution,"* said A.S Narayanan, Head - Bancassurance, Group & NRI Business, Bajaj Allianz Life Insurance.

# The Alternate Route to be closer to customers



Typically, Alternate Channel in the insurance industry comprises of different verticals which are institutions such as corporate agents, brokers, cooperative banks and other business associates. Most of these institutions have a common ground in terms of dealing with financial products, but their customer segments and profiles may vary.

Bajaj Allianz has developed a dedicated team which understands the requirement of different distributors and provides them need-based services such as customized MIS, administrative, training and operational support like offsite receipting, etc. to process proposals at an expressed speed and service the customer better.

## Trained to please the customer

Alternate Channel enables corporate bodies to become a financial supermarket by providing insurance, which has become a key element in financial savings and investment solutions. The products offered by these various institutions are easy to understand for their salesforce and simple to buy for the customer. Bajaj Allianz also makes customized products for certain large-sized institutions to cater to their specific customer base.

Though these institutions are hawking several financial instruments, which are often competitive in nature, training plays a key role in enabling them to service the customer satisfactorily. Bajaj Allianz has assigned dedicated trainers who cater to the specific requirements of each institution. For instance, brokers deal with multiple insurers and so it is important for them to know what are the competitive strengths of Bajaj Allianz vis-à-vis other products; corporate agents are given in-depth training of Bajaj Allianz specific products etc.

*"The 45-member training team spends over 16 man days (on an average) of training in a month. These trainers also act as mentors for corporate agents, brokers etc., by imparting training on a range of topics from*

*basics of insurance; insurance products, process training; sales skills and motivational skills. We feel this will go a long way in curbing mis-selling and improving customer service,"* said Niraj Kumar, Head - Alternate Channel, Bajaj Allianz Life Insurance.



Keeping in mind the semi-urban environment where the corporate bodies operate, training is provided mostly in classroom mode. Trainers visit the office or worksite training is organized where various agents assemble together. Tele-training is another popular mode of training, where various modules are discussed over the phone. This has seen to be effective for executives involved in direct sales or tele-sales, where they are taught how to answer a call, proper telephone etiquette and how to close a sale on a telephone call.

Practical knowledge is imparted through 'field observation and demonstration'. Here, trainers accompany executives to a sales call and 'demonstrate' the sales talk while the executive 'observes'; or, the trainer 'observes' the executive and provides constructive feedback to help the executive improve his skills. This mode is quite effective as it helps build the confidence of executives, especially those new to the field.

## Providing service and reaching the underprivileged



Business procurement is a separate vertical which is engaged in offering insurance solutions to the financially excluded sections of Society.

The objective of this channel is to create awareness about savings linked instruments amongst the not so literate and financially weaker sections of the society thereby furthering the cause of financial inclusion.

The channel's unique approach is to sell low-ticket micro-insurance products to the poorest of the poor section of the society. In doing so the channel forges strategic associations with such customer aggregators like MFI's, NGO's, Rural Retail Chains, RRB's, Diary Board and Co-operative banks who have captive customer bases across these segments.

The target segment is a heterogeneous group spread across the rural & urban belt for which the product needs to be tailor-made along with doorstep servicing capability. This warrants working with institutions that not only have the access to such customers but also the distribution infrastructure to offer such unique services.

As a first mover within this space, Bajaj Allianz has developed a unique product - Sarva Shakti Suraksha. This low-ticket life insurance product is successfully aligned with the partner by imparting an efficient training and capitalizing on the USP's of the product and the partners sales and distribution network.

The total number of members enrolled in SSS since inception is 34 lakhs. ▶



# Insurance, a click away...



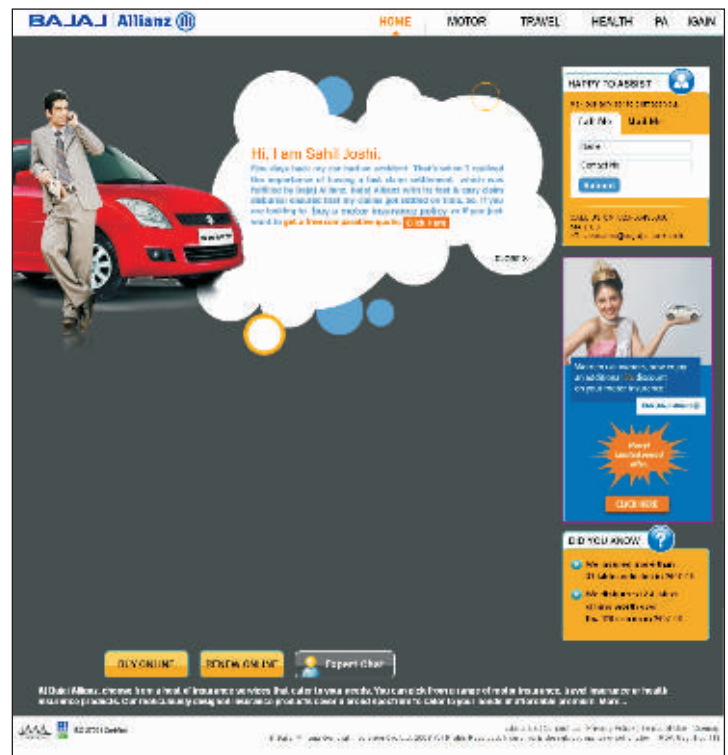
The insurance industry has caught on to the trend of online shopping. A convenient and cost effective medium, websales is slowly gaining traction with net savvy customers.

Websales, as the name suggests, implies selling of insurance online. The benefits of using this medium are manifold, ranging from availability round the clock, quick transactions, instant payment and receipt and access to insurance experts just at a few clicks of the mouse, besides convenience. The channel is also a low cost medium for insurers as it is direct to net savvy customers.

The insecurity associated with transactions over the net is still an inhibiting factor, as we have seen that Customers are still reluctant to pay premiums online. The online medium is frequently used for research and comparing prices, but most of the new sales are still being done offline. However this is an excellent medium for routine transactions like renewals, checking NAVs, fund switch options for ULIPs and purchase of policies like travel where detailed underwriting is not required. Currently, motor, travel, health and customized ULIP products are available.

To ensure that customers are not exposed to any malicious content activity, Bajaj Allianz payment gateways are made through a secure gateway which is PCI compliant and Verisign secured.

*"In order to enhance customer service, Bajaj Allianz Websales team monitors and analyses the drop-out point on our website and assists the customer through call-back or co-browsing, to ensure that the customer gets all relevant information and completes the desired transaction,"* says Mahima Tankha, Head - Websales, Bajaj Allianz.



For more details on online purchase of insurance please log on to : [www.bajajallianzdirect.com](http://www.bajajallianzdirect.com)

- ▶ The operational challenges in this channel is reaching the last mile in servicing in the most remote areas of the country, which are devoid of even pin codes.

Hence Bajaj Allianz has developed a unique process in association with the partners for distribution of these products. Some of the USP's across the distribution process include single page application forms with minimal documentation. The customer is also issued a Cover notes post enrollment in the scheme.

Minimal documentary requirements for claims processing and vernacular COI's (Certificate of Insurance) are some other facilities, which make the entire process from enrollment to policy servicing simplified and less cumbersome.

Going forward there are plans to send across policy issuance

information and renewal reminders & renewal premium adjustment updates through SMS alerts.

The claims settlement rates & the renewal persistency ratio for this segment is around 90% and plans are being developed to work out a mechanism wherein data of certificates of insurance in a CD format, so that the same can be offered to the customer across the counter in a particular branch.

*"Our endeavor is to increase the number of lives covered through leveraging our distribution with the newly acquired relationships besides addressing the unique customer requirements across this segment,"* said Yogesh Gupta, Head - Business Procurement, Bajaj Allianz Life Insurance.

# Processes re-engineered to improve Customer Service

Policy issuance is the first testament for the customer about the efficiency of an insurance company's Operations Team, and hence insurers lay a heavy emphasis on the processes followed in this activity and quality of the end result.

*"Sound processes and operations management is a critical contributor to Customer Service."* said Ishita Mukherjee, Head Operations, Bajaj Allianz. The BPR Team, part of the Operations Team has re engineered its processes and operations so as to reduce manual intervention as far as possible. This Business Process Re-engineering (BPR) has resulted in standardization and automation of a number of processes, which has significantly reduced the turn-around-time of policy issuance and policy processing. The team is able to provide a better service to the customers in the following ways:

## Faster policy issuance

The shift from paper-based policies to scanned image-based policies has made the process of policy issuance much faster, as there is no more dependency for the physical documents to reach the operations hub. From a geographically distributed environment, the process has now become centralized as the Policy Issuance module acts as a virtual operational hub available at all times irrespective of the location.

## Ease of tracking proposals

In the pre-automation scenario, in case of a customer query or complaint, the branch offices and operation hubs faced the challenge of tracking a proposal at its various stages. The request had to be forwarded to the branch where the proposal was accepted, which was a time consuming process. However, all policy issuance is now done through an automated module which allows customers as well as intermediaries to track the status of their proposals through the customer portal.

Document Type	Specification of Documents provided	Identification No.
Proposal Form	Proposal Form	1204540286
Benefit Illustration	Benefit Illustration	15051002425
Age proof	School Transfer certificate	1246381
Identity Proof	Letter from a recognized public authority or public servant	BALIC FORMAT

Authorised Signatory  
V Philip  
Chief Operating Officer  
FOR BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.

Sample of a multilingual policy bond

## Increase in Productivity

Operations executives often spent a large number of hours in non-productive activities such as data entry, reworking policies with errors etc., which caused a delay in issuing policies. Due to an automated process, the policies are issued faster and with much less errors. As a result, the customer complaints regarding errors in policy have gone down, thereby giving executives more productive time on their hands.

## Real-time alerts

Customers and Intermediaries receive real-time reports with status of the proposals at every stage of policy issuance viz. confirmation of proposal receipt, issuance of policy and dispatch of policy. This helps the intermediary to also track the status of pending policies and inform the customer of the same, who can furnish the deficient documents/details.

## Transparency

With complete automation, there is a reduction in the number of frauds since there is a lesser manual intervention in the policy issuance process.

## Multilingual Policy Bonds and Renewal Notices

The Operations Team has built a system

which records a customer's preferred language as mentioned in the proposal form. *"A customer can select out of 11 regional languages, following which the policy, renewal notice and all other communication to the customer are sent in his preferred language (and English). For customers where the language is not indicated, the system selects the language as per the region mentioned in the address,"* said Bhaskar Nerurkar, AVP-IT, Bajaj Allianz.

## In a nutshell

By automating the various activities involved in servicing a customer, Bajaj Allianz has been able to reduce customer complaints related to duplicate policies, wrong policies, non-receipt of policy etc. The integrated policy issuance module can handle a large volume of transactions, which can be completed faster and almost completely error-free, thereby leading to better customer delight.

*"We consider a proposal form to be the customer itself. So keeping a proposal pending is like keeping a customer waiting. This is the simple dictum that drives the team,"* said Suresh Sugathan, AVP-Operations, Bajaj Allianz.

# Customer Delight through the CCU



Customer Care Unit acts as the face of the insurance company by serving as the interface for all customer queries and complaints.

The Customer Care Unit (CCU) was setup at Bajaj Allianz to streamline servicing customers. The 270-member multi-lingual call center team functions as a single touch-point for customers for requests on policy servicing, claims intimation, product information or to make a complaint.

To ensure that the team responds to these queries and complaints in a benchmarked turn-around-time (TAT), CCU has put in place a number of initiatives that have helped to reduce the time taken to respond, as well as qualitatively enhance the information given to them.

## Multi-lingual support

The CCU is equipped to handle customer queries in 13 regional languages which can be selected from the IVR. Assigned on the basis of states/regions, the IVR gives the customer the option of the relevant regional language along with Hindi and English. Once the customer selects his preferred language, this option gets reflected in the Customer Relationship Module (CRM) for the executive's reference so that he can address the customer in this preferred language. In case an executive fluent in the selected regional language is not available, the IVR asks the customer to select a different language.

## Integrated CRM

Earlier, depending on the query raised by a customer, an executive would have to refer to multiple applications and excel sheets to fetch the required information. This was a time consuming process during which the customer had to be put on hold. To quicken this response time, an integrated module was created which allows all data to be available in a single screen. This included details like policy number, status of policy, sum assured, duration of policy etc. This single screen view enabled the executive to

have all information at his fingertips and save time that was earlier spent toggling between multiple applications or excel files.

## Call History

The integrated CRM module provides a detailed call history pertaining to the customer such as date of last call, preferred language, details of the issue, status of open claims if any. This is beneficial to the customer as they can directly raise the issue rather than having to verify themselves repeatedly.

## Personalised Response

The module is built with the intelligence that the screen flashes the name of the caller on receiving a call from a registered and verified customer. This enables the executive to provide personalized service by addressing the customer by name and in the preferred language.

## Automation of 'most frequent calls'

An analysis was done on a regularly basis on the most frequent issues raised by callers. The top 3 or 5 issues which do not require manual intervention have been automated through the IVR. For instance, premium payment due date, claim status in case of open claim, fund value etc.

## Registering Customers for NAV Alerts

The Customers who have called the call centre to enquire about the Fund value of their policies are being registered for periodical Fund value messages.

## SMS for NAV

Registered customers can avail NAV's on their mobile by sending an SMS

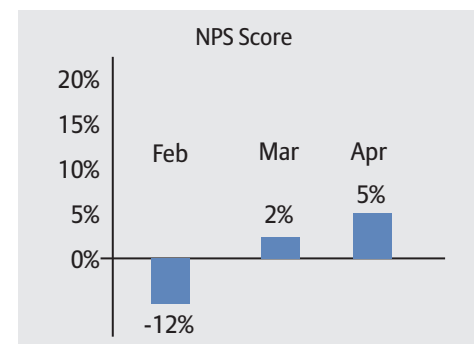
## Dedicated Relationship Manager for HNI

High Networth Individuals (HNI) customers will be serviced by a dedicated RM who will serve as the single contact for all the requirements pertaining to Bajaj Allianz. On calling by the registered number, the call is



directly forwarded to the relationship manager, without the intervention of the IVR.

*"These initiatives have enabled the CSE to handle more number of calls in a more efficient and customer-friendly manner. We have also been able to ensure that all calls are answered within 3 rings, resulting in the Abandoned Call Rate to reduce by 25%,"* said Pawan Mahajan, Head - Call Center Unit, Bajaj Allianz.



He added, "The performance of the CCU is measured through a Net Promoter Score (NPS) which is calculated on the basis of feedback from the customer. NPS is consistently monitored and corrective steps are taken to satisfy the customer. With several initiatives as mentioned above, we feel that the NPS scores will improve in the coming months."

## Concept of Net Promoter Score (NPS)

NPS is measured by asking customers one question - "On a scale from 0-10, how likely is it that you will recommend our company to your friends or colleagues?" Those with scores of 9-10 are called **Promoters** and scores of 0-6 are **Detractors**. The net promoters score is arrived as the percentage of customers who are promoters of a brand or company minus the percentage who are detractors. NPS offers organizations a powerful way to measure and manage customer loyalty.



# Market Outlook

With the markets indicating healthy growth last year, the equity markets have had a dream run

Sampath Reddy | Head Equity  
Bajaj Allianz Life Insurance



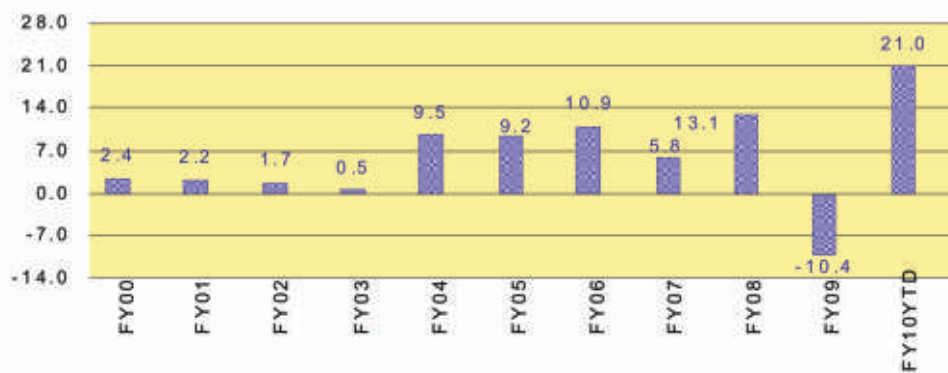
Equity markets over the last twelve months have had a dream run, as India has managed the global credit crisis much better. Due to the fiscal and monetary incentives by the government, we had come back to the growth path much quicker than most other economies in the world. Index of industrial production (IIP) which has seen a low of -1 in April 2009 has now recovered to around 16%. Credit growth which has seen a low of sub 10% has now recovered to a healthy 16%. It is now anticipated that the credit growth will continue to be upwards of 17-18% for the current financial year. Due to this recovery in the economy, the equity markets have rallied 75% for the last year. However, the returns were bunched up, as equity market rallied 50% in the first 45 days of the last financial year, while the latter 10 months returns were only at around 25%.

While the macro economic indicators have turned to healthy growth rate essentially towards the second half of the last financial year, corporate earnings growth was muted last year. The earnings growth last year was particularly affected by the global commodity sector, whereas companies which were predominantly linked to the local consumption and infrastructure sectors have turned in a good performance. Most companies during last year have cut back on capital expenditure and have streamlined the operating costs in line with the credit and operating risks. Having consolidated the opex and capex during last 12- 18 months, corporate sector is poised to show a decent earnings growth of around 25-28% for the current financial year. The growth in earnings this year would be broad based.

Indian equity markets have also had a favorable price impact due to the large Foreign Institutional investor flows. FII have invested over \$22 bn in last year in India equities. The strong FII flows were mainly driven by weaker economic outlook in developed economies and as well as India's resilience toward global credit crisis. Given that FII have already pumped in large amount of funds into the Indian equities, it is difficult to assume such strong flows would continue in the current year. Also, sovereign debt crisis in some of the European countries

could lead to adverse impact on the FII flows. Corporates have also taken advantage of the strong equity market and FII flows. Corporate sector has raised equity of over Rs. 100,000 crores through the IPO/ Private Placement /QIP/ Secondary equity sale etc. This large amount of equity raising has strengthened the balance sheets of the corporates. However, it is interesting to note that most of the capital raised went to fund the long term projects such as power plants and infrastructure projects. The benefits of this will be reaped over a longer period.

FII flows in USD bn into Indian Equities



Given the improved economic outlook, government has already begun to withdraw fiscal stimulus. Central bank has raised the CRR by 125 Bps and repo and reverse repo 50bps from the lows. Some of the fiscal benefits such as lower excise duty are partially withdrawn in the recent budget. These measures would continue through the current financial year which could increase the cost of money for the corporate and as well as consumers. While the market has already discounted the proposed policy measures and strong earnings growth of over 25% for the current year, the current equity prices at around 16 times to the 1 year forward earnings, are not adequately budgeted for any disappointment in the earnings growth. We see continued high price of crude oil as one of the significant risks to the equity markets. At the current level of \$85 per barrel the gross under recoveries by the oil companies is over Rs. 90,000 crores. This would put further strain on fiscal deficit which would curtail the government role in pushing for stimulus lead growth. Given this backdrop, the return outlook from the current standpoint are muted from equities. Thus, we have cautious strategy on our equity portfolios. Our portfolio investments are biased towards cash rich companies that are backed by predictable demand.



## Fund performance

If we look at the portfolio of Bajaj Allianz funds, we have a diverse range of funds which investors can choose from - Large cap equity, Midcap equity, Asset Allocation, Shield Plus, Max Gain, Debt fund and Cash fund. The returns for the last year are as mentioned below. As we believe, equities generate reasonable return over the longer period; investors with high risk appetite and with longer term horizon could look at large cap and mid cap equity funds. In Equity funds, we continue to invest in good quality companies that have long term potential for growth and capital appreciation. Investors with low risk appetite may opt for our fixed income funds. In Asset Allocation fund, we adopt the dynamic asset allocation strategy between equities and fixed income securities. This fund is suitable to the investors who want the fund managers to decide the asset allocation strategy based on the risk-reward proposition of the asset classes. Since inception, our asset allocation fund has out performed the Nifty Index with a significant margin (over 1600bps), which was possible due to the dynamic asset allocation. This fund is suitable for the investor with moderate risk profile and exposure to the equities.

During the last year, the nifty index rallied 74%. Bajaj Allianz equity funds have given returns between 70%- 130% with the midcap oriented funds giving returns in excess of 100%. Our asset allocation fund which currently invested only 30% in equities gave return of 34% for the year. We plan to increase the exposure to the equities gradually in this fund. The Fixed income funds also gave a stable return of around 8-9% during last year. In the last year, our funds under management have grown very rapidly due to strong growth in performance and as well as fresh inflow of funds. Our assets under management have increased to Rs. 33,475 crores as of 31st March 2010. With this, we became the ninth largest fund house in the country in comparison with mutual funds. Our Equity assets under management has grown to a total of Rs. 26,425 crores due to strong performance and continued inflows. We now rank as the third largest equity fund house in the country in comparison with mutual fund equity assets.

The strong growth in our funds and our ranking is testimony to our products and consistent performance.

### 1 year Returns as on 31st March 2010

Equity Funds names	
Equity Gain	70.4%
Equity Plus	73.3%
Equity Plus Pension	84.6%
Premier Equity Gain	81.8%
Equity Growth Fund	69.5%
Premier Equity Growth Fund	75.4%
Equity Growth Pension Fund	80.6%
Unit Gain Mid Cap	100.1%
Unit Gain Mid Cap Plus	128.8%
Unit Gain Mid Cap Plus Pension	132.9%
Accelerator Mid cap Fund	124.2%
Accelerator Mid Cap Pension Fund	134.1%
Pure Equity Fund	80.2%
Pure Stock Fund	75.8%
Pure Stock Pension Fund	109.2%
<b>CNX NSE Nifty Index</b>	<b>73.8%</b>

Asset Allocation Fund	34.7%
Asset Allocation Pension Fund	32.4%

Debt Fund names	
Debt plan	6.8%
Debt Plus	9.2%
Debt Plus Pension	9.8%
Premier Debt Fund	8.7%
Life Long Gain	6.2%
Bond Fund	9.1%
Premier Bond Fund	7.3%
Bond Pension Fund	8.9%
<b>Crisil Composite Bond Index</b>	<b>5.4%</b>

Cash Funds names	
Cash Plan	6.7%
Cash Plus	8.6%
Cash Plus Pension	9.3%
Liquid Fund	8.1%
Liquid Pension Fund	8.5%
<b>Crisil Composite Liquid Index</b>	<b>3.7%</b>

Mutual fund AMC Company	AMC Size Mar-2010 (Rs Cr)	Equity Value Mar-2010 (Rs Cr)
Reliance Mutual Fund	110,413	33,718
HDFC Mutual Fund	88,780	26,816
Bajaj Allianz Life Insurance	33,475	26,425
UTI Mutual Fund	80,218	24,585
SBI Mutual Fund	37,417	18,367
ICICI Prudential Mutual Fund	81,018	13,769
Franklin Templeton Mutual Fund	34,034	13,216
DSP BlackRock Mutual Fund	21,491	10,751
Birla Sun Life Mutual Fund	62,367	10,289
Sundaram BNP Paribas Mutual Fund	13,878	9,626
Tata Mutual Fund	21,935	5,338
IDFC Mutual Fund	25,775	3,736
Kotak Mahindra Mutual Fund	34,787	3,392
HSBC Mutual Fund	6,215	2,961
Principal PNB Mutual Fund	6,997	2,365
JM Financial Mutual Fund	7,997	1,979
LIC Mutual Fund	42,304	1,343
Canara Robeco Mutual Fund	9,220	1,013
Benchmark Mutual Fund	1,999	818
AXIS Mutual Fund	3,552	724
Religare Mutual Fund	12,945	650
AIG Mutual Fund	1,138	550

# Riders & Why they are Good for You

Riders are add-on benefits that can be attached to an insurance policy and give extra benefits, over and above that of the base plan.

Riders are special insurance policy provisions that provide additional benefits and can be added to the base policy. They are options that allow you to enhance your insurance cover, qualitatively and quantitatively. The amount you pay for riders is small when you consider that you would otherwise have had to pay a lot more to buy a completely new cover.

Various types of riders that Bajaj Allianz offers are:

## Term Rider

The purpose of a Term rider is to provide life cover to the policyholder, over and above that offered by the base policy. This rider, specific for unit-linked policies, can be included at the inception of the base policy or at any policy anniversary, subject to underwriting norms of the company.

The benefit that this rider offers is that you need not buy a separate policy to get term cover. You can attach the rider with your savings plan to get an additional life cover, which will be more economical than a separate policy in itself.

## Accidental Death Benefit / Partial/ Total Disability Benefit Rider

This rider ensures death coverage in the case of death resulting from accidents and can be taken on any base life insurance policy.

As there is no separate cover for accidental death and disability offered under a life insurance portfolio, this rider gives the policyholder the advantage of being covered in case of an unfortunate accident. If needed, there is a separate policy offered by General Insurance providers, but only valid for one year and renewable every year. This rider, however, gives a long term benefit till the term of the policy continues.

## Waiver of Premium Benefit Rider

Offered with Saving (Endowment) Plans, in

case of death or accidental total permanent disability of primary policyholder, the beneficiary will still receive the full benefits of the policy, as all premiums are waived off by the insurer.

The advantage of this rider is that it ensures the continuity of coverage, irrespective of the one paying the premiums not being around.

## Critical Illness Benefit Rider

This rider is offered with many saving plans which provide a lump sum benefit on diagnosis of certain critical illnesses such as heart attack, coronary artery ailments requiring surgery, stroke, cancer, major organ transplants including kidney, paralysis, Alzheimer's disease etc.

This rider helps to cover the heavy expenditures involved in the treatment of a critical illness. Although General Insurance providers offer a separate Critical Illness policy, they are valid for one year and need to be renewed every year. This life insurance rider, however, gives a long term benefit till the term of the policy continues.

## Hospital Cash Benefit Rider

This rider is designed to pay towards reimbursement of hospital stay as a result of injury, sickness or disease. The amount will be reimbursed as a lump sum at the end of the stay in hospital.

## Family Income Benefit Rider

In case of the policyholder's death or accidental total permanent disability, the Family Income Benefit Rider gives the family a monthly income benefit of 1% of the sum assured (12% per annum), subject to maximum of Rs. 10,000 per month, till the end of the policy-term.

This rider, therefore, provides a regular income to the family in case of an unfortunate event to the breadwinner of the family.

## Mahila Gain Benefit Rider

Mahila Gain is a special rider for women only, which can be attached to a base policy for a minimal charge. It enhances the risk cover against diseases specific to women such as Critical illnesses, Complications of pregnancy, Congenital Disabilities and Reconstructive breast surgery.

Mahila Gain rider is one-of-its kind in the industry as there are hardly any insurance products which cover women-specific disorders and such a broad range of congenital diseases.

## How riders can be chosen

The riders chosen can be a combination as below:-

### Child Plan can have riders like

Family Income Benefit + Waiver of Premium + Unit Linked Term Rider

### Women Plan

Newly married	Mahila Gain I
Pre Pregnancy	Mahila Gain II

## Cost of riders

For a 30 yr old male, SA of Rs. 5,00,000 and term 20 years, the rider charges for traditional policy would be as below:

Rider	Premium*
Accidental Death Benefit	Rs. 355
Critical Illness	Rs. 2100
Waiver of Premium	Rs. 88
Total/Partial Permanent Disability	Rs. 310
Hospital Cash Benefit	Rs. 517
Family Income Benefit	Rs. 1300

\*indicative premium

The rider charges in a traditional plan are paid over and above the base premium while in a ULIP they are deducted from the fund value.

## In a nutshell

Like 'toppings on a pizza', riders can be mixed and matched based on one's preferences. It is often more economical to take an add-on rider rather than a separate policy, especially for a niche requirement.

# Securing industrial workers from job loss...

The Department of Industrial Policy and Promotion (DIPP) in the Ministry of Commerce & Industry has embarked on creating a suitable environment for the manufacturing sector to flourish in India. DIPP has proposed a concept of creating National Manufacturing & Investment Zones (NMIZ) to push the contribution of the manufacturing sector to the country's GDP. NMIZ's would be a combination of production units, public utilities, logistics, environmental protection mechanisms, residential areas and administrative services. The Government of India will ensure the availability of infrastructure and support the concerned state governments with a view of promoting domestic and global investments in the NMIZs.

These manufacturing units will be highly labor intensive in nature. However, it is

proposed that the labor laws will be extremely flexible and consider issues related to employment of women, working hours and social security schemes, besides other aspects.

One of the major challenges faced by the workforce in such a setup is in the situation of a factory closing down or retrenchment. To ease the burden of payment to the workforce at the time of closure of a unit, a job loss policy has been conceived for the proposed NMIZs.

## Job Loss Policy

At the time of the closure of the company, there is mandatory requirement under the Industrial Disputes Act under section 25FFF to pay compensation which shall be equivalent to fifteen days' average pay 2\*[for every completed year of continuous service]

or any part thereof in excess of six months;

To ease the burden of payment to labour at the time of closure of unit, a job loss policy has been conceived by Bajaj Allianz General Insurance for the proposed NMIZs, which could help ease the pressure on the manufacturing entity considerably.

In broad terms, the job loss insurance policy will pay the insured persons a benefit amount in the event of the insured persons becoming unemployed during the Policy Period by closure of factory/establishment and/or retrenchment.

Bajaj Allianz has played a pivotal role in conceptualization of this policy and has submitted a draft to DIPP of the policy document. Kamesh Goyal, Country Manager, Allianz is on the committee instituted by DIPP.

## Drive Assure - Now motor insurance from Bajaj Allianz has new benefits

With a view to provide a comprehensive insurance solution to special car owners like you, Bajaj Allianz has designed unique value added covers which complement the standard coverages of your private car package policy. In order to make it convenient for you to opt for the value added covers, they are packaged under different plans, aptly called Drive Assure.

The various value added covers under different Drive Assure plans to be launched shortly are as below:-

### Depreciation Shield

In the event of a partial loss to your car, we will cover the depreciation amount on the damaged parts allowed for replacement. The benefits under this cover are available only for two partial loss claims during the policy period.

### 24x7 Spot Assistance

The cover provides benefits if your car is immobilised due to Flat Battery, Loss of Spare Keys, Flat Tyre, Minor Repairs. 24x7 spot assistance also provides fuel assistance in some cases. In addition to this Towing Facility, Legal Advice, Medical Co-ordination, Accommodation Benefits would also be provided. Taxi Benefits or any other transportation service would also be provided in case of immobilisation.

### Engine Protector

We will cover the consequential damage to:

- The internal parts of the engine of your car arising out of water



ingression / leakage of lubricating oil resulting from an accident.

- Damage to the gear box due to leakage of lubricating oil resulting from an accident.

### Vehicle Replacement Advantage

If your car meets with a total loss (including theft), we will replace your car with a new equivalent or near equivalent car of similar make, model, features, specifications and color. Additionally, we will offer a Private Car Package Policy in respect of the new car and at the same time, we will also cover the cost of registration, including road tax and Octroi, payable for the new car.

### Accident Shield

We will compensate the occupants of your car for death and/or permanent total disability arising out of an accident while traveling in your car. Please note that the benefits under this value added cover are in addition to the benefits available as part of the Personal Accident cover under the Private Car Package Policy. As part of this cover, the Sum Insured per occupant of your car will be Rs. 300000.

For more details, call us on the toll free number **1800-209-5858**.

# Health Insurance Policies – A range to meet various needs

Financial expert, Arnav Pandya evaluates the bouquet of Health Insurance products offered by Bajaj Allianz



There are a range of policies that are available from Bajaj Allianz General Insurance under their health insurance offerings. Each one of them plays a specific role in terms of coverage and facilities. The reimbursement for hospitalization expenses is available under the Health Guard policy. A daily allowance on hospitalization is covered under the Hospital Cash policy. The Silver Health policy covers people above 46 years for their hospitalization expenses while 10 critical illnesses can be covered under the Critical Illness policy.

## Ease of buying

There are several factors that facilitate ease of buying for potential policyholders. One of them refers to the details that need to be mentioned at the time of taking the insurance. For all the health insurance policies the details required in the proposal form are exhaustive but at the same time easier to complete. The information required includes basic personal information as well as specific details of medical history.

The next aspect is the ease with which the policy can be procured. One of the procedures involved relates to medical tests. It has to be noted that in case of specific medical conditions experienced by the proposed policyholder tests as stipulated would be required. In the Health Guard policy there is no need for medical tests upto 45 years of age and for a sum insured upto Rs 10 lakh. In the Silver Health policy pre acceptance medical tests are required.

The ease of buying is also manifest in the fact that there are various routes that a person can choose for the purchase of the policy. There is also a facility for chat with an advisor in the decision making process. Among the health insurance options the Health Guard policy can also be bought online. Since there

is a wide variety in the choice, the ease of buying increases.

## Flexibility

There is a large importance given to flexibility of the products because the purchaser has to benefit from the various ways in which the policy can be structured to suit their own needs. The Health Guard policy has various additional areas that can be covered by payment of additional premium. Some of the choice here includes accommodation expense for relatives, organ transplant expenses, and even accidental hospitalization cost which can prove to be effective for policyholders.

The Critical Illness policy for example has the flexibility for policyholders to take a cover ranging from Rs 1 lakh to Rs 50 lakh. The list of the 10 critical illnesses is clearly stated so the coverage is known. The amount on the policy is paid as a lumpsum once the illness is diagnosed and the person survives for 30 days after the diagnosis so this enables the use of the funds for the treatment as required.

Under the Hospital Cash policy there is the choice of choosing the amount that is required as sum insured for each day and the cover can be taken for a period of 30 days or 60 days. All this provides the necessary flexibility to the policyholder for meeting their requirements.

## Target market

Each of the offerings is targeted at a specific market and it is necessary to see how these are being served. The Health Guard policy is for any person who wants to cover hospitalization expenses and looking at the extensive hospital network, ability to take treatment outside network (with 10 per cent co-payment or waiver with additional

premium) plus the types of expenses covered ensures that the insurance requirement is fulfilled. The Health Guard policy also covers the relevant medical expenses 60 days before and 90 days after hospitalization. There is also family coverage and a 126 day care procedure covered which increases the benefit for the policyholder.

The Critical Illness policy meets the requirement of people who want to take protection against high expense for treatment of specified diseases. This is possible as it covers 10 diseases that are prevalent including cancer, first heart attack, coronary artery bypass, kidney failure, stroke, paralysis and major organ transplant.

The Silver Health policy that is for individuals as they become older also meets the basic requirement though the only point is that coverage is only till 75 years. This can prove to be a problem for a lot of people who outlive this age who might not be able to get coverage after that. In terms of coverage there are various expenses covered, so ambulance expenses are covered till Rs 1,000 and in addition pre existing illnesses are covered from the second year with a 50 limit of the indemnity available.

The Hospital Cash policy also meets the requirement of individuals who want to meet the expenses incurred while hospitalized. The amount of the cover and the time period available would meet most of the situations that a person would encounter.

## Ease of claims settlement

The procedure for the settlement of the claims is also clearly outlined and there are two routes that are commonly used. The first route includes the filling up of the claim form and submitting this to the insurance



company. In several cases this has to be accompanied by the necessary certificate of the required doctor as in the case of the Critical Illness policy.

The other option followed is applicable in case of the cashless option chosen. Here the claim is settled directly with the network hospital. This is applicable in case of policies like Silver Health and Health Guard. In case the treatment is taken with a hospital not in the network the claim is sought to be cleared in 14 days.

### Cost

When it comes to the cost aspect the individual has to consider whether there are any hidden costs that can spring a surprise on them. In case of all the health insurance policies the cost aspect is clear as the premium indicated covers the main part of the expense. Variations for the number of members covered and for different sum assured are also mentioned along with the premium for the additional features. This will give a good idea to the individual about the expense involved. Two points need mention here. One, the premium mentioned on brochures and other material is usually exclusive of service tax so this figure would have to be added to get the total cost. At the same time if there are existing health conditions that have a significant impact on the situation then the premium would vary. Both these are common features that a policyholder will encounter while buying any health insurance policy.

### Overall rating

★★★★★

- ★ Not recommended
- ★★ Invest with caution
- ★★★ Average investment
- ★★★★ Good investment
- ★★★★★ Must invest

*The reviewer is a Certified Financial Planner and a columnist with leading publications in India. He has professional qualifications as a Chartered Accountant and a MBA from IIM Bangalore with specialisation in Finance. His columns have appeared in The Economic Times, Times of India, Hindustan Times and Business Standard. He has nearly a decade of experience in the financial planning field covering activities like training, creating study material, preparing practical user guides and conducting seminars.*

# Product Development Process



Product Development is the process by which a company creates a new product or manages existing products. As the number of insurance products multiplies in the market and the demand for an innovative product grows, a company's ability to successfully launch new products has become a key criteria for success.

The Product Development (PD) Team at Bajaj Allianz follows a well structured Product Development Process to roll out products. The various stages of this process are enumerated below:

### Opportunity Identification

Various methods are adopted to build a pool of ideas for a new product such as group discussions, brain storming, suggestions from employees and insurance consultants. Ideas are also received from external sources such as customers, distributors as well as on the lines of products being offered by competitors.

### New Product Idea Development

On the basis of the field requirement, feedback and competition, the new product ideas are developed further. With suggestions from the Actuarial Team, a 'Product Construct' is built wherein the basic structure of the product is created with details such as coverage, exclusions and other broad terms and conditions.

### Product Concept Testing

The 'Product Construct' is tested in the market on its acceptability, usability, needs catered and result-orientation. The research team visits various locations to meet the sample audience, explain the product concept and take feedback. *"This research equips us in taking crucial decisions of launching the product or reworking on the concept,"* said Rituraj Bhattacharya, Senior Manager - Product Development, Bajaj Allianz Life Insurance.

### Product Development

Based on the feedback from the field, the product is fine-tuned and developed. Specifications such as age eligibility, etc. are decided and pricing and filing is done by the Actuarial Team. Positioning decisions are also taken at this stage through Perception Mapping of the field force. This is a feedback seeking exercise where the respondent gives us their views on the perceived value (objective) of the product concept. For example, if we design a term plan, the development team perceives the key selling point as 'return of premiums' or 'additional coverage with riders'. Similarly, the perceived value for the audience could be 'economic backing for the family' or 'safeguarding family's future'. The results of this activity helps determine the lines on which the product communication should be built.

### Product Launch

Various communication tools such as presentations, FAQ's, circulars etc. are designed to facilitate a successful product launch. These tools are created keeping the sales force in mind to help them understand the product and thereby, sell better.

The Product Launch is accompanied by a launch campaign which is carried out in various internal and external communication platforms.

### Review

Once a product is launched, it is reviewed after a month or so to understand the acceptability levels of the product and the launch communication.

### Product Management

Existing products are regularly evaluated by studying Product Life Cycle of the plans and periodically taking necessary steps to modify any features of the product as required.

# Claimstrack

A quarterly review of claims handled

## Life

### Claims Settlement | January-March 2010

	Claims Outstanding as on 1 Jan 2010	Claims intimated	Claims settled	Claims repudiated	Claims Outstanding as on 31 Mar'10
Death	6944	6475	11366	529	1524
Riders	131	135	229	19	18
Health care	22	14	31	1	4
Total number	7097	6624	11626	549	1546
Total amount	1,137,112,478	903,517,821	448,900,711	113,393,452	327,108,027

Claims Settlement Ratio - 95.5%

“Volume of intimations during the financial year was equally high. As far as processing part, we have handled the sharp increase in volume with the help of process improvement and module enhancement including e-claims which are image based to save movement of papers resulting in the sharp improvement in productivity.”

**P Ravi Kutumbrao, VP - Claims**  
Bajaj Allianz life Insurance

### Cases referred to Consumer Forum & Ombudsman | January - March 2010

Total no. for Cases received	No. of cases settled	Bajaj Allianz Won	Bajaj Allianz Lost
101	35	19	16

## Non Life

### Paid ageing | January - March 2010

	0 - 30	31 - 90	91 - 180	> 180	Total no. of claims	Total amount paid in Rs
	Count of claims					
Motor (excluding TP)	106,118	14,706	3,959	1,896	126,679	1,876,545,240
Property & Engineering	936	750	583	580	2849	413074115
Health	19,786	5001	1551	1283	27,621	627,505,987
Misc & Others	4075	1883	1483	5131	12572	962720956
Total	130,915	22,340	7,576	8,890	169,721	3,879,846,298

Claims paid within 90 days - 90%

“Our settlement ratio has been maintained consistently at over 92% due to regular follow up with customers for quick closure of claims. This has also helped in improving the TAT for settlement. Our claims department has now received the prestigious Certificate for ISO 9001:2000 and ISO 9001:2008.”

**Capt. Sanjay Moholkar, Head - Claims**  
Bajaj Allianz General Insurance

### Claims Settlement | April 2009 - March 2010

	Outstanding as on 1st Apr '09	Paid from Jan 09-Dec 09	Outstanding as on 31st Dec '09	Registered from Jan 09 - Dec 09
Motor (OD)	8,670	374,531	377,755	7,781
Motor (TP)	34,008	26,231	14,402	45,133
Property & Engineering	1,845	7,635	8,003	1,724
Health	4,862	88,893	101,692	3,383
Miscellaneous and others	2,279	27,967	18,906	5,307
Total	51,664	525,257	520,758	63,328

Claims settlement ratio (excluding TP) - 94%

### Cases referred to Consumer Forum & Ombudsman | January - March 2010

Total no. of cases received	No. of cases settled	Bajaj Allianz won	Bajaj Allianz lost
465	359	219	140

## Get more from your money with Guarantee Express



Guaranteed returns is one of the major attractions that life insurance can offer. To create awareness about this aspect, Bajaj Allianz launched an innovative campaign called 'Guarantee Express' across 137 cities simultaneously. The 'Guarantee Express' educated people on the much needed guaranteed returns on their investments during these troubled times of high market volatility. Focusing on three 'guaranteed products' offered by Bajaj Allianz – Invest Plus, Max Gain and Shield Plus, the campaign used street theatre as a medium to communicate the features of these products and how they are a better option than other financial instruments like fixed deposits. This was the first time in the industry

that an insurance player like Bajaj Allianz has used theatre to communicate the message.

## Best Employer Award



Sagar Vadapurkar and Smriti Mahindra from the HR Team of Bajaj Allianz Life Insurance receiving the award

Bajaj Allianz Life Insurance was honored as the **"Best Employer"** by the Indra Group of Institutions & DNA at their annual Marketing Excellence Award ceremony.

Bajaj Allianz was recognized in the Insurance sector for **"Creating employment for the youth"** for the year 2009. This award certifies that the organisation has aptly recognized the potential and shown the right direction to the youth, even in the tough times of the slowdown.

This was the 9th year of these awards which have become a trendsetter in the field of marketing excellence where the best of the brands and the individuals behind them are awarded for their achievements.

## Bajaj Allianz ties up with Dena Bank

Dena Bank and Bajaj Allianz Life Insurance have entered into a tie up for enrollment of members group life insurance product 'Bajaj Allianz Sarva Shakti Suraksha'. The Memorandum of Understanding [MoU] was signed by Mr. M.K. Sharma, General Manager, Dena Bank and Mr. A.S. Narayanan, Head – Bancassurance, Group & NRI Business, Bajaj Allianz Life Insurance Co. Ltd. in Mumbai.

Dena Bank is a nationalised Bank having its Head Office in Mumbai. The Bank was established on 26th May, 1938 as Devkar Nanjee Banking Company Pvt. Ltd. and was nationalised in 1969. Dena Bank has a network of over 1200 branches and satellite offices in rural, semi urban, urban and metro areas across the country, with a strong presence in Western India



Mr. MK Sharma, General Manager, Dena Bank (left) and Mr. A.S. Narayanan, Head - Bancassurance, Group & NRI Business, Bajaj Allianz Life Insurance

## Bajaj Allianz to provide micro insurance to Milkfed members

Bajaj Allianz Life Insurance will offer its group insurance product Sarva Shakti Suraksha to 3.65 lakh members of Punjab State Cooperative Milk Producer's Federation Limited (MILKFED) in Punjab. This is the first time that Bajaj Allianz has tied-up with a milk co-operative federation in the country.

Sarva Shakti Suraksha is a product designed specifically for micro finance institutions, regional rural banks, district central co-operative banks, farmer associations, dairy boards etc. with a special focus on financially excluded individuals. The plan offers risk coverage with a savings option and is available at a premium as low as Rs. 45 per month or Rs. 500 yearly.





# Silver Health

Health cover for people above 45 years

**BAJAJ | Allianz** 

## Benefits

- The member has access to the cashless facility at various network hospitals across India (subject to exclusion and conditions)
- The member can opt for hospitals besides the empaneled ones. In which case the expenses, incurred by him/ her shall be reimbursed within 14 working days from submission of all the documents
- 20% of co-payment of the admissible claims to be paid by the member if treatment is taken in a hospital other than a network hospital. Waiver of co-payment available on payment of additional premium
- Cumulative bonus of 5% to your Limit of Indemnity for every claim-free year
- Health checkup in designated Bajaj Allianz Diagnostic centers at the end of continuous four claim-free years
- Family Discount of 5%
- Income tax benefit on the premium paid as per section 80 D of the Income Tax Act

For more information call **1800 209 5858**

[www.bajajallianz.com](http://www.bajajallianz.com)