



BAJAJ ALLIANZ

Newstrack

Corporate Newsletter
Issue II/ 2012

Behind the Motion are many Functioning Wheels

 **BAJAJ** | Allianz 

Jiyo Bepikar

Contents



Cover Photo : The motion is never complete without the harmonious movement of several functioning cogs and wheels.

Issue date : 2012 Issue II

Published by : Bajaj Allianz

Editorial Team : Santosh Balan, Chandni Arora

Design : Turnhere Design House

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.

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For an e-version of the newsletter, visit our website: www.bajajallianz.com

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

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For Internal Circulation Only

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This issue will get you all behind the scenes action from Bajaj Allianz. It will share with you how teams like Actuarial, Product, Underwriting, Operations which are not the direct touch points for the customers work in tandem with other departments and their contribution in making what Bajaj Allianz is today.

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Foreword

An ode to the unseen heroes

Dear Friends,

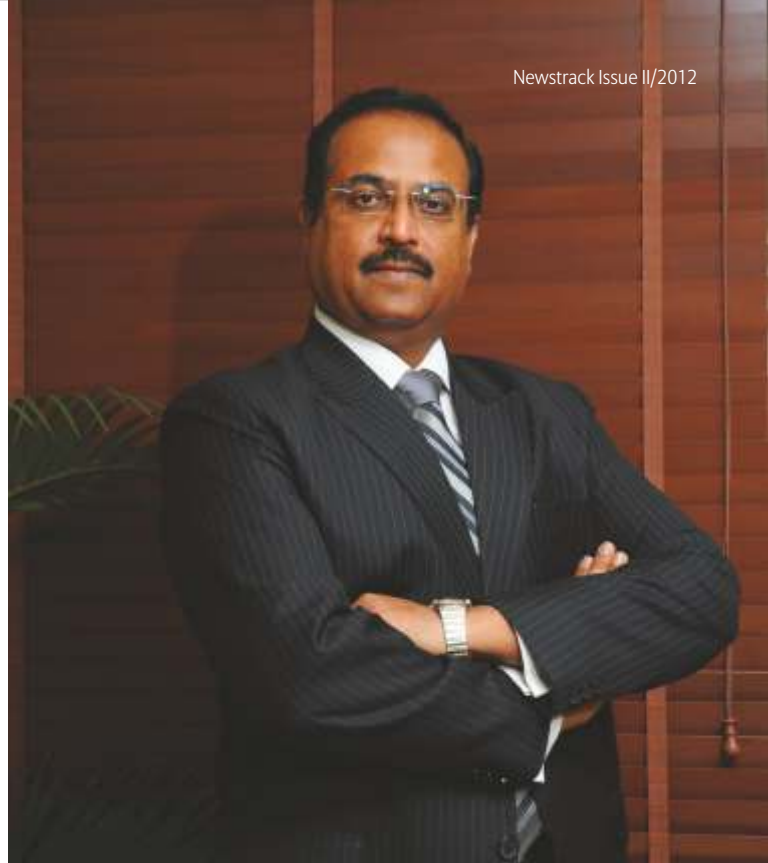
Ever thought what goes into making a superstar of a hit film. It's the untiring hard work of a huge number of people who remain unsung and hardly anyone knows them. Are these people unhappy on being unsung? The answer is NO. They have a lot of pride in their profession and in what they deliver.

When you get a piece of paper called an "Insurance policy" which provides security against unforeseen losses, again there is a huge army of unsung heroes working tirelessly round the clock to ensure that your trust and comfort on just a piece of paper is not shattered.

I am happy that this issue of Newstrack is bringing some of the unseen heroes to the fore, who often form the backbone of an insurance organization. In the following pages you will find how our back-office relentlessly strives to ensure your policies are underwritten, issued and dispatched to you within days and sometimes hours! Product development is an intricate and elaborate process in itself and I am sure would make an interesting read.

We are today in a free pricing regime, which makes it even more important that we underwrite the risk prudently. In other words the price for the risk i.e. premium has to be adequate and should offer optimized coverage for the insured. The current trend of inadequate pricing is not sustainable in the long run and is not in the good interests of the customers or the insurers. If this continues, there will be severe service deficiencies, and we can only hope that insurers are not in a situation where they abdicate their responsibility of claim payment. So underwriters play an important role in ensuring that pricing is the most appropriate for the risks that are accepted.

Motor insurance has become a commodity and many feel that it does not require underwriting skills or there is nothing much to underwrite. But this is not entirely true. After de-tariff of prices, there are several new variables that have been added to arrive at the right premium.



Here we have seen a unique collaborative effort of the actuarial team and motor underwriters to expand the variables list as well as ensure that the underwriting norms are stringently liberal.

Of all the back-office teams, actuarial team is the most invisible department from a customers perspective. Yet they are the ones who bring a meaning to the numbers and by rigorous analysis of past data they can bring a sense of predictability of the risk. In general insurance, their role has increased with the advent of free pricing regime. Globally, in mature markets actuaries play a dominant role in pricing. This trend will soon be visible in the Indian market also.

The regulator has just released draft guidelines on health insurance. We hope this will provide some new impetus to health insurance as there is a vast section of population still devoid of even a basic health insurance plan. We have a declined pool for Commercial Vehicle TP risks from 1st April 2012 as a result of the dismantling of the erstwhile motor pool. This is a major development as the motor pool losses have severely dented profitability of insurers. While a major risk has been possibly diminished we will have to see how the declined pool will behave in the coming days.. The committee formed by the regulator to oversee the process of the declined pool and its behavior will help in providing early warnings if any.

Most of the insurers have announced their results of FY 11-12. We are happy that we could maintain our profitability inspite of the higher motor pool provisioning. We thank our customers for their faith in us besides our intermediaries and employees for their unstinted support and passion in their work.

Tapan Singhel
MD & CEO
Bajaj Allianz General Insurance



Back office at the forefront

Dear Friends,

Life insurance is essentially a long term product and it seems to be a simple open and shut case whereby the proposal comes in and once underwritten, the policy is issued. To ensure that the customer receives this important piece of paper well in time there are several departments involved in ensuring the whole process is smooth and hassle-free.

This issue of Newstrack brings the back-office to the forefront we bring you a feature on the role of actuary, how a product is developed, the processes involved in underwriting a policy, how does our operations team handle the mammoth volume of policies and ensures that they are issued on time. What actually happens once the premium is accepted by the insurer till its final journey of claim settlement is revealed in this issue.

One interesting fact is that the underwriting process which can be complicated, can also be made simple by automating the process. This has helped us in scaling our capability and handling large volumes. It also helped to ensure that the branches even in tier II or tier III towns could issue policy instantly leading to a greater customer satisfaction. Other simple processes included the tracking of the customer visits to an office and tagging it to their policy and all the interactions that they had via phone or mail in a single view. This helps in understanding the history of complaints and the steps taken to redress it and the customer need not repeat the same every time.

The industry is still going through a de-growth phase. Bajaj Allianz was

able to achieve a flat growth in Q4 of FY 11-12 as compared to the previous year, and this gives a glimmer of hope that we will be able to sustain ourselves in the current financial year. The challenges in the current year has been compounded by an exposure draft of new regulations that is seeking refilling of all traditional products and restrictions in group insurance covers. However, we will have to wait for the final guidelines before we assess its impact on the insurance industry.

Our annual results for FY 11-12 have been declared. Our performance was in-line with the industry. Our AUM is now over ₹39,000 crore and we are one of the highest asset managers even ahead of some of the MF companies. The fund performance of our flagship funds featured in the top quartile of performance when compared with benchmark indices and competition. This is in line with our investment philosophy – to optimize the returns for the customers and has been successful in ensuring higher returns than many of the indices.

We thank all our IMD's and employees who have given their best in achieving the results.

V. Philip
MD & CEO
Bajaj Allianz Life Insurance

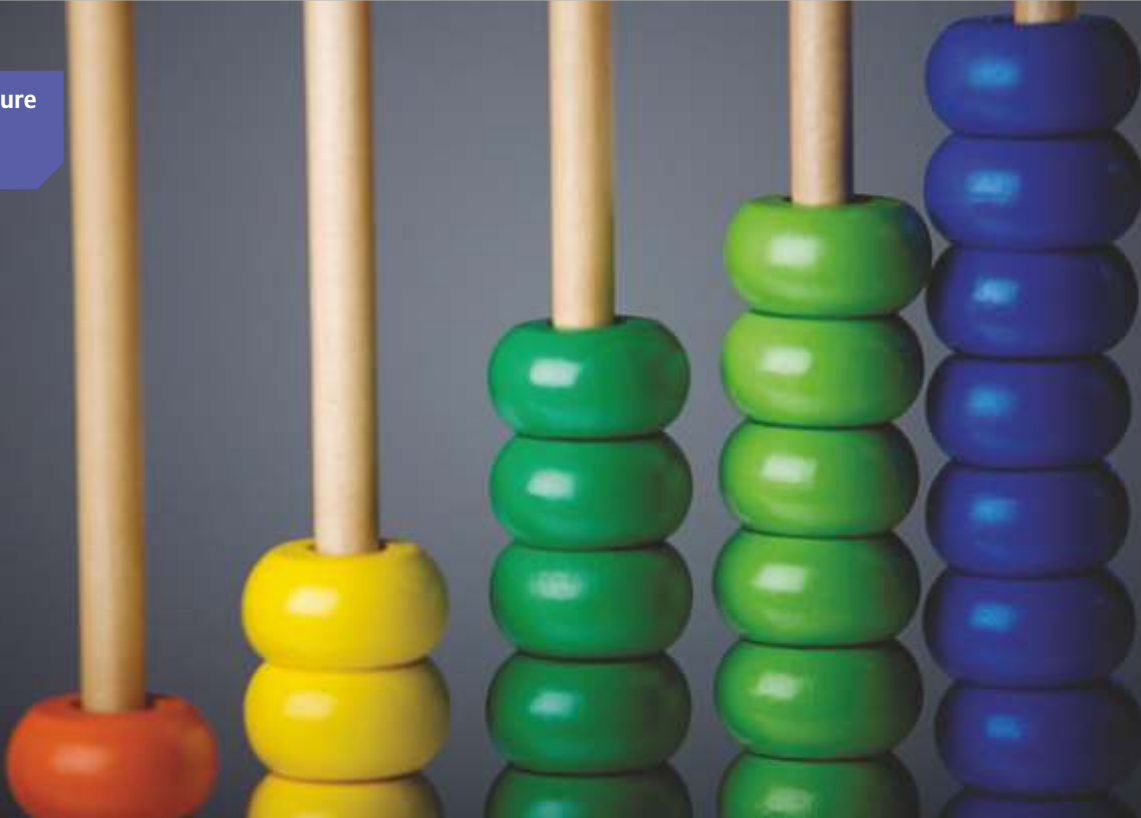
Behind the **Scenes**

To a customer, a policy document in hand is the logical conclusion of an insurance product bought from an intermediary, online or directly. It is also a promise from the insurer to pay a certain amount on the occurrence of uncertainty as listed in the document. But they are oblivious to a whole lot of procedures and events that precede even the sale event till the final document is in their hands.

What is seen or experienced are usually the services delivered by the sales and marketing team, claims or the customer service teams. However the company has several teams that are not the direct touch points for the customers but play a very important role in the functioning of the company and providing the desired deliverables for

discerning customers. Teams like Actuarial, Product, Underwriting and Operations are the departments that engineer these services and act like a cog in the wheel. NEWSTRACK offers a sneak preview of what happens behind the scenes and emphasizes on how each cog in the wheel is involved in driving the whole organization. This issue will in a way take you to the Bajaj Allianz green room and get you all the behind the scenes action, and share with you how these teams function in tandem with different departments and their contribution in making Bajaj Allianz what it is today.





Predicting and Pricing **the Future Risks**

The actuarial department is more than just analyzing numbers it is about bringing meaning to these numbers. Pricing and Reserving are the commonly known functions of an actuary. But in reality it is much more...

Life insurance is a long term product and the policy tenure ranges from a minimum of 5 or 10 years and even extends to your entire life. Meanwhile, a general insurance product that covers an asset like vehicle home office or production unit is basically an indemnity product. In all these cases the insurer requires to calculate the probability or predict the uncertainties with some certainty and decide a price for such risks. This complicated art is simplified by professionals known as actuaries.

Who Are They

In the simplest of terms, an actuary is someone who analyzes various data to quantify risks that may occur in the future. They also predict and price the risks for an insurer. The actuarial team's involvement is most largely visible at the initial stages of decision making and evaluation of applications based on risk. While the presence of this department has always been prominent in life insurance, it had a restrictive presence in general insurance till a few years ago. Even though actuaries found a place in general insurance companies as mandated by the regulator, on the work front, there wasn't much to do beyond the estimation of reserves. However, post de-tariffing that has changed.

What They Do

The role of an actuary in a life insurance company is different from that in a general insurance company as the purpose and objective is different for

both. To simplify it, let's look at their varied roles in their respective domains.

Role of an Actuary in Life Insurance

There are a lot of uncertainties that govern our life and make the future unpredictable. An actuary from life insurance works mainly on estimating the probability and likely economic cost of these predicaments. So in a life insurance company, it is safe to say that actuaries manage risks.

The actuarial department's product pricing team works in close liaison with the product development team. It begins with designing the product and pricing it. This is where actuaries play a very significant role. They arrive at a price or a charging structure by considering mortality tables, investment assumptions, the required return on capital and other assumptions related to the business. On completion of this pricing decision, the product is sent to the regulator for approval. Anil Singh, Appointed Actuary, Bajaj Allianz Life Insurance says, "We take part in developing a product, as we have to keep in mind that the pricing strikes a balance between customer and competition requirements." Moreover, they decide the terms and conditions of products too.

The appointed actuary also takes care of all statutory aspects, and is a bridge between the company and the regulatory authorities. Anil



Anil Singh

Singh states, "The other important part that we play is the actuarial valuation without which the balance sheet of life insurer cannot be completed. After the valuation, it is we who are responsible for declaration of bonuses on participating products and interest rates on non-participating products."

Role of an Actuary in General Insurance

Post de-tariffing, an actuary in a general insurance has a bigger role than in the tariff era, when they were mainly involved in the estimation of reserves. Anurag Rastogi, Head-Actuarial, Bajaj Allianz General Insurance, says, "Today, in addition to reserving, our role extends all the way to pricing, reinsurance programming, suggesting product structures, customer segmentation for formulation of business strategies, asset and liability management, as well as past data analysis."

The role of pricing, in an actuary's profile, emerged only after de-tariffication. In a free pricing regime, pricing requires a lot of thought, thus augmenting the role of a general insurance actuary. Also, given that now pricing has to be more cautious than before, it is done by preparing a statistical model based on past data which relates the attributes of policyholders and the subject matter of insurance. This implies the relation between the attributes and the probability of a loss happening, as well as the quantum of the loss if it happens.

The contribution of actuaries in any product structure comes into play when a decision needs to be taken on what pricing elements work best for the customers, what meets market requirements, and what meets the interest of all the stakeholders i.e. the customers, the insurance consultants, the marketers and the shareholders.

Anurag also says, "An actuary also plays an important role in supporting the reinsurance team, and identifies the most economical reinsurance program given from a choice of different reinsurance programs, while taking into account risk appetite of the company." In

the simplest of terms, reinsurance can be defined as providing insurance to an insurer. Besides that, they help to identify gaps in the reinsurance program which might attract unwanted risks on the company's balance sheet.

Reserving is an area where they continue to play a dominant role. When a company writes a policy, it is not necessary that at the end of the year the liability of the company towards that policy has expired. A lot of claims may have happened, which have either not been registered or settled by the end of that year. In order to pay off these claims to policyholders in the future, money is kept aside. In simple terms, it could be spoken of as providing sufficient reserves so that money is available with the company to pay claims. "It is important to bear in mind that a strong reserving philosophy and strong solvency indicates that the company has enough to pay its customers, thus indicating financial strength", opines Anurag Rastogi..

To sum it up, one must know that amongst all the differences between an actuary's role in life insurance and general insurance, the biggest difference is that while life insurance works on long term guarantees, non-life or general insurance deals with short term guarantees. This is why, it could be said that actuaries go beyond simply analysing the numbers.



Anurag Rastogi



Bringing Ideas to Life

In a highly competitive market where a wide range of products are available to the customers, the challenge is to stay ahead of the competition with innovative and unique product offerings that stand out in the market. In this article, NEWSTRACK will take you through the process on how Bajaj Allianz discovers, designs, and develops products.

It is quite evident that in a competitive market, each player constantly has to innovate if they want to stay ahead of the competition and offer a product that can stand out in the market. But as in any financial product, a successful or popular product can be instantly replicated. So, the challenge here is to not only launch an innovative product, but be the first one to do so.

“Product innovation and clear differentiators are the hallmark of a successful life insurer, despite the closer similarity in the product attributes and benefits. Besides that, there has also been a perceptible shift in the mindset of the customers. The way to make a mark with the customer is by creating products with impressive features. Ideas and innovations are the key to developing a good product” says Divya Aggarwal, Manager Product Development, Bajaj Allianz Life Insurance. However, this is not something that comes about at once. It is a procedure that takes a lot of thought and efforts.

Product development broadly involves Pre-Launch and Post-Launch processes. It engages key stakeholders from the domain areas of Marketing, Underwriting, Actuarial, Legal, Operations, Investment, Claims and IT. Their involvement ensures that products are developed only after being subjected to multiple stages of filtration and scrutiny, thereby, lending sound credibility levels to the final offering.

Initiating Product Development

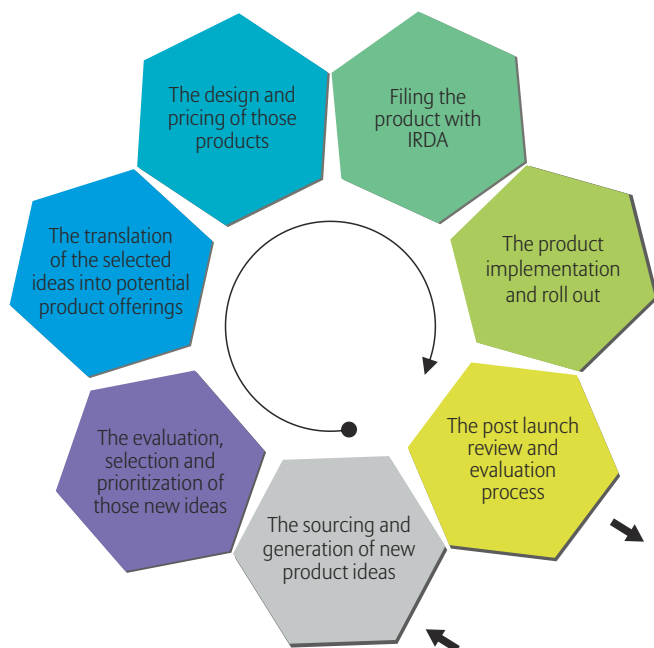
A new product is launched to address a specific need in the market or

regulatory changes. These are then incorporated with inputs from actuaries or channel partners or employees, also features of an existing product in the market are also considered. Post this, the product development team works in partnership with the actuarial department to create a product outline containing specifications regarding the product and its features.



Divya Aggarwal

Product Development Process



After obtaining a concurrence of various stakeholders on the product blueprint, it is moved to the design stage.

The product is then submitted to Insurance Regulatory and Development Authority (IRDA) for its approval. Simultaneously detailed work is initiated to design IT systems for handling policy issuance and claim settlement aspects. After obtaining an IRDA approval on the filed product, it is launched in the market via the designated distribution channels.

As per IRDA guidelines, once the approval on a product has been received, it needs to be launched within 3 months. However, this launch time is also dependent on the complexity of the product, amongst other factors. This means that 3 crucial aspects need to be completely taken care of viz. marketing, training, and IT systems for launching a product.

Post launch review

In order to validate the premise on which a particular product was designed, a periodic performance evaluation of the launched products is carried out. In instances of an adverse deviation from the initial assumptions, suitable modifications are incorporated in the product construct to ensure a viable product portfolio. "Due to such a detailed product development process, Bajaj Allianz has one of the most diverse and sustainable product portfolios in the Indian general insurance sector," says T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance.

"Our job demands uniqueness at all times, and it is our constant endeavor to keep up with the need of the industry, as well as with that of our customers. We also have to rely greatly on approvals from authorities and regulatory bodies at all times, amidst a constant sense of competition in the market. We often carry out a launch review with

our Insurance Consultants and Sales Managers to find out how the product has fared. We check on aspects such as how our communication had been, how our training had been, and most importantly, how our product was. The advantage of these reviews is that it benefits more than just our department. It helps departments such as the underwriters as well as the actuaries." Says Samir Bagchi, Manager, Product Development, Bajaj Allianz Life Insurance.



Samir Bagchi





T A Ramalingam

Co-branded products

“Bajaj Allianz General Insurance has a multi-channel distribution comprising of agents, banks, brokers, motor dealers, etc. One of our major distribution channels are Banks and Motor Dealers for whom we develop co-branded products exclusively designed for their customers. This adds to the exclusive privileges that these channel partners seek to offer their customers. These products are designed depending primarily on customer segment, customer’s life cycle and the internal distribution models of the Banks or the Motor Dealers”, says T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance. Most of these products go through the same process of developing and filing of any new product in case the products so designed are different from the filed products. Subsequent to obtaining an approval from the IRDA, it is made available to the channel partner for offering it to their customers.

Case Study

Bajaj Allianz Drive Assure – an add-on cover with private car package policy that provides added protection

What we did

Since the terms and conditions that existed in the tariff era cannot be changed, new covers would be possible only as an add-on cover.

In order to understand the latent demand in the market and arrive at the best possible covers, we conducted a market research across 6 cities and followed it up with a focus group discussion. The target segment included both men and women within the age group of 24-40 yrs, and included first hand car owners, small and mid-priced car segments besides our customers.

How we did

The market research activity gauged the awareness of the target segment on the current offering. It also measured their response and overall engagement level towards the new features proposed on the basis of relevance, concern and expectations. The expected price range and the nomenclature for the product was also assessed in the survey.

Wow Features

We found that there was a need and an opportunity to offer a motor policy with value added covers and also gain valuable insights. For example the feature of replacement of the vehicle in case of total loss attracted the “wow” factor, and features like depreciation cover and 24X7 spot assistance were rated as the “must have” features. Also, the customers preferred simple and self explanatory names/logos rather than the catchy ones.

Product Launch

Once the approval was received the team geared up for the launch of the product. The product literature was developed and the product development team assisted the marketing team in designing various marketing and training collaterals besides developing systems for policy issuance and the information that would be required during the claims process.



Underwriting

When a customer decides to purchase an insurance product for the various risks that they perceive, they generally provide information about the risk profile in the form of a proposal form. It is the underwriter at the insurance company who assesses the risk and sets the terms and conditions of the acceptance of the risk. The underwriters have only the proposal form at their disposal to assess the risk and ascertain a price for it.

A risk-free business and life would be like a dream come true. However, the truth is that this is not really possible. What can be done though, is, evaluation of risk and risk management. This is where the role of an underwriter comes into the picture. To make it simpler and highlight the nuances in each line of business, we look at each lines separately like Life, Health, Motor and Non Motor insurance.

Considered as one of the core functions of insurance, underwriting is an indispensable part of the insurance business. It is all about the evaluation of risks, insurability of risks, risk management, and the terms and conditions at which a risk may be insured. It is pretty much the "behind the scenes" work in an insurance company where they determine who is insured and how much in insurance premiums they will charge the insured

person.

Underwriters make decisions based on the level of risk that they perceive, depending on the details or information about the risk provided by the proposer, or gathered by the risk inspection. It is also based on the market's dynamics at that point in time. What matters then are details such as premiums charged, discounts offered, etc., which are all based on the risk, as classified.

A thorough underwriting process also helps the customer to understand the magnitude of the risk held by him. In addition to that, the underwriters can also help customers by giving suggestions for precautionary methods that can help curb the degree of the risk that they are exposed to.





Countersigning your Life

B S Powdwal

One has to fill a series of details in the proposal form while acquiring a life insurance policy. Why are these details acquired? How does the underwriter decide on the premium to be charged? Though the underwriters are not directly in touch with customers how do they play a part in improving customer service? B S Powdwal, Head Underwriting, Bajaj Allianz Life Insurance takes you through how the underwriting team at Bajaj Allianz has simplified the process of underwriting life insurance policies.

Underwriting in life insurance seems like an open and shut case, but can be as complex as understanding the human nature. However, the underwriting team at Bajaj Allianz has simplified the processes involved in life insurance, as it plays a large role in this domain.

In today's competitive market of life insurance, underwriting plays a crucial role. When a customer buys a life insurance policy, there is a host of details that must be covered in the proposal form. Based on these details provided by the proposer, the underwriter classifies the risk posed by the proposer and decides on the premium to be charged, accordingly. The factors that help an underwriter identify these risks are: age, current health, physical condition, medical history, professional/personal habits, and so forth. Furthermore, various other factors also impact underwriting decisions. Women, children, smokers, and select occupations are some of the categories that attract differential pricing. This difference may arise as a result of the possibility of a moral hazard in case of women and children, occupational hazards, and lifestyle habits. In case the life assured is a woman, her employment and marital status are considered, while in case of children need of life insurance and whether or not the child is receiving education are considered. Lifestyle habits also play a large role in deciding the price one would pay. Smokers attract a higher premium on term plans in comparison to a non-smoker due to this unhealthy habit. In order to evaluate these details, proposal forms are very extensive and exhaustive in nature.

In addition to that, since life insurance is a long term cover, it is important that all details are covered to perfection at the time of policy issuance itself as the premium rate is decided at the proposal/policy issuance stage and does not change at all over the term of the policy.

At Bajaj Allianz, we have created a robust and automated underwriting infrastructure, which makes it easier for the team to handle huge volumes. Some significant attributes are enlisted below.

Automation

Previously all underwriting procedures were carried out manually. Today, with an increase in locally underwritten cases, we also try and ensure uniformity in our underwriting processes across all our offices.

Auto Black Box Underwriting

Auto BBU is a system that acts like an automated underwriter, which consists of rules that have been developed on underwriting guidelines in the online underwriting module. This helps us to process more policies, along with a reduced TAT. The primary reason that leads to efficiency as a result of this system is that it reduces the time spent on every case, as it prompts us instantly about any missing details, by simply pointing out the error on the proposal form. As pioneers in the industry for this system, we truly have managed making underwriting more efficient than before. Following this process of Auto BBU, if we do find an error or absence of minor details, we simply call up the concerned customer and ask for the missing details. In the past, such a discrepancy would lead to raising a requirement about the same which would take a long time to get resolved. Now with the help of a few sophisticated backend processes, we can avoid this step.



For the Customer

The underwriting department is not exactly a customer interactive department. Even so, we try to do our best to simplify things for them and offer them the best services possible. Here are a few ways in which we achieve that. Our underwriters are in the constant endeavor to expand our network of hospitals and doctors so as to offer customers the best medical services. This means that a customer of Bajaj Allianz Life Insurance will find our network hospitals at innumerable locations and can get the required treatment done as per his/her convenience. Besides that, we also take care of appointments for our customers as well as arranging for home visits by doctors in cases where we have called for medical requirements.

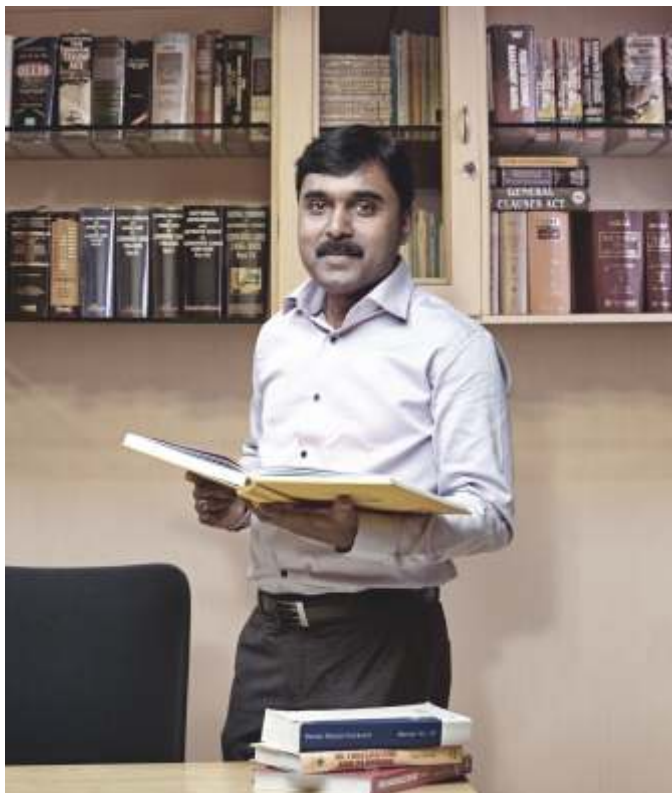
To optimize the customer's understanding of the proposal form, we have now introduced it in some of the most common languages used across the country. This facility has helped reduce the number of errors that are provided by the customers as the level of comprehension about details required is higher.

Underwriting is an important part of life insurance, because the stakes involved are high. Unlike general insurance, where depending on certain factors, premium rates can be revised annually, in life insurance there is no such option. This is why a life insurance underwriter has to evaluate the proposal form very carefully before deciding the premium that must be charged. Life insurance could be spoken of as a sensitive area of insurance, which is why there should be no errors while finalizing on the essential details.



Diagnosis of your **Health Policy**

The presence of a robust underwriting team and well defined guidelines makes the process of getting a health insurance policy seamless and hassle free. Suresh Sugathan, Head, Health Administration Team, Bajaj Allianz General Insurance takes us through the procedures followed by the team of certified doctors and health underwriters at Bajaj Allianz ,to help you get your policy bond faster.



Suresh Sugathan

Health insurance is turning out to be one of the most important portfolios of general insurance. Health insurance focuses primarily on insuring against the risk of incurring cost on medical aspects such as hospital stays, medically required procedures and tests, and so on. The need for a robust underwriting team and well defined guidelines cannot be over emphasized as these would make the procedure of getting a health insurance policy seamless and hassle free for the customer.

As in any form of underwriting, in health too, the basic concept is about identifying every health related risk posed by a customer and charging the correct premium based on this risk. But identification of risks is also done on the basis of certain factors such as age, body mass index(BMI), medical history, and work environment, amongst others. Another factor that also matters largely while deciding health insurance premiums is the presence of pre-existing ailments. Since all underwriting norms as well as claim settlements are based on such details, it is of utmost importance for the customer to be extremely careful while filling the proposal form.

At Bajaj Allianz General Insurance, we have an in-house Health Administration Team, also referred to as HAT. This department started its operations in 2004 and has taken on the role of health underwriting and claim settlement. The health underwriting team consisting of doctors and para medics based out of HAT and our Regional offices has always demonstrated quick turn-around-time



Chandigarh Health Camp



Solapur Health Camp



Once the proposal form is received, it is scrutinized by our in-house doctors. If the proposal form is complete with all the required details, it is taken further and the policy is issued with a turn-around-time of 1 working day. For certain cases we need to get medical tests done. This is determined on the basis of the medical history and age of the proposer and sum insured opted. The underwriting team arranges for medical tests to be conducted in our empaneled diagnostic centers. Once we receive the reports on the basis of the results, the proposal is either accepted (sometimes with exclusions), or declined.

With a significant growth in this portfolio, we have health underwriters present at local offices also, which has reduced our turn-around-time in underwriting. To ease out processes at these local offices, we have created an online module incorporating comprehensive health underwriting guidelines.

Our health insurance customer base consists of both, individual and group health, majority of our business consists of group health insurance. To manage these group policies and determine premium rates efficiently, we have a special team of underwriters.

Even so, our role does not end at simply providing the rates and issuing policies. We act as health insurance consultants to our clients too. We provide them with a detailed claim analysis, along with guiding them on how to reduce their claims. We also conduct sessions for corporate professionals on topics such as lifestyle disorders, cardiac related conditions, stress management, disease management programs, second medical opinion services, and other health issues.

We also conduct health camps in association with our network hospitals. At these camps, we offer services such as discounts on medical tests, OPD and IPD consultations at various hospitals and nursing homes. This facility is beneficial for all Bajaj Allianz health

policyholders, even if he/she does not make a claim in a single year. Other facilities at these camps are free check-up of height, weight, BMI, blood pressure, hemoglobin levels and blood sugar. We also encourage people to develop a habit of monitoring their health through regular check-ups and take corrective measures when necessary.

The Health underwriting team constantly strives to provide better and improved services to our existing and prospective customers, be it an individual or an organization. At Bajaj Allianz, not only do our health policyholders get discounts on the services, but they can take second medical opinions too.

Tips for Customers

- Fill the proposal form completely
- Give complete and clear declarations of all medical conditions/surgeries/hospitalizations, etc.
- Understand from your agent what counts as relevant information that must be declared and make valid declarations
- Provide contact details such as contact number, address, email id, etc. clearly which will help us reach you quickly in case we need further information for medical tests.

A car is driving on a dark, straight road that stretches into the distance. The sun is low on the horizon, creating a warm, orange glow. The car's headlights are on, and its silhouette is visible against the bright background. The sky is filled with soft, wispy clouds.

Engineering a Motor Insurance Policy

Did you know that the first motor policy was introduced in 1895 to cover third party liabilities? Without a doubt, a lot has changed in motor insurance since then, but what has not changed is that it is still an important portfolio of the general insurance industry. NEWSTRACK gives you a glimpse of how motor underwriting is done at Bajaj Allianz and how the company has risen to the changing business environment and increasing customer expectations.

Motor insurance comprises of two components, i.e. Own-damage, and Third Party Liability. The cost of the premium you pay is dependent on various factors, like -vehicle age, Cubic capacity and most importantly the claim history. Since the number of vehicle related issues such as partial damages and thefts are growing, one must note that motor insurance forms a large portion of the general insurance business.

Post de tariffing; Motor underwriters have a significant role to play in deciding pricing and guidelines, in addition to the previous role of accepting or declining a risk.

“At Bajaj Allianz, our offices are equipped with technically qualified motor

underwriters to ensure that the department functions efficiently. There are local underwriters based out of local offices, as well as a central underwriting team at the head office. The local underwriters evaluate and understand the risk which the vehicle is exposed to and determine on which terms and conditions the risk can be accepted”, says Manprit Chhabra, Deputy Manager, Motor Underwriting, Bajaj Allianz General Insurance. However, the role of the underwriting team does not end at risk classification and selection. It involves a constant attempt of keeping up with regulatory changes as well as a dynamic market. Also, the pricing structure and guidelines



Pankaj Jain and Manprit Chhabra from the **Motor Underwriting Team at Bajaj Allianz General Insurance**

vary for each vehicle segment, from a two-wheeler to a private car as well as commercial vehicles. The challenge that is now faced is about how to embed the new and rapidly changing environment into the flow of an existing underwriting process.

This is where the role of the central underwriting team comes into play. "The central underwriting team at Bajaj Allianz works closely with the actuarial department in deciding the pricing as well as designs specific underwriting guidelines that are efficient and flexible. This team also assists operations team in developing and re-engineering the systems to facilitate policy issuance and renewals. Further, they assist the product department in analyzing and developing new product offerings for motor insurance customers. For example, customized add-on covers for the traditional motor insurance policy like Depreciation Shield, Engine Protector, 24x7 spot assistance services, Accidental Medical Expense Cover etc. were introduced after an elaborate market survey", says Pankaj Jain, Senior Manager, Motor Underwriting, Bajaj Allianz General Insurance.

Doing things the Bajaj Allianz way...

Each insurance company has its own underwriting guidelines and practices. These guidelines are basically derived from a comprehensive study of the market conditions, competition, loss ratios and the trends in the claims incurred. Bajaj Allianz has a comprehensive set of motor underwriting guidelines which:

- Simplify the underwriting procedure and help the local underwriters to take faster decisions.
- Contain guidelines about risks that can be accepted.
- Highlight the impact of accepting certain risks and the kind of deviations that can be taken.
- Permit the local underwriters to use their discretion and judge a risk depending on conditions.

At Bajaj Allianz, motor underwriting extends beyond changing guidelines. There are other procedures to optimize the department's functioning too. Some of them are as enlisted below.

- **Inspections/Surveys :** Motor pre-inspection is necessary when there is a break in insurance. Therefore, the motor underwriting

team has developed a motor pre-inspection module that is essentially an automated tracking mechanism which records and monitors all pre-inspection, online.

- **Trainings:** The underwriters and policy issuance teams on ground are trained on the modifications in guidelines and its impact. These trainings also help in keeping the local level underwriter updated with the latest developments.
- **Online Premium Calculators:** The Bajaj Allianz underwriting team has developed a faster online premium calculator for the use



of our sales teams and IMD's, and on our website for our customers.

- **Ready reckoners:** The sales teams and channel partners are provided with material such as IDV charts and rates make model wise in printable formats so as to make the premium calculation process more efficient and less hassle free.

Even though the motor underwriting team is in a role that interacts very minimally with the customer, one cannot forget that they are the reason the company has a good motor portfolio.

Tips for customers

- These days, since every form of business seems to be picking up online, Bajaj Allianz offers its customers the benefit of online policy issuance and renewals too. However, there are a few things that they must keep in mind. These details are important while filling proposal form whether manually or online.
- Read every field on the form well and fill it carefully. Make sure that the form is filled personally by you, and nobody else.
- Make sure you declare all covers taken, along with a premium bifurcation.
- Ensure that you declare all material facts, including the status of your No Claim Bonus honestly.

Risk Identification Precedes Insurance

A major fire at the Mantralaya the Maharashtra state secretariat complex that houses offices of the Chief Minister and key officials of the state caused a damage of over ₹25 Cr and the estimation is likely to go up. The cause of the fire was reported to be a short circuit. Prima facie it seems that this disaster would not have happened if risk assessment and sufficient safety procedures would have been taken care off. This incident has again highlighted the importance of insurance and a need of prudent risk management for the property and assets be it your house, office or a manufacturing unit. V P Sharma, Head Property Underwriting, takes you through how Bajaj Allianz General Insurance underwrites large scale risks and has developed robust risk management program for its customers.



V P Sharma

The biggest portfolio after motor or health insurance is the fire and engineering portfolio. Before the free pricing regime in 2007, underwriting was more of taking care of the risk management processes rather than pricing per se. Nevertheless it is the most complicated and really tests the underwriting skills of an underwriter given the nature of engineering projects or the geographical spread or simply the complexities of the risks. Notwithstanding these risks there are vagaries of nature that one has to contend like natural catastrophes, fire, riots, malicious damage,

and so forth. The frequency of damages due to these perils may be lower than the other areas of insurance, but the flip side is that when they do occur, it is with a great impact, causing extreme losses. This is why insurance of homes, offices, shops, manufacturing units, infrastructure projects, etc. is important for everyone. Owing to the gravity of the damages, the aforesaid instances could lead to, prudent underwriting and risk management are vital for these lines of business.

The role of underwriters in case of retail policies like shops, offices and standalone householder policies is limited as these are pre-underwritten policies, the rates and coverages are determined while designing the product offering to the customer. Where the underwriter's expertise comes to play is in the corporate lines of business i.e. insurance covers for big infrastructure projects, manufacturing units under construction projects, power plants etc.

Bajaj Allianz has a specialized team of underwriters catering to different domains like Property, Engineering, Liability, and other Specialty lines. Each of these underwriters are domain experts who are trained and well equipped to handle the proposals and explain the relevance of coverage and clauses of the policies to the intermediaries and clients.

Risk Management Program

Insurance is all about managing a risk before it happens. A risk cannot be managed only by taking an insurance policy. It is the responsibility of the insured to maintain a safe environment and manage the risks. Risk management can best be defined as the identification, analysis, control and minimization of loss, and is of primary importance because accidents can happen even in what may seem like the safest of conditions. Therefore, an underwriter in this field does not only analyze the risk, but also essays the role of a risk consultant by providing input on how to manage the same.



The Risk Management process involves Risk identification, Risk evaluation, and Risk minimization and control. A team of specialized risk engineers carries out risk inspections for the existing as well as prospective clients and help them understand risk occupancy, along with arriving at the premium rate. The risk engineers then elucidate the risk features which includes the quality of risk, fire protection methods installed, the risk spread also the probable maximum loss that can be incurred, in case of any loss. The deficiency is identified and risk improvement measures to minimize the aggravation of the loss are suggested. These measures could include suggestions such as installation of sprinklers to prevent small fires, modification of storage space, etc.

The important attributes of risk management are that

- It informs the client about the potential risks posed by them along with the necessary steps that can be taken for risk improvement.
- Adopting these solutions helps the client in securing monetary benefits in the form of favorable premium rates
- Adopting these solutions also lowers the chance of grave damage that could possibly occur in the future.

At Bajaj Allianz, risk inspections are conducted for all existing clients, after a time span of 3 years. However, in case of a loss, an immediate inspection is carried out. This is done so as to identify the cause and to suggest measures that can be deployed to minimize or prevent losses

from taking place in the future. For prospective clients the inspection is carried out on the basis of the sum insured involved and the nature of risk.

To sum it up, it could be said that underwriting or risk management ultimately narrows down to the prioritization of risks. One must accept the fact that accidents can occur even in the most cautious of all situations, therefore, making it more necessary to pay attention to details regarding safety. This is exactly what risk managers do. They simply bring to life the adage “better safe than sorry”.



Tips for Customers

- Go through the proposal form properly and fill it yourself only. Do not let anyone fill the form on your behalf.
- Always give the correct value of the risk to be insured, so as to avoid under insurance. This means that you must declare the full value of the insured assets, in order to get 100% of the claim amount while making a claim.
- Be careful while filling in the address on the form. Pay attention that the correct address is filled for both, the insured property location, as well as the address used for communication.
- Once you receive the policy, be sure to go through it to understand all details involving coverage, warranties, and exclusions.
- Policy deductibles should be noted carefully. Do not agree for a higher deductible amount if the same was not disclosed to you at the time of quotation.
- Also, do not accept any deletion of coverage if the same was not discussed/disclosed in the quotation.



Case Study

Background

At a confectionery factory, the production area where the goods were made, shared extreme proximity with the raw material area. As a result, any major loss in raw material stores could easily travel to the production area and vice-versa. Since the goods stored at the storage area were heavily prone to hazards like fire, short-circuits, etc., the precautionary measure required to be taken had to be up to the mark as well.

What we did

Learning from a previous fire accident, the risk engineers at Bajaj Allianz analyzed the most probable reasons for damage and suggested the following to prevent the occurrence of any future mishap.

- Provide automatic sliding fire proof doors between the raw material and production block OR
- Raise the partition brick wall of the production block up to the roof height without any opening. The thickness of this wall should not be less than 14 inches OR
- Cover the passage between the store and production blocks by constructing a roof up to the height of the existing wall of the production block.

Result

Incorporating these suggestions would reduce the damage in the premises that could occur in future as a result of any fire loss in the storage block.

Refurbishing Policy Processes

A policy document in hand is an important document for a customer as it sets out the terms and conditions of the insurance plan that they have chosen. It is natural that a customer expects that they get the same at the earliest once they have paid the premium. In the Operations department the process begins with the acceptance of the proposal form and the premium.

The journey of the proposal form to its final issuance of a policy is highly automated reducing the turn-around-time (TAT) for policy issuance. This automation has helped Bajaj Allianz Life Insurance in handling huge volumes which has grown year on year. The robust system has significantly improved service levels.

A few years ago the process of policy issuance was de-centralized and used to happen from over 1000 offices across India. Issuance of policy of volumes so high involved a lot of manual processes. The quality of data and policy document was not as desired. Further, there was an issue pertaining to contactability. The statistics then was; policy issuance percentage within 0-3 days was 33%. Policy issuance percentage within 0-7 days was 66.07%. Ravi Kutumbarao, Head Technical, Bajaj Allianz Life Insurance says "The policy issuance process has now been improved with the complete workflow right from collection of proposal to dispatch and receipt confirmation of the policy. IT systems have been developed and re-engineered and the flow of physical documents can now be tracked. The technology used has facilitated in reducing the turn around time for issuance of policy, improved the productivity of manpower and quality of policy documents and data, and has reduced customer complaints pertaining to policy documents. Today over 68% of policies are issued within 3 days and over 88% are issued within 7 days. The focus of this team has always been operational excellence."

The following initiatives have been taken by the operations department at Bajaj Allianz thus enhancing the customer deliverables

- **Welcome calls:** Once the proposal is submitted verification/welcome calls are made to the customers to confirm the details mentioned in the proposal form. These scripts have been standardized with the help of the training department, to make calling more informative and effective.



P Ravi Kutumbarao

- **Unit Office Strengthening:** The divisional/branch offices today act as primary underwriting units. The branches scrutinize every application form for completeness of information & sufficiency of documentary requirements (such as, Age proof, KYC & Medical requirements). The customer is intimated of any basic requirements that are missing in the proposal immediately, before it is sent to Head Office for further process.

- **Reduction in Processing TATs:** 95% of the offices are equipped with scanners & rest of the small offices are mapped to nearest divisional offices. Scanning facility has helped in reducing the transit time of delivery of application form for data entry. With this process applications collected are available for data entry in a few hours. This image based issuance has helped in reduction of turn around time from collection of proposal to dispatch. Once the proposal is scanned it is available to any office in the country for data entry and policy issuance. This tool has also aided in balancing workload across the four issuance hubs along with enabling faster policy issuance.
- **Auto Black Box Underwriting:** Auto BBU is a user configurable system where the underwriting rules / guidelines are codified as set of business rules by the user. As soon as the captured application data is passed through quality check process, these set of rules run in background of the system & system prompts the underwriting decision. This helps in processing more policies, brings in consistency of the underwriting decision along with a reduced TAT. This system aids in reducing the time spent on a case as it instantly points out the missing details or an error on the proposal form. Bajaj Allianz is the pioneer in the industry for this system.
- **Proposal Tracker:** The customer along with the sales team can now see a step by step history of application processing from collection to delivery on the website. A delivery tracking system has been implemented with respect to the dispatch of policy bonds. The customer can track the status by logging on to the Bajaj Allianz website and providing details like application number, receipt number and date of birth. He/she can view details like when the policy was inwarded, the date of issuance, the date and mode of dispatch etc. It also intimates the customer about any pending requirements from his/her side due to the policy issuance has been held back.
- **Status Updates over SMS:** The status updates are now sent at each stage of policy processing to the customers. This provides them an update on the progress or requirement if any pending with customer till the delivery of the policy bond. This has helped in a considerable reduction in enquiries of customer to branch and call centers for the status of the policy.
- **Online Policy PDF:** A password protected policy copy is sent over registered email id of the customer. They ensure the policy schedule, terms and conditions are informed to customer well in advance. This



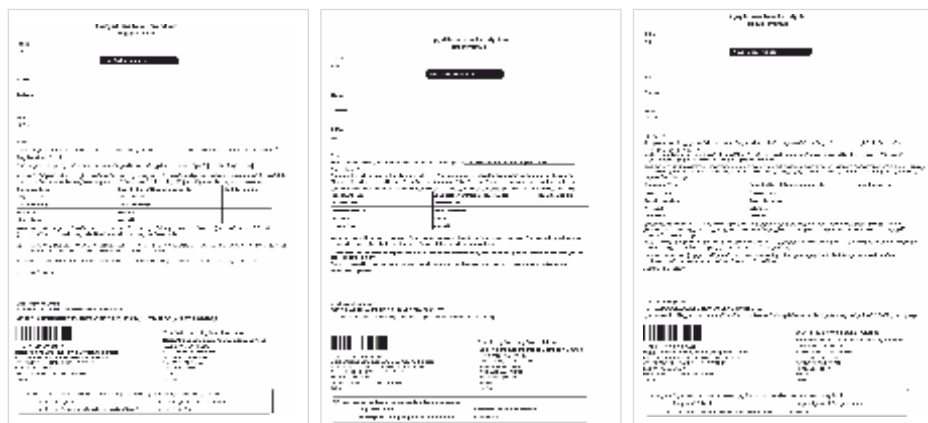
Jasleen Kohli

has helped customers to save the same in digitalized format for future references.

- **Branch Walk-in module:** A Branch walk-in module has been designed and implemented to register customer queries & grievances at branches. The user at any branch across India has an immediate access to the information pertaining to the policy of the customer. This module helps in addressing queries on fund statements, processing renewal payments and foreclosure if required by the customer. It also facilitates change in addresses, payment method and frequency immediately. This system helps in providing the customers with prompt service and resolution and has helped improving overall customer satisfaction by getting their queries resolved on in time.

The operations team along with the in house IT department over the years has significantly improved the overall policy issuance processes. Jasleen Kohli, Head Operations, Bajaj Allianz Life Insurance says "Continuous innovation and methodical implementation has been the key to our success. Process re-engineering has been a continuous practice at Bajaj Allianz. It has not only enhanced customer satisfaction but has also improved the efficiency of service and sales".

The Bajaj Allianz policy documents are now available in some of the most common languages used across the country





Bhaskar Nerurkar

“You never get a second chance to create a First Impression!”

Bajaj Allianz has re-engineered its existing processes. Bhaskar Nerurkar, Head Operations, Bajaj Allianz General Insurance explains how the new improved systems have created a benchmark in the industry and how the team embraced the growing market challenges while providing the desired customer deliverables.

Insurance policy issuance is the first step of availing the services of an insurance cover. The experience of the customer at this stage plays a very important role in defining the relationship between the insurer and the customer. It is the first impression about the service and efficiency levels of an insurer which a customer carries throughout. You never get a second chance to create a first impression! is the belief of the team.

The whole process of policy issuance seems to be a simple process, although it is complex in its execution that the operations department at Bajaj Allianz General Insurance does day in and day out, and sometimes stretches through night also! In a day on an average 17000 policies are issued with a turnaround time of 93.5% in 3 days with almost 85% of the policies being issued within 24 hours! An industry benchmark certainly! How does this team attain these service standards, providing deliverables that are one of the best in the Industry?

For a motor insurance customer, the policy document is one of the most important documents that they would like to possess so that it can be displayed on demand from a pesky traffic police official. For a health insurance customer the policy document serves as a piece of paper which sets out what is covered and what is not. Along with this they also get a card which is similar in size of a credit card that needs to be displayed at hospitals to avail cashless claim. For an exporter marine policy and certificate is a document needed for fulfilling his export obligations. Thus irrespective of the type of cover, the policy document is the most zealously pursued document that they would like to possess once the premium is paid. The team is working towards creating a brand image through this all important document.

How we do it

The role of this team is not limited to policy issuance; it starts with policy issuance and ends only when the customer receives the

policy without any errors or discrepancies. In order to improve the processes our team re-engineered and reformed the existing procedures and reduced the manual intervention considerably. Different innovations were implanted which significantly improved the turnaround time and the quality of documents despite handling huge volumes.

Policy Issuance

With automated and advanced system in place policy issuance today is faster and turnaround time has improved considerably. This module also enables system based underwriting. The underwriting guidelines for every product have been incorporated in the module.

Quality

It is important that the customer receives the insurance policy within the agreed time lines, and it is equally important that s/he receives a quality document i.e. without errors and

discrepancies. Quality without inspection (QWI) is an initiative that we have undertaken with a philosophy to 'do it right first time!' The person issuing the policy is responsible for quality, hence it emphasizes on quality check during the policy issuance, and the person issuing the policy makes the checks and ensures that no mistake is done during the issuance.

Innovations and Initiatives

We continuously strive to further improve the existing processes and provide innovative and low cost solutions to our customers. Some of the new initiatives that have made a significant impact on our consumer deliverables are.

- **Customer First Initiative :** In order to serve our customers better and to increase customer satisfaction levels, we initiated the customer first initiative. The timelines on providing a resolution or reverting to the customer query are defined and are strictly adhered to even if the operations team is not directly involved.
- **Policy Booklets :** We have re-engineered and re-defined the whole concept of policy document printing and delivery. In a way we are the pioneers of this concept in the industry. Earlier a motor or/and a health customer would receive separate documents for policy schedule, policy wordings, garage list, hospital list, ombudsman list, identity card. But at times certain documents would not get attached or there would be a delay in dispatch. Many a times customer would not even receive the entire kit resulting in an irate or a

dissatisfied customer. We revolutionized the whole concept and have designed a policy document which contains all the elements in the form of a single booklet. We have also introduced a unique card which comprises the policy details and personal details. It is easy to carry, smart to handle and acceptable by RTO as a valid insurance proof. The entire process has been decentralized and we have identified 6 different zones across the nation to build up a better connection with customer and reduce the overall TAT. For our two-wheeler clientele base, we have introduced a new policy package with a card, embedded in the document itself, where customer can take it out and carry it easily along with the vehicle.

- **Ease of Renewal :** A new system has been engineered that provides ease of Motor and Health policy renewal for policies that do not need any endorsement or have not made a claim. Once the renewal notice is generated and the premium collected, the proposal is inwarded followed by creation of a receipt and issuance of the policy. The result of this module is that a customer can now renew his/her claim free, straight pass health or motor policy in just 30 seconds.

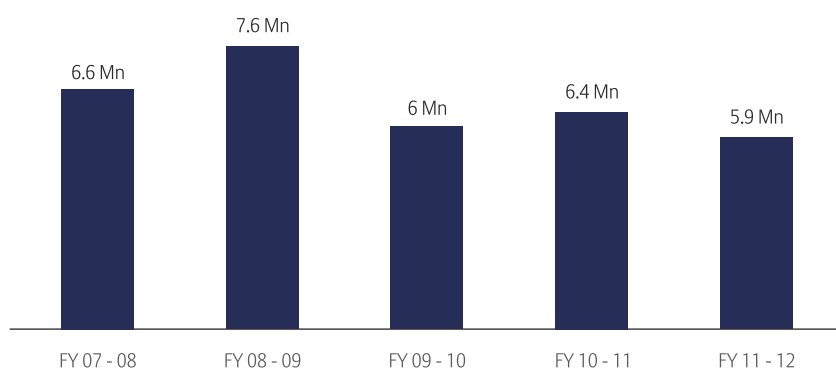
Operations can be labeled as the back bone of any organization as we work in tandem with all the departments to ensure defined customer deliverables. Our focus in the days to come will be to provide quality documents and services in the defined timeline.



Tips

- All the applicable fields in a proposal form should be filled by the customer.
- The proposal form should be duly signed only after filling and checking the relevant information.
- It is very important for the customer to fill correct contact details i.e. address, contact number and e-mail id. This will make sure that he/she receives the policy document on time. Also we will be able to communicate and share information about the policy and

Number of Policies Issued



- Average no. of policies issued in a day - 17,358
- Percentage policies issued within 24 hrs - 87%
- Percentage policies despatched within 48 hrs - 79%

1 message from our customers and channel partners

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All the departments at Bajaj Allianz are outstanding and provide excellent support. Due to their support and services we are able to fulfill our commitments in the market. Everything is beyond expectations.

Rajiv & Sagar Batra
Rich Insurance Brokers

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We would like to place on record our appreciation for the contribution from Bajaj Allianz Life Insurance Company Limited as an advisor and facilitator in the area of Insurance to facilitate our need in risk and insurance management.

Siemens Ltd

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Being associated with Bajaj Allianz I feel secure enough to take the insurance business as a parallel vertical along with my car finance business. This is because of the support that I have always got from the people in the organization. Also the range of products that the company has is the best in the industry. Keep it up Bajaj Allianz General Insurance.

Ashwani Sharma
Autofocus Consultants India Pvt. Ltd

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We would like to place on record our appreciation for the contribution from Bajaj Allianz Life Insurance Co. Ltd. Your expert's help was particularly valuable in helping us define our strategy and our approach to consolidate the entire dealings. We found your teams enthusiasm to be contagious and your competence and professionalism was very impressive.

Anisha Udeshi
Head Insurance and Risk Management
Cipla Ltd

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Me & my family are members of the Group Health Insurance Policy of Bajaj Allianz General Insurance provided by the company. My father had to be hospitalized for treatment of knee replacement and also a cataract surgery. The support provided by Bajaj Allianz Health Administration Team was tremendous in handling the cashless facility in coordination with the hospital. We were relieved from any intermittent payment hassles and could be with my father throughout till his discharge from the hospital. I take this opportunity to sincerely thank Bajaj Allianz for helping me as well as employees of my company across the country with speedy cashless facility sanctions and also prompt health claim settlements.

Ravi Sinha,
Vice President - Human Resources
Praj Industries Limited



Arnav Pandya

Bajaj Allianz Women's Specific Critical Illness policy as the name suggests is a policy meant for women to protect themselves from the expense involved with critical illness. This is targeted to provide a guaranteed sum in case a woman is found to be suffering from the specific illness and then survives for a period of 30 days after the diagnosis. There are also several collateral effects that the illness could have in terms of a loss of employment and impact on children's planning apart from the hospitalisation costs and these are also taken care of by this specific policy.

Ease of buying

There is a lot of ease in buying this specific product for women. In terms of coverage this is available for women in the age group of 21 to 55 years. This ensures that coverage can be obtained right from a young age till the time that nears retirement so that financial planning for other areas is not disrupted during this working period. In terms of the time and extra effort that will be taken for this purpose there are not much additional requirements that will be present as till the age of 40 years there are no medical tests that are required. Only above that specified medical tests especially for the higher amount of coverage will have to be undertaken. Since there are specific medical terms involved with the policy there is also a facility to call a specified number and understand the technical terms involved with the illnesses in simple terms. This makes the buying process

Bajaj Allianz Women Specific Critical Illness Policy

easier as adequate information means better knowledge in decision making. The details that need to be submitted for this kind of policy are simple in nature.

Flexibility

There is a significant amount of flexibility that is present in this critical illness policy. Since this is a policy that is taken to cover specific illnesses there are different benefits that will be available in the process. The sum assured that is available under the policy can be chosen from ₹ 50,000 to ₹ 2 lakh. While this is just a policy for critical illness it is meant to supplement other efforts but still the amount that would be available for treatment might not be sufficient for all situations.

There are 8 ailments that are listed in the policy that will be covered for those who have taken this policy. This means that there is enough flexibility in terms of the disease that can be treated with the help of the policy. The coverage here will be 100 per cent of the sum insured and it covers areas like breast cancer, fallopian tube cancer, uterine/cervical cancer, ovarian cancer, vaginal cancer, paralysis, multitrauma and burns. However within these areas there are specific conditions that would not be covered and these are clearly listed so these have to be read and understood. On the other hand there is an additional coverage available upto 50 per cent of the sum assured if there is a birth of the child with congenital disabilities specified like Down's Syndrome, Cleft Palate etc. This will not be applicable if the child is born after 40 years of age of the woman who is covered and also the total amounts that will be paid on the policy along with the critical illness figure will not be more than the sum assured.

Target market

The target market is women and this is clearly outlined by the entire policy since it is created

only for them. Further the diseases that are covered under this policy are such that they will be commonly faced by women in the country and hence they would be able to get the necessary protection in this regard. While this is one aspect there are other benefits that results in better targeting. There is a children's education bonus of ₹ 25,000 that is payable for future education of the children on diagnosis of the critical illness of the insured covered under the policy. In addition if there is a loss of job within a period of 3 months from the date of the diagnosis of any of the critical illness then ₹ 25,000 will be paid to the insured. This will not be applicable if there is a voluntary resignation from service.

Ease of claims

There is a clear definition of the various illnesses that will be covered under the policy and hence there is clarity on what is covered and not. In addition various areas are also clearly defined like multitrauma, burns and paralysis is also clearly defined for ease of understanding. A claim has to be filed in the specified form and if the required conditions are fulfilled then this will be paid.

Cost

The cost of the policy is minimal and while it is low for those in the even upto 35 years who can get ₹ 2 lakh cover for less than ₹ 1,000 per annum. Even for those who are in the 45-55 age bracket the cost is not very high as the premium for the highest coverage would be around ₹ 5500 which is not a very high figure.

Overall

Overall the policy will get a four rating out of a maximum of five as it provides women with a specific route to tackle several illness at a reasonable cost.

★★★★☆

Bajaj Allianz Cash Rich Insurance Plan

Bajaj Allianz Cash Rich Insurance plan is a traditional plan that provides guaranteed cash back of 5% of the sum assured per annum after the Premium Paying Term. This is a participating plan that is helpful for the individual in ensuring that there is adequate cash flow available when required.

Ease of buying

The policy is easy to buy because it has a minimum investment age of 0 years and a maximum age of 60 years. When it comes to the age of the policyholder at the time of maturity, the minimum age has to be 18 years while the maximum age can stretch up to 100 years. This gives enough room for the individual to choose a time period for the policy that meets with their requirements. There are two choices to be made in the policy, where the first involves the period for the payment of premium which can range from 5 to 30 years with each choice being in increments of 5 years each. The second involves choosing the cash back period which will range from 5 to 35 years so this represents a long time period for which the benefits can be received.

In terms of amounts required to access the policy, the minimum amount to access this policy is also quite low at ₹8,000 on an annual basis. There is no maximum limit on the premium payable while the figure in terms of sum assured is a minimum amount of ₹1 lakh with no maximum amount. There are four options for paying the premium and this also makes it easy to buy the policy.

Flexibility

There is a large amount of flexibility in terms of selecting the premium paying term as well as selection of the term for which the cash benefit will be received. There is the option to pay future premiums in advance and this will lead to a discount being made available to the investor. The discount factor will be announced each year in advance and for FY 2010-11, the figure has been fixed at 7%. There is also a discount for choosing higher

sum assureds. There is flexibility in terms of keeping the policy with the full sum assured for 2 years if the premium cannot be paid (provided 3 years premiums are paid) or even converting this to a single premium term cover with return of premium (provided at least 5 years premium has been paid).

There is also the option to surrender the policy if a minimum of 3 years premium has been paid on the policy. There is also the option of additional riders that will enable the investor to get additional cover for different types of risk by paying the additional premium. The policy offers 5 riders for the policyholders.

Complexity

The complexity in the policy is less because of the nature and manner of operation of the policy. There are two phases for the policy in the form of a premium paying term and a cash back period both of which are selected by the policyholder. There is a revisionary bonus that is earned each year on the sum assured and it compounds over the premium paying term. This is received by the policyholder at the end of the premium paying term. For the cash back period selected by the policyholder, the cash back amount at 5% of the sum assured along with the cash bonus will be payable each year. At the end of this period (maturity), the sum assured along with the terminal bonus is paid. If the policy has completed 10 years and all the premiums have been paid, there can be a terminal bonus paid at the time of death or maturity.

In case there is death of the policyholder during the premium paying term, then the sum assured along with the bonus like the revisionary bonus and interim bonus has to be paid. If the death happens during the cash back period then the sum assured along with the interim cash bonus and terminal bonus earned will be paid. This is simple to understand and hence there is less of complexity involved.

Ease of tracking

The information about the details of the policy

are available to the policyholder when the policy is taken and this involves all aspects like premium paying term, cash payout period and so on. The other factor that remains to be known at the time of the payout is the various bonuses that are earned by the policy over its entire life. There is ease of tracking on this front because of the fact that the bonus amounts will be declared each year and the individual can check the applicable figures to see whether they will be impacted by the bonus.

Cost

Since this is a traditional policy, there are no separate expenses in the policy but the surrender value has to be considered as this will act as a cost. First, the surrender of the policy can occur only if three years premium has been paid. This will be the higher of the Gross Surrender Value (GSV) or the Special Surrender Value (SSV). The GSV is equal to 30% of the due premium paid less the first year's premium, premium for rider benefits and extra premiums if any. The SSV will be calculated by multiplying the paid up sum assured and the applicable bonus by a SSV factor that will be declared from time to time. This shows that there is a high cost to be paid if the premiums are not paid on a regular basis.

Overall

The overall rating for the policy after considering all these factors is 4 out of a maximum of 5.

★★★★★

- ★ 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.



'Our funds have moved inline with the benchmark'

**SAMPATH REDDY, CHIEF INVESTMENT OFFICER
BAJAJ ALLIANZ LIFE INSURANCE**

June as expected proved to be a month of action, both on the domestic as well as global front. We saw the markets recovering post the fall we saw in May. For the month of June, Nifty Index was up by 7.2% while the SENSEX Index was up 7.5%.

On the global front, Greek re-elections went by without a key step or decision being made regarding their bailout. Though the anti-bailout SYRIZA party did not win, it really doesn't pave the way towards achieving fiscal consolidation for Greece neither does it improve the likelihood of Greece staying as a part of the European Union.

The Euro Area summit came out with a statement saying that they found it imperative to break the vicious circle between banks and sovereigns and hence they have urged for a rapid conclusion of the Memorandum of Understanding towards financial support to Spain for recapitalization of its banking sector, with the financial assistance being provided by the EFSF. This was taken positively with the markets rising post the announcement.

Indian Rupee continued with its downward journey and surpassed 57 to the USD for the first time ever. Post the sharp rise in capital markets in the last week the INR bounced back to 55.50. The RBI increased the ECB ceiling and the ceiling for FII investment in Government securities as a step towards halting the INR depreciation.

Industrial production numbers continued to be weak with April IIP growth coming in at a paltry 0.1%. Despite the well known volatile nature of this index, it has been coming in lower for the last 3 months. Capital and intermediate goods were the key segments responsible for the lackluster growth in the IIP. Recovery in the consumer goods space was the only positive.

WPI inflation for May rose to 7.6% vs 7.2% last month with an upward revision in the March WPI from 6.9% to 7.7%. Markets reacted negatively to this revision as well as to the fact that the core inflation came in higher at 5% from 4.8% earlier. CPI continues to remain high at 10.4% and rising. CPI data is increasing in its significance post the RBI communicating that it is closely watching this data point and believe that fiscal policy is responsible for this increase in CPI in the form of higher rural wages and consumption remaining high. The RBI in the monetary policy meeting in June decided to leave the key rates and the CRR unchanged. Higher inflation (CPI and core) and front loading of rate cuts in the earlier policy meeting were the key reasons why the RBI did not cut. The RBI came out and said that it wanted more policy actions from the government and that cutting rates would result in inflationary pressures mounting. Also the RBI's opinion that cutting

rates really doesn't move the needle much as far as GDP growth is concerned appears fair. Rainfall deficit of 23% till the last week of June is not good news from the point of view of lowering food inflation.

Policy inaction continues with no measures taken on increasing diesel prices and on Telecom spectrum pricing. The only savings grace was probably power Utilities in Delhi including Tata Power and the DISCOMs under Reliance Infra announced a 24% tariff hike in Delhi. A scheme for turnaround of the State DISCOMs has been proposed which requires the respective state governments to take on their books 50% of the short term liabilities by banks. This will provide some relief to the banking sector which is under huge stress on account of the DISCOMs having issues servicing bank debt.

In terms of capital flows, FIIs purchased equities worth USD 575 million for the month of June. YTD purchases of FIIs stands at USD 9.1 billion. Domestic investors USD 219 million worth of equities in June while on YTD basis, DIIs have net sold equities worth USD 3.7 billion

Going forward, the key requisite for global risk on would be a rapid resolution of the Greek issue followed by resolution of Spain and Italy. Till these key issues are not behind us, we expect the market to remain range bound. On the domestic front, key steps that are required include resolution of the power sector and fiscal measures such as diesel price decontrol

Fund Performance

The large cap equity funds have performed well over the last year and would rank in the first quartile. The fund returns has been largely flat while the nifty benchmark has been down 6.5 pc. Asset Allocation funds have generated positive returns in the year while the benchmark has been down 1pc. Cash and Debt Funds have moved inline with the benchmark.

Asset Allocation Fund

1 year on 30 June 2012	Absolute
Funds Names	1 Year
Asset Allocation Fund	1.5%
Asset Allocation Pension Fund	1.9%
Crisil Balanced Fund Index	-1.0%

Large Cap/ Mid Cap Equity Fund

1 year on 30 June 2012	Absolute
Funds Names	1 Year
Equity Gain Fund	-3.4%
Equity Plus Fund	-1.1%

Equity Plus Pension	0.5%
Premier equity Fund	-0.6%
Equity Growth Fund	-0.1%
Equity Growth Fund II	0.1%
Premier Equity Growth Fund	-1.1%
Equity Growth Pension Fund	0.4%
Growth Plus Fund III	0.2%
Blue Chip Equity Fund	-1.8%
EQUITY MIDCAP FUND	-4.8%
EQUITY MIDCAP PLUS	-4.0%
EQUITY MIDCAP PENSION	-3.8%
Accelerator Mid cap Fund	-4.6%
Accelerator Mid Cap Fund II	-4.4%
ACCELERATOR MIDCAP PENSION FUND	-4.3%
PUREEQ FUND	0.1%
Pure Stock Fund	0.0%
Pure Stock Pension Fund	-0.1%
CNX NSE Nifty Index	-6.5%

Equity Funds

1 year on 30 June 2012	Absolute
Funds Names	1 Year
Equity Fund	-6.6%
Equity Index Fund	-5.5%
Equity Index Pension	-5.2%
Premier Equity Fund	-6.4%
Equity Index Fund II	-6.2%
PREMIER EQUITY INDEX FUND	-7.1%
Equity Index Pension Fund II	-5.9%
CNX NSE Nifty Index	-6.5%

Cash Funds

1 year on 30 June 2012	Absolute
Funds Names	1 Year
Cash Fund	7.5%
Cash Plus Fund	9.2%
CASH PLUS PENSION	9.2%
Liquid Fund	8.9%
Liquid Pension Fund	9.0%
Crisil Composite Liquid Index	8.7%

Debt Funds

1 year on 30 June 2012	Absolute
Funds Names	1 Year
Debt Fund	7.4%
Debt Plus Fund	9.4%
DEBT PLUS PENSION	10.8%
Premier Debt Fund	7.7%
Life Long Gain	6.1%
Bond Fund	8.9%
Premier Bond Fund	6.9%
Bond Pension Fund	9.2%
Guaranteed Bond Fund	
Crisil Composite Bond Index	8.7%

A quarterly review of claims handled

Life

Claims Settlement Jan to Mar 2012

	Claims Outstanding as on 1 Jan' 2012	Claims intimated	Claims settled	Claims repudiated	Claims Outstanding as on 31 Mar' 2012
Death	1,977	6,869	7,483	518	845
Riders	17	109	58	66	2
Health care	0	10	7	3	-
Total number	1,994	6,988	7,548	587	847
Total amount*	40.52	113.2	112.4	15.12	26.25
Claims Settlement ratio 92.78% *in ₹ crores					

Turn around time (TAT) | Jan to Mar 2012

	Count of days					Total no. of claims decided
	0 - 15	16 - 30	31 - 45	46 - 60	> 60	
Number of claims	3,539	2,126	1,314	475	681	8,135

Cases Referred to Ombudsman and consumer forum | Jan to Mar 2012

Opening as on 1-Jan-12	Intimation	Won	Lost	Closing
1,048	82	46	56	1,028

Non - Life

Closed Claims Ageing Analysis Q-IV | FY 2011-2012

Claims Settled Ageing	Count of Claims Settled during Q-IV 2011-2012					Total amount paid *
	0 - 30	31 - 90	91 - 180	> 180	Total no. of claims	
Motor (OD)	88,125	16,922	3,325	1,365	1,09,737	231
Motor (TP)	212	346	507	5,767	6,832	114
Health	20,126	4,480	1,272	458	26,336	78
Property & Engineering	736	661	407	424	2,228	72
Miscellaneous & Others	4,894	1,752	984	778	8,408	52
Total	1,14,093	24,161	6,495	8,792	1,53,541	548
Claims paid within 90 days (Including Legal & TP Claims) - 90%						*in ₹ Crores

Settlement Report | FY 2011-2012

Line of Business	Outstanding as on 31 Mar '11	Claims Registered April'11 To Mar'12	Claims Settled April'11 To Mar'12	Outstanding as on 31 Mar'12
Motor (OD)	8,294	4,00,710	3,99,137	9,867
Motor (TP)	53,081	21,785	19,270	55,596
Health	3,059	99,176	99,646	2,589
Property & Engineering	1,761	7,287	7,160	1,888
Miscellaneous and others	3,373	26,149	26,577	2,945
Total	69,568	5,55,107	5,51,790	72,885
Claim Settlement Ratio as on 31-Mar-2012 (Excluding Legal & TP Claims) - 95.50%				



“ We have settled nearly 70% of claims within 30 days. Our settlement ratio stood at 92.78% of decided claims. We could bring down pendency numbers through close monitoring of investigation TAT and review of old pending claims. ”

P Ravi Kutumbarao, Head Technical,
Bajaj Allianz Life Insurance



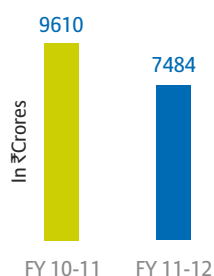
“ This quarter our major target was to reduce the old claims (pending for more than 365 days) along with overall outstanding. We reduced the overall outstanding by 17% as compared to the previous year. Also old claims were drastically brought down to 5.84% of the total outstanding. We achieved this by regular and systematic follow-up with the insured via the claims team at local offices. We also involved the concerned marketing channels and got help from Regional Managers and the Zonal Managers. Our team ensured faster settlement of the claims that we incurred during the Sikkim Earthquake and Thane Cyclone. ”

T A RAMALINGAM, Chief Technical Officer,
Bajaj Allianz General Insurance

Highlights of Financial Results FY 2011-12

Bajaj Allianz Life Insurance

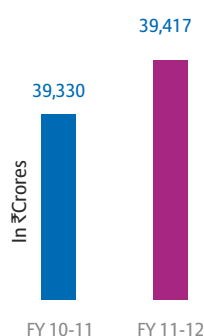
Gross Written Premium



Shareholders' Profit



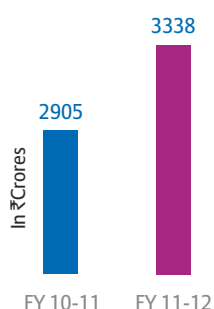
AUM



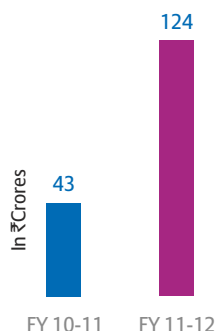
- GWP down by 22% as business saw a dip in the Industry due to the impact of the regulatory changes by IRDA.
- Solvency Ratio was 516% as against regulatory requirement of 150%
- Bajaj Allianz continues to pursue profitable growth with returns to all stakeholders, shareholders profit up by 24% compared to previous year.

Bajaj Allianz General Insurance

Gross Written Premium



Profit After Tax



- GWP grew by 15%
- Combined Ratio (Excluding motor pool losses) improved from 98.6% to 96.1% in FY 2012
- Loss Ratio reduced from 63.4% to 62.3% in FY 2012
- Despite the motor pool loss, Bajaj Allianz continued to show profits.
- Bajaj Allianz ranks 2nd amongst the private insurers with a market share of 6.30%

Events & News

Bajaj Allianz won awards amidst stiff competition in the industry.

Bajaj Allianz Life Insurance wins SKOCH Financial Inclusion Award



Yogesh Gupta, Head-Micro Insurance and Business Procurement, Bajaj Allianz Life Insurance (Left) receiving the award.

"General Insurer of the Year Private Sector at Bloomberg UTV Financial Leadership Awards 2012" for second consecutive year.



Mr. Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance (2nd from right) receiving the award.

Indo- German Urban Mela

On the occasion of completing 60 years of Indo-German diplomatic relations, a collaborative celebration titled “Germany and India 2011-2012: Infinite Opportunities” is being held in India. The programme started in September 2011 and is scheduled to continue until early 2013. The event is called “Urban Mela” and will tour Mumbai, Bangalore, Chennai, Delhi and Pune and will be set up for ten days in the heart of each city.

The first Urban Mela was held in Mumbai from 13th -22nd April followed by Bangalore from 22nd June to 1st July. The Bajaj Allianz pavilion carried forward one message - small changes can indeed make all the difference & truly enable a worry free life. It comprised of a Car Simulator, a BMI zone for health check up and it also included a Kids Zone. The pavilion was rated as informative and interactive by the visitors.



Bird-Eye view of Indo-German Urban Mela held in Mumbai



Bajaj Allianz Pavilion at the Urban Mela



The Car simulator highlighting the aspect of safe driving was appreciated and was regarded as one of the most innovative methods of learning.



BMI zone for health check up was informative for the customers enlightening them on the aspect of healthy living.



Kids zone was loved by the children and parents.



Game of Life, A digital game on how to make a worry free city.



Photo zone consisting of a Croma wall gave many an opportunity to click photographs and capture some happy “Jiyo Befikar” moments with background of your choice.

Most Inspirational Working Women Contest 2012

Bajaj Allianz celebrates the International Women's Day – 8th of March every year with a dedicated campaign for women. This year we decided to acknowledge and felicitate the Most Inspirational Working Women of our country. The premise of the campaign was to bring together and share inspiring stories of everyday women who have a full time job and also manage to pursue their dreams. We received more than 200 inspiring stories. The Jury shortlisted 9 women. Our team traveled across the country to meet these inspiring women and made a small video to capture their stories. These videos were then uploaded on the Bajaj Allianz YouTube channel <http://www.youtube.com/jiyobefikar> and made available for public viewing. The final results were collated based on the scores given by the jury and the popularity of the videos.

The Winners



Founder and CEO of an intellectual property consulting firm, PatNMarks and professor at IIM Ahmedabad and the ambassador for IPL Team Delhi Daredevils. Anu is also India's first Ironman

1 Anu Vaidyanathan



She is a developmental journalist, writer, mentor, trainer for communicative english, ice skater, rock climber, linguist, swimmer, publisher and the list just goes on!

2 Annam Suresh



An Information Developer by profession, this young woman is the first and only Indian to the arduous trek across 1680 km of the Gobi Desert!

3 Sucheta Kadethankar

Meet the other finalists



Yogita Salvi : Yogita Salvi works as an office administrator at Ramnarain Ruia College in Mumbai and also runs an organization by the name of Swayam Mahila Mandal.



Urvashi Patole : Currently working as a Corporate Communications Executive at Bosch Ltd., She is the founder of the Bikernis – India's first all-women motorcycle association for die-hard women bikers.



Chander Suta Dogra : She is the Bureau Chief – North for Outlook magazine and has just finished a book on honour killings. She won the Raid de Himalaya car rally covering 200 km



Dr. Yogita Rajgandhi : An optometrist by profession, Today she is associated with several NGOs, two charitable clinics, optometry colleges as visiting faculty; she is the National Coordinator of ASCO-INDIA and National Treasurer of a central forum on women's rights. She has also received 14 prestigious awards and 13 special mementoes in recognition for her work.



Dr. Dipali Joshi : As the first female Secretary of the Indian Dental Association's Pune branch, Her love for cycling led her to participate in the Enduro races.



Rakhee Mehra - This cricket-loving working woman has worked for the Railways and two MNCs, resigned from a cushy career to start Frontfoot Sports, a venture that organizes sporting events for corporates across India



Farah Ghadiali : Currently working as a Manager for Marketing Events at the NCPA, She was picked as the 'Best singer from India' by TV5 Monde, which is a very prestigious French channel with a platform shared by talented people from around the world.



Archana Achutan - is a differently abled person, affected by cerebral palsy. She runs her own counseling centre in Chennai, called Sampurn, where she provides counseling for a variety of issues and also conducts soft skills training for schools, colleges and corporates.



Bajaj Allianz Junior Football Camp Season 3

The annual Bajaj Allianz Junior Football Camp (JFC) where 5 of the most talented kids would visit Germany to be coached under the FC Bayern Munich coaches for five days was kicked off in June. In its 3rd year, Bajaj Allianz JFC was held across many cities in the North East and Kerala the football frenzy areas, including cities like Kolkata, Chandigarh, Hyderabad, Bangalore, Delhi, Mumbai and Pune. Apart from the five winners, three most promising players from each of these cities were awarded with cash prizes worth a total of ₹ 7.2 lakhs.

Trials in various cities

38,000 kids from over 800 schools across 120 towns in the age group of 14-16 years participated in this campaign this year.



Kerala – uniqueness in having teams at district levels.

The state of Kerala had a unique selection process. They had 15 teams from 15 districts in the state who competed against each other. The winning district represented the state in the National Finale held in Pune.



East and North East - Tapping the football frenzy markets

30 finalists were selected from 100+ cities of East and North East for the Grand Finale to be held in Kolkata.



City Finales

City Finales were conducted in Pune, Mumbai, Delhi, Chandigarh, Hyderabad and Bangalore and 15 kids were shortlisted from each of these cities who represented their respective city in the National Finale at Pune.



Grand Finale Kolkata

30 kids from the East and North East competed against each other for the coveted position among the final three to be selected for the International Football Camp.



National Finale Pune

105 kids from Pune, Mumbai, Delhi, Chandigarh, Hyderabad and Bangalore and the state of Kerala represented their city/state at the National Finale, of which 2 Football Champs were selected for the International Football Camp.



Winning Team

Winning team Chandigarh and Runner Up Team Kerala at National finale Pune.



Chandigarh



Kerala

Winners

(L-R) Akshay Sharma (Chandigarh-In Blue) & Jibin Devassi (Kerala-In Green)

(L-R) Akash Mondal (Kolkata), Gobindo Kar (Bardhaman), Lalremruata (Aizwal, Mizoram)



