
Banc assurance & Development of Life Insurance Sector in Pakistan



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Global Trends



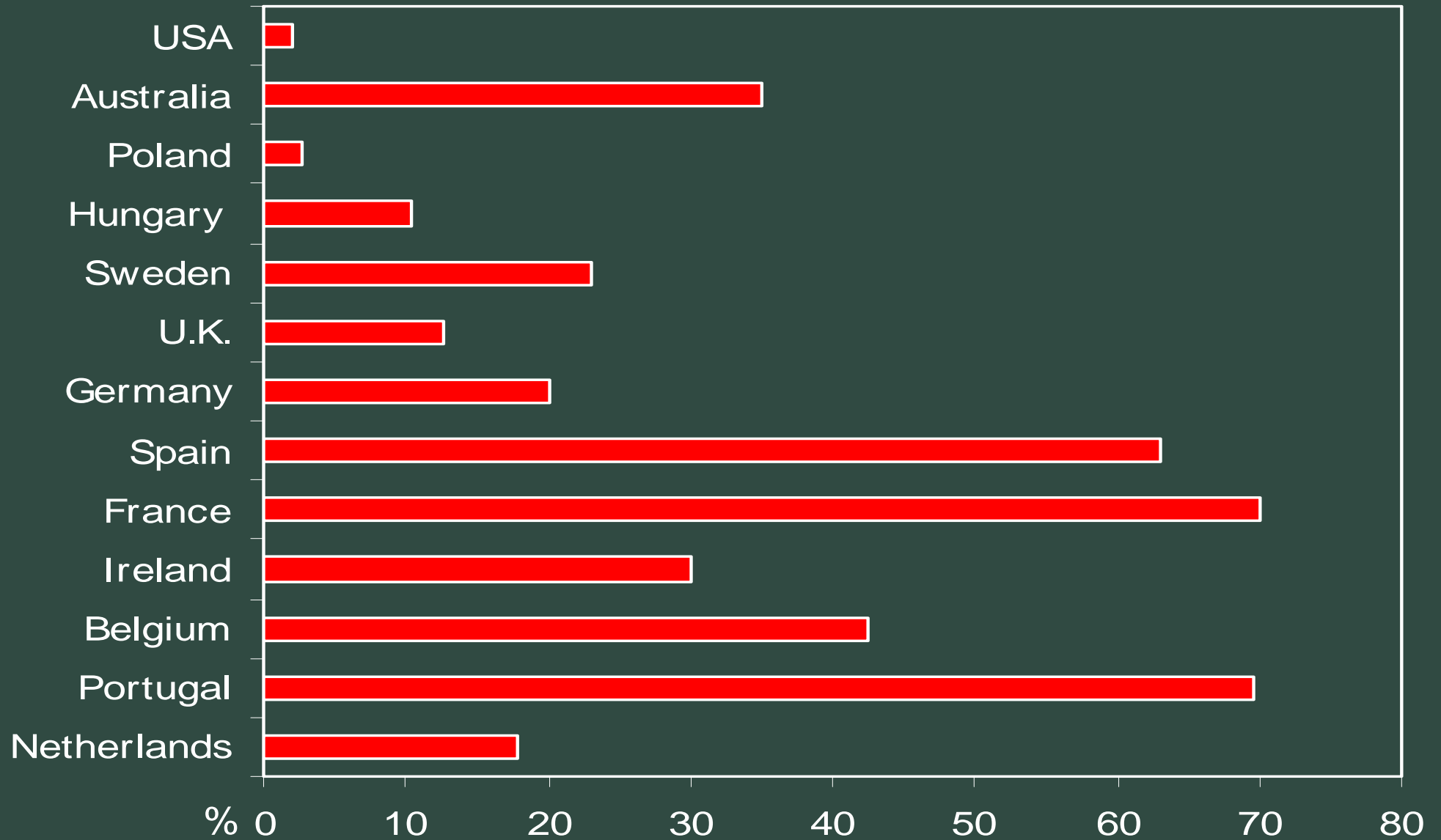
- Originated from France and had been a tremendous success all across Europe
 - Penetration in Asia is even bigger and fast growing
 - Banc assurance in the Middle East is a rapidly growing model
 - ALICO/AIG book of banc assurance business grew by ten folds in ME in the past 2 years
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Global Trends



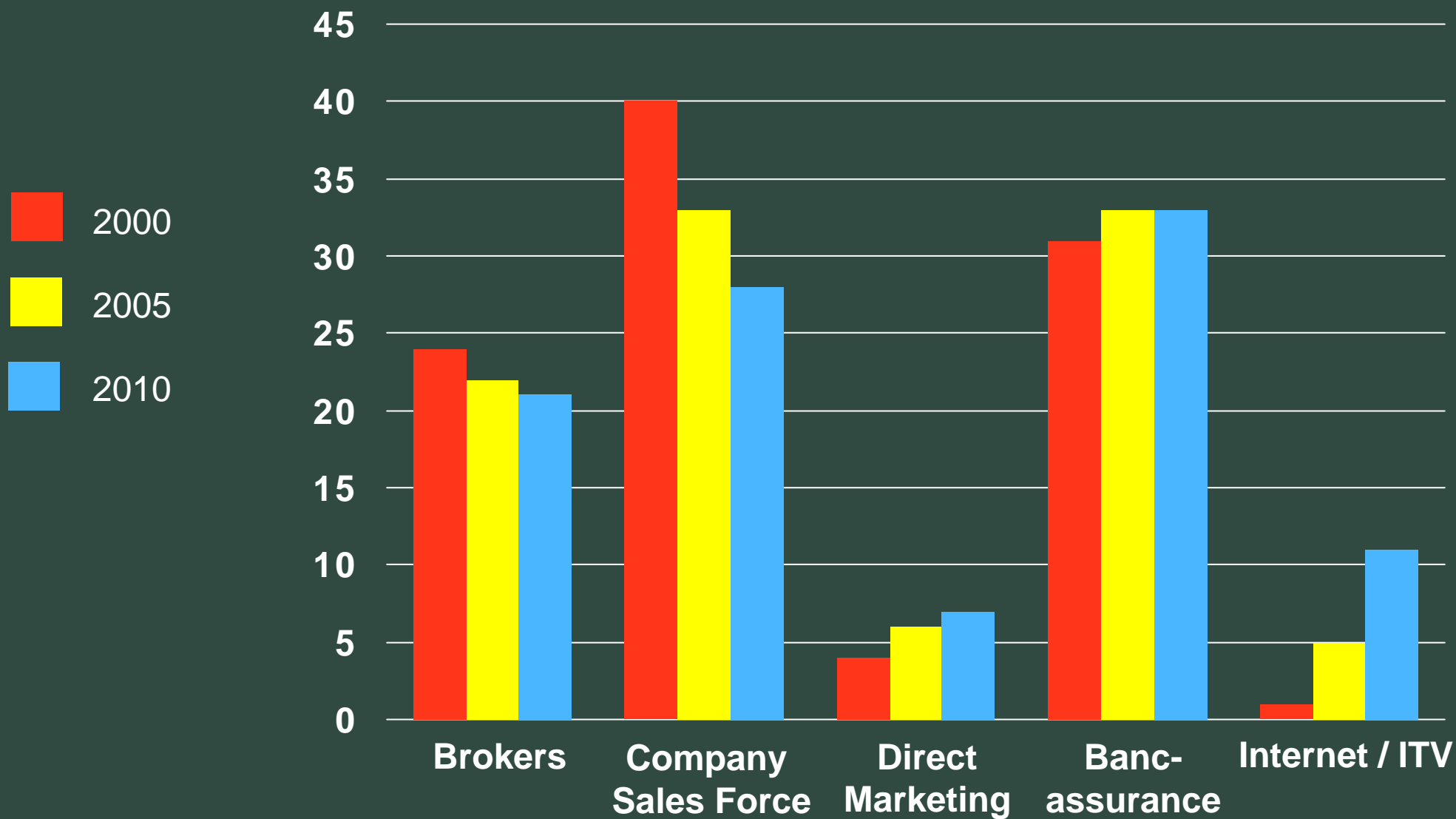
- More than 2,000,000 individuals in the ME region enjoy Alico/AIG banc assurance offerings
 - Gaining momentum in neighboring India
 - Pakistan too is not far behind, yet there is a lot to be done
 - Banc assurance will have a material impact on the distribution of financial services at large
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Bancassurance: Life Distribution Markets Range



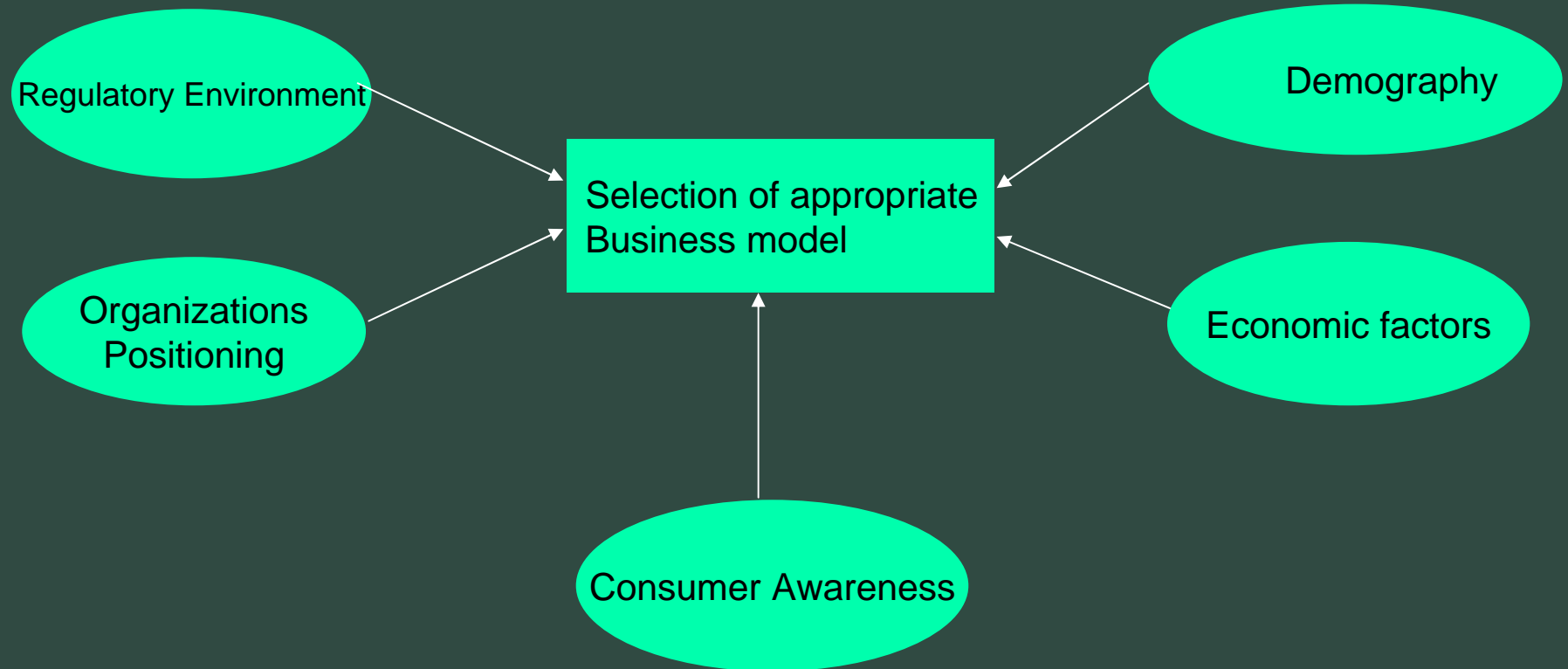
Source: Limra

Expected European life distribution mix, 2000-2010, %

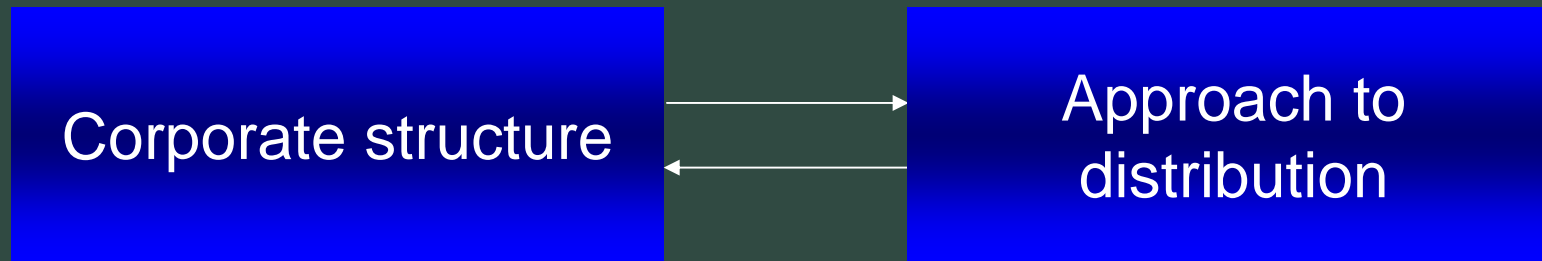


Source: Limra

Factors influencing the development of Banc assurance



**The Banc assurance model is defined
by two main dimensions**



Selection of optimal mix to suit the overall banc assurance Strategy

Segmentation of Bank's database into various groups:

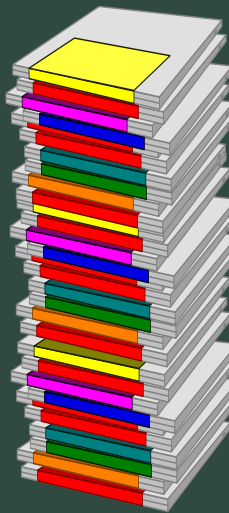


- Retail
- Corporate

- Investment/Savings
- Lending
- Transaction
- Protection

- Life
- A & H
- Savings
- Credit Life
- Group Med.
- Other

- Direct
 - Over the Counter
 - Direct Sales Force (FSE)
 - Telemarketing (in/outbound)
 - Direct Marketing
- Indirect
 - Embedded Agency (BSE)
 - Worksite Marketing



Approach to distribution

Branch based

Ranges from simplistic to sophisticated

- Over the counter sales of simple 'bank-related' products
- Leads generated and referred to in-branch sales person - narrow, relatively simple product range
- Leads generated and referred to fully trained financial planners - needs analysis and wide product range. Sales may be completed in-branch, home or workplace

Non-branch based

Remote channels including:

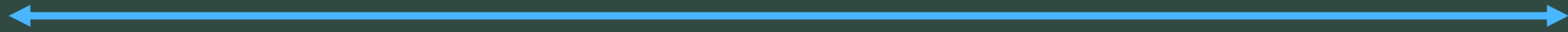
- Direct mail
- Statement inserts
- Advertisements in customer magazines
- Telephone marketing
- Internet/digital TV

A pure remote approach unusual - more likely that above techniques used to support branch activity

Possible sales processes

Simple

Complex



- Counter staff have simple 'bank-related' products available
- Seek opportunities
- Complete sales

- Counter staff seek leads
 - Leads passed to financial planners
 - Appointments set
 - First meeting - needs analysis
 - Subsequent meetings - advice and recommendations
 - Application completed
 - Underwriting and acceptance
 - Policy delivery
 - Post sale service
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Proposition and product development

- Banc assurance will foster the innovative product development and mass distribution leading to horizontal as well vertical growth of the Life Insurance Industry in Pakistan
 - Development of appropriate propositions to appeal to the varying customer segments, by pooling in expertise from both banking and insurance
 - The added value for the bank customers is substantial since the solutions designed and distributed through banks are usually not available from other channels (Agents, brokers)
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Best practice implementation

- Integration of two different cultures
 - generating *continuous* commitment
 - organising *structure* for lines of reporting, distribution and administration
 - Ensuring adequate training for all involved in sales process
 - Communication (internal and external) and co-ordination
 - Giving the right *weighting* to banc assurance products
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Approaching and referring bank customers

Build an integrated approach to banking and broader financial services



Developing a clear business generation strategy



Position lead generation as the fulcrum for success



Create a true push sales culture throughout the bank



Need to develop a new breed of professionals for Banc assurance



Insurance

- Sales orientated
- Thrive in pressurised situations
- Value sale more than relationship
- Able to match needs to products
- Give low priority to administration
- Target and success driven
- Typically 'loners'

Banks

- Service orientated
- Avoid pressurised situations
- Value relationship more than sale
- Need clear and specific guidelines
- Give high priority to administration
- Typically 'team players'

Two key determinants of success

Merging two different
cultures

Ongoing commitment of
senior management

Achieve maximum synergy from integration

- Greater integration = greater success
- Staff, customers, products and distribution
- Not easy, takes time
- Greater efficiency, more effective use of people
- Recognition of Banc assurance as core service/product by both Banks and Insurance Cos.

