

## Life insurers look for mass reach with over-the-counter products

26<sup>th</sup> April 2017, The Times of India

A quiet approval of 'POS - Saral Nivesh' insurance plan — a plain vanilla insurance product — by the IRDA earlier this week is part of rapid rollout of similar products by insurance companies which are riding the Pradhan Mantri Jeevan Jyothi Bima Yojana (PMJJBY) or Rs 330 life insurance as it is popularly called.

After the launch of PMJJBY, life insurance companies like SBI Life Insurance, Edelweiss Tokio Life Insurance have started designing over-the-counter products for the masses that can be sold in a few minutes. The Insurance Regulatory and Development Authority of India (IRDAI) is encouraging life insurers to come with more products that are "simple plain vanilla products, where each and every benefit is pre-defined and disclosed up front clearly at the time of sale."

"The product will be apt for those looking for a simple proposition and seeking instant gratification, as the decision of buying can be made in just a few minutes due to the transparency and simplicity of the product. The life insurance product will be made available offline as well as online, to ensure that the buying process is seamless for customers," said Deepak Mittal MD & CEO, Edelweiss Tokio Life.

Since 2009, life insurance penetration levels were at 4.60%, and a steady decline in sales resulted in a low of 2.72% as of March 2016. To stem this, the IRDAI has been trying to increase insurance penetration by initiatives such as POS products.

"The purpose of introducing such a product is to give access to life insurance to a larger section of the society, thereby increasing insurance penetration. IRDAI POS guidelines, will benefit customers in many ways, as well as help in increasing distribution footprint," said Mittal.

Apart from POS products, the regulator has also introduced a separate channel of distribution — POS agents. While IRDAI has been trying to beef up the POS agent network, life insurers have been finding it difficult to push sales via this channel. "Of nearly 13 lakh policies we sold this year, only about 15,000 policies were sold by our POS agents. So while this is an interesting initiative, it has been difficult for us to implement this on the ground. One of our difficulties has been that the POS agent is not just selling our product, but others as well," said Arijit Basu, CEO & MD, SBI Life Insurance Company.