



Adding some Life to Marriage

<p>Author</p>	<p>Sunanda Roy Country Head – Bank of Baroda IndiaFirst Life Insurance Company Limited Mumbai, India</p>
<p>Mentor</p>	<p>John R Spence Regional Head – M&A and Strategy, Asia Generali Asia Regional Office</p>

EXECUTIVE SUMMARY

1.0 It is proposed to seek Indian Regulatory support for nationwide mandate, that requires, at the time of Marriage Registration – at least one eligible spouse owns a Life Insurance policy. The Life Insurance policy is tailored to the age, gender and income of the insured, providing protection for the couple's financial goals and ensuring peace of mind in the conjugal journey.

1.1 The Proposal leverages three existing Indian capabilities:

- **Mandatory Marriage Registration** – Supreme Court verdict in 2006, that requires marriage registration
- **Innovative Product Choice** - Innovative product offerings from across the current 24 Life Insurers, along with a Government approved minimum viable product
- **Digital Connectivity** – High levels of adoption of mobile platforms, highlighted by the success of the 1.12 billion issued Aadhaar Card, representing 80% of the population

Implementation of this market expansion initiative is projected to **double the Lives Insured in India** by 2037.

1.2 The Insurance Regulatory and Development Authority of India (IRDAI) publishes the **number of lives insured** each financial year, through Group schemes and Individual Policies trend. The latest data of FY 21-22 (end of March 2022) is as follows:

Details	In Million
Lives Insured under Group Schemes	215.7
Individual Policies Issued	29.1
Grand Total Lives Insured	244.8
Population of India (CY 22)	1,400

***Please note:** the above reported numbers are not unique lives. The data has customers holding multiple policies under multiple segments (both Individual & Group) and with multiple Insurers. Hence, it is not a true reflection of the % **population of insured lives**.*

1.3 To scope our project, we have used the best estimates approach, by reducing the number of lives insured, by assuming that each customer would own 1.5 policies as follows:

Details	In Million
Grand Total Lives Insured	244.8
Divide total lives insured by 1.5	163.2
Population of India (CY 22)	1,400
<u>Current % Lives Insured in India</u>	<u>12%</u>

However, a word about the above data – grand total lives insured of 244.8 million in FY22, **also include 130 million lives (53%)**, under the Statutory Prime Minister life insurance scheme which are **pushed** to mass public sector bank customers, at a significantly low premium of INR c350 for a sum assured of 2 lacs (per life) under the PMJJBY scheme. This may be construed as either inadequate cover OR low acceptance from the insured, because of the nature of push sales and hence, renewability a suspect.

** There is no official / Government / public data that mention “**lives insured**” in India, while the **penetration** data published by Government of India's Economic Survey is the ratio of Life Insurance Premium to Gross Domestic Product (GDP), which stands at 3.2% currently.

1.0 HUMAN LIFE VALUE – The **UNFAIR** Treatment (India)



To **Register** your Car with the authorities, purchase of **Car Insurance** is a **mandate** under prevailing regulations



To Avail a Home Loan, Financial Institutions insist on purchase of **Home Insurance** as a pre-requisite to apply for home loan



Bride & Groom on wedding day

Do you have **Life Insurance** cover on yourself or spouse to **Register** your Marriage?

About 88% of the respondents would not have any Life Insurance cover. While their Cars & Homes are insured before they are Registered

Car value **protected** | Home value **protected** | Human Life value not protected – **Fair?**

1.1 Problem Decomposition

- Absence of any **Social Security Policy** in the country
- Absence of any systematic engagement by Government, to facilitate purchase of Life Insurance solution/s at an **appropriate time** & **age** by the breadwinner
- Low awareness | denial | fatalistic mindset
- Number of Lives Insured is just **12%** of the overall population of 1.4 billion

2.0 Mission Statement

We will help **Double** the number of **Lives Insured** in India by 2037, by **mandating** life insurance, as a proxy to Social Security Policy, at the time of **marriage registration**.

3.0 India – the landscape & demographic profile

Details	In Million	Remarks
Population CY 22	1,400	
Estimated Annual Growth Rate	0.41%	
Population estimates end of CY 37	1,490	
Current Youth Population CY 22 (age group 13-35 years)	560	c40% of population in CY 22
Seekers (individuals seeking marriage) each year	56	10% of current youth population
Marriage Registrations each year (unique count)	13	Only 23% of Seekers

- **Count of Marriage Registrations** each year is **13** million, which means, there are **26** million individuals embarking on the conjugal journey
- As we can observe, there is a vast majority of Indians, who do not register their marriages
- **Seekers** who register their marriages would have an annual income of INR =>90,000

4.0 The Opportunity

13 million registrations (unique lives) – less 12% (current lives insured) = **11.44 million** lives to insure each year (minimum)

Key Enabler: In the year 2006, the Honorable Supreme Court of India made it **mandatory** to get a **marriage registered** to legalize it, making it an essential certificate to prove your relationship with your spouse. Further, marriage certificate is an essential document required by Government authorities, Banks, Credit Institutions to facilitate services like Passport | Bank Accounts | Loans, amongst many other essential services

4.1 The Equation

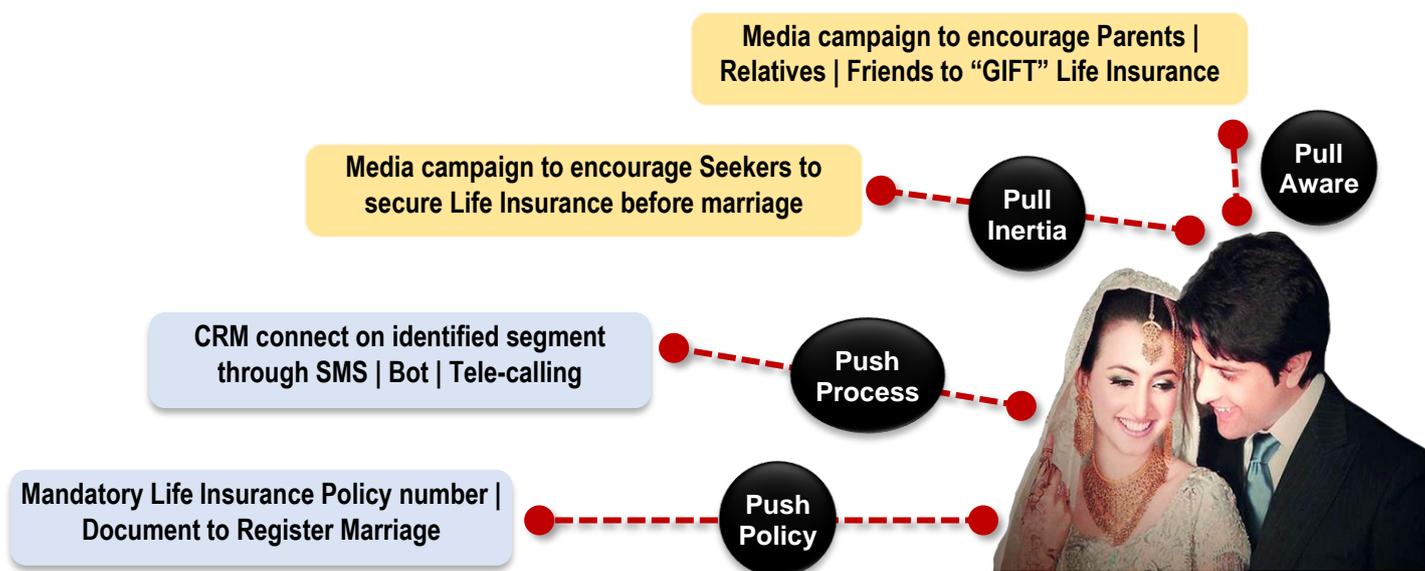
Current Number of Lives Insured	12%
Additional Minimum Lives to be covered through this project each year (in million)	11.44
Total Lives covered in next 15 years (11.44 X 15) (in million)	172
Population estimates end of CY 37 (in million)	1,490
Additional Lives Insured by “ Adding some Life to Marriage ” (172 / 1,490)	c12%

5.0 The Process - we will win by deploying innovative service architecture

A word about the characteristics of our **target segment** – they are in the vicinity of an emotional event in their lives – marriage. We intend to leverage this emotional event as a pivot for their willful adoption, while mandating life insurance as a pre-requisite to register marriages.

In this proposal, the **breadwinner** is solicited for ownership (either Bride OR Groom compulsory OR both, if the partners so desire).

- Our service architecture is a mix of Push and Pull services
- On Push side, we will focus on **shaping policy**, that will mandate life insurance policy number | document to register marriages
- On the Pull side, to influence the target segment, a **social media campaign** with an influential brand ambassador will be used to encourage the Seekers to secure life insurance before marriage
- And in yet another focused initiative, a pan-media campaign will be used to influence parents, friends, and relatives to **shift the marriage gift market** – to - **Insurance Gift. This would be a tectonic shift in the way the country perceives life insurance**
- The Life Insurance policy could be bought on-line, through any of the websites of 24 Life Insurers in India OR through any of the Web Aggregators, for example: Policy Bazar.com & others. Details of the issued policy to be furnished at the time of marriage registration
- The entire service architecture is completely **paperless** and underlines our **commitment to environment**

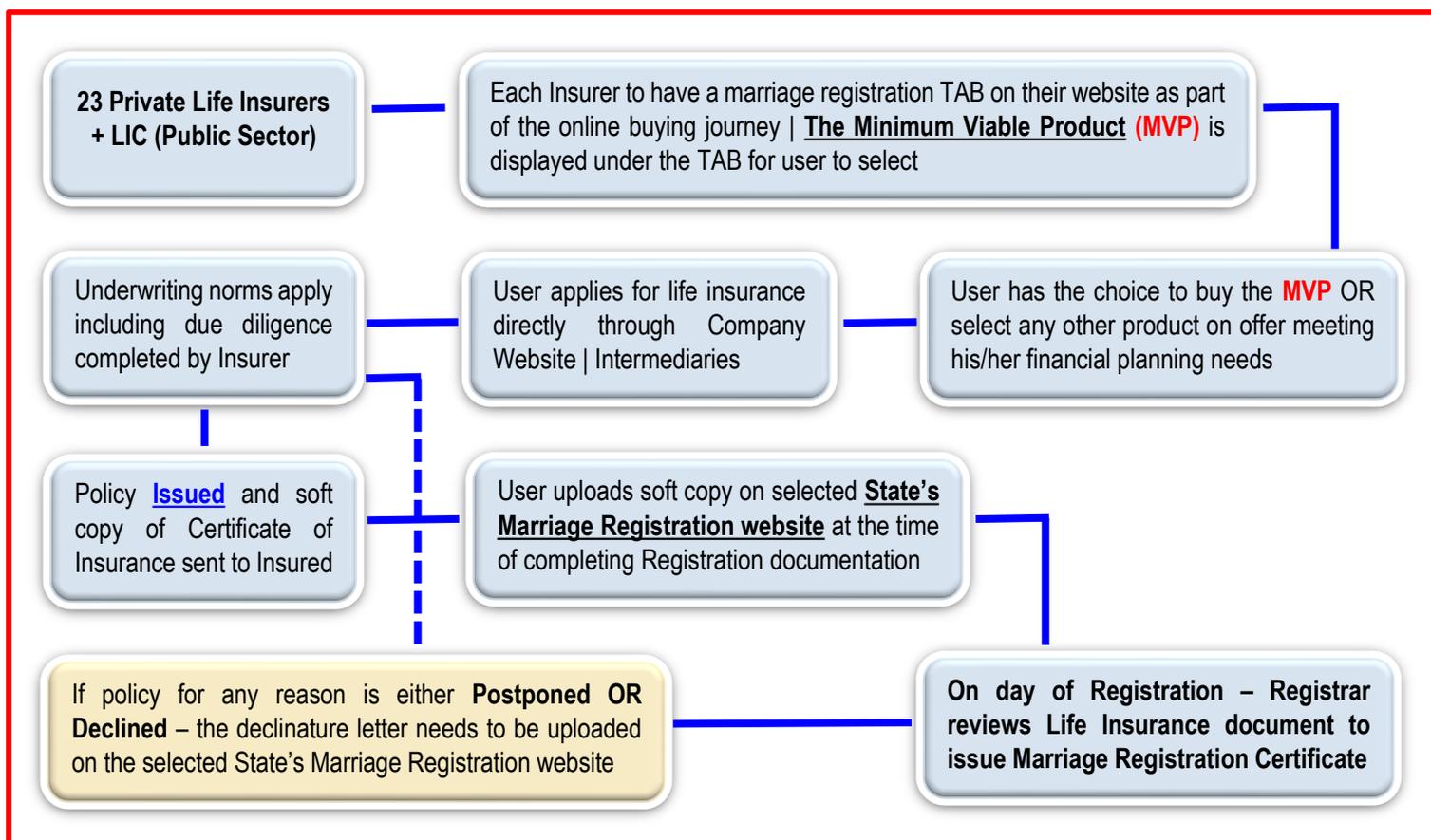


6.0 Solution Concept - Sketch

The key strength of our proposal - **we are not forcing** the prospective set to purchase "a" particular type of life insurance product, unlike other statutory Government initiatives, which are pushed upon as 1-year renewable contracts. We propose the following:

- Regulator to prescribe framework for a **Minimum Viable Product (MVP)** under the policy, in lines with being affordable, plain vanilla pure term protection product specification
- Insured may **either choose to purchase MVP OR opt for any other product that suits their specific financial planning needs**
- Mandatory **minimum sum insured to be 2X** of declared annual income of insured

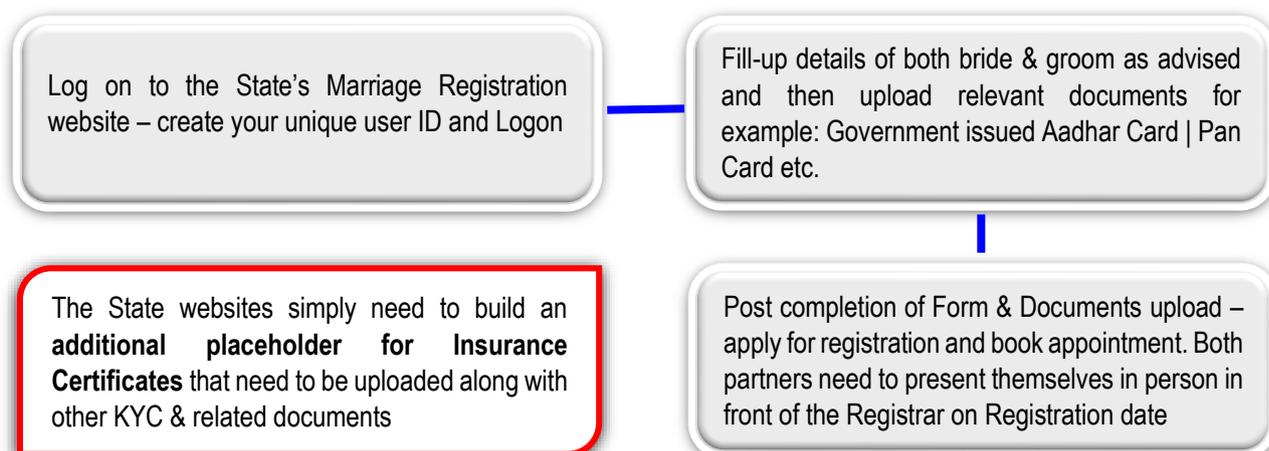
6.1 MVP OR a Product of their choice would ensure **higher pull for ownership**, thus increasing possibility of the same being renewed each year, for complete tenure of the policy purchased, helping the insured achieve his/her financial goals.



6.2 Further, the **Renewals** of such policies are secured by way of users having to sign-up for **Standing Instruction (SI)** at the time of purchase, by furnishing their bank account details and setting up a periodic SI, depending on the frequency / mode chosen for debit as per annual - semi-annual – quarterly – monthly mode policies. **This process of SI is mandated by the Insurer**, while Regulator has mandated, **Bank Account** details of each insured, for the purpose of any kind of claims, proceeds, credits emanating from the Insurer – to – the Insured.

(Nomination procedure in such policies would follow the principles of insurable interest. Gainfully employed OR evidence of un-earned Income necessary for ownership).

6.3 Closely mirroring the above is the **online marriage registration process sketch**



7.0 We will Win because of better Strategy, also leading to Innovation opportunities

The key differentiator and biggest strength of our proposal to realize the mission of 2X Lives Insured is in our [Strategy](#) and [Focus](#).

Further, our **Strategy promises to create multiple Innovation opportunities** that are [Game Changers](#) and would transform life insurance landscape in the country.

This project would facilitate equal opportunities for all Life Insurers. When the tide rises all players can Win. Given the current market share of each Insurer, this initiative promises to lift industry wide **revenues by 2X** in next 15 years.

Having said which, the **first mover advantage** would apply to the Insurer, who is able to build an association with our target segment and the market would reward such first mover/s with higher market share.



Market Expansion = All Players should Win

Same Market Share % = 2X Revenue

7.1 While the Regulator would be advised to run media campaigns, with an [influential brand ambassador](#), to popularize the policy and mandate, the idea is to leverage Government census with regards to the targeted youth community, by each Insurer. This would facilitate awareness, through various targeted initiatives to augment life insurance coverage.

7.2 The entire development of such targeted initiatives and engagement programs, by each Insurer would leverage **mobile platforms**, alike handheld devices. Further, Insurers may also wish to include this engagement initiatives, as part of their business as usual - tele-calling set-up and Bot functionalities.

8.0 Innovation Opportunities – The Game Changers



Marriage Gift market to shift to Insurance Gifting

- Parents | Relatives | Friends to encourage Life Insurance as a Marriage Gift
- e_Life Insurance vouchers to be made available by Web Aggregators and Insurers

This would ensure **reverse pull** with the recipient to necessarily buy a policy in order to redeem the voucher/s

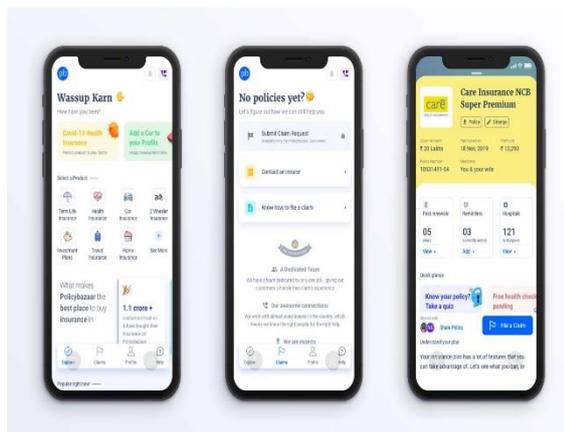


Product Innovation Ideas

- Special Marriage packages by each Insurer
- Progressive product offerings with increasing cover at specific life stage events of the married couple
- Convertible policies of parents with adult kids (=>18 years) having all benefits secured at the time of transfer

8.1 Marriage Gift market to Insurance Gifting

This would be a tectonic shift in the way the country perceives life insurance.



Insurance Gifting would happen through any of the Aggregator websites | Company websites, wherein – user would buy **eGift Vouchers** and gift the same to the recipient for redemption during their policy purchase process. **Recommended to use the Aggregator websites** for this activity, as the voucher could be used with any Insurer

Another important detail to note is the creation of **reverse-pull** for **redemption of such life insurance Gift vouchers by the recipient** – this could be a big Game Changer, as the social networks of the to be married would influence compulsory Life Insurance purchase, even when the recipient is passive in his/her action to own. Following significant impact:

- **Increase Coverage amount** (sum assured) = increase in Industry Revenues
- **Additional Lives covered** (spouse) through vouchers = increase in Lives Insured
- **Creation of a Marketplace** (aggregators) fostering eCommerce & Trade

8.2 Product Innovation Ideas

While the Minimum Viable Product would be on offer with each Insurer, there is a huge scope for innovations in the Life Insurance Product space. Some of the ideas are illustrated above.

9.0 Conclusion

As evidenced in each such initiatives in the past, whenever there is a **Government mandate** to execute, the **adoption amongst citizens / residents of India is significantly high** and the overall objective for the country is achieved.

Let us take the example of **Aadhaar Card Project**: this was a Government project of giving a unique social identity to every citizen / resident of India in co-ordination with Unique Identification Authority of India (UIADI), started in March 2006.

Over time and in the present day, **Aadhaar is a mandatory document** required by authorities to provide various essential services. Today, a range of government schemes mandatorily need beneficiaries to furnish their Aadhaar number to authenticate their legitimacy.

- **The resultant impact of this mandate** has led to a whopping **1.12 billion Indians (80% of population having a social identity)** owning an Aadhaar Card.

9.1 Similarly, if the Government wants to **Double Life Insurance coverage (lives insured)**, as the nearest proxy to Social Security Policy, in quick time and eventually place life insurance in the hands of every Indian citizen / resident, **our project of mandating life cover** is one of the many ways to augment lives insured and help the country realize its audacious goal.

10.0 Next Steps

- Present proposal to Life Council for their review and onward delivery to the Regulator
- Regulator to influence Government to launch the initiative of:
Adding some Life to Marriage