ROLE OF REGULATORY AUTHORITIES IN INSURANCE EDUCATION

- India’s journey

Insurance Regulatory and Development Authority of India (IRDAI)
India Profile

- **Area**: 1.269 Million Sq. Miles
- **Languages**: The Indian Constitution recognises 22 languages
- **States/UTs**: 28 States and 8 Union Territories
- **Population**: 1,380 Million (Male: 52%, Female: 48%)
- **Age Profile**: 0 to 14 – 29%, 15 to 59 - 63%, above 60 - 8%
- **Literacy**: 73% (Male: 81%, Female: 65%)
- **Insurance Density**: 2020 – 78 USD, 2001: 11.5 USD
- **Insurance Penetration**: 2020 – 4.20%, 2001: 2.71%
THE CONTEXT

**Motor**
- Total Vehicles on road as on the road in 2019-20: 253 million
- Insured Vehicles: (2019-20) : 44%

**Life**
- Population: 1.380 billion
- Total number of policies in force (2019-20) : 332 Million

**Health**
- No. of persons covered: 498.7 million (2019-20)
- Percentage of the population covered: Around 40%

**Crop**
- Total Cropped area: 0.75 Million Sq. Miles
- Area Covered under Crop Insurance : Around 0.2 Million Sq.Miles (2019-20).

Industry Premium in 2019-20 – **USD 107,918 million**
THE JOURNEY

• An introduction to insurance awareness and insurance education in India
• Initiatives of Insurance Regulatory and Development Authority of India (IRDAI)
• A brief on insurance awareness studies conducted
THE ECO-SYSTEM

- National Strategy for Insurance Education
- National Centre for Financial Education
- Government Insurance Schemes

Insurer’s portal
- Campaigns through various media
- Workshops and Seminar
- Other activities

Agents
- Corporate Agents
- Brokers
- Insurance Marketing Firms
- Web Aggregators
- Others

• Third Party Administrators
• Surveyors
• Dispute redress channels
• Academic Institutions
• E-repositories
• Insurance Information Bureau

• IRDAI’s Strategy and various initiatives
• Requirements stipulated for the industry

- Life Ins Council
- General Ins Council
- Other industry bodies

• Industry Councils

- Government

- Insurers

- Insurance Education

- Distribution Channels

- Regulator

- Others
IRDAI MILESTONES

2000-2001
Launch of IRDAI website

2001-2002
Radio and Television shows
Print media

2005-2006
Sponsorship of various events, including sports.
Radio, Television and Print Media

2009-2010
Dedicated department to handle consumer affairs including consumer education
Strategy for various initiatives
Pre-launch consumer survey

2011-2021
IRDAI launched the Integrated Grievance Management System (IGMS).
Various media campaigns over the last decade
Consumer Education Website
Setting up of NCFE along with other Regulators
IRDAI INITIATIVES

- Consumer Education Website
- Foundation Day of IRDAI declared as Insurance Awareness Day
- Support for campaigns through Insurance Councils
- Competitions for students— quizzes and essays
- Research Grants
- Pan India pre and post consumer awareness campaign surveys
- Campaigns through various media by IRDAI
- Through National Council for Financial Education
CONSUMER EDUCATION WEBSITE

www.policyholder.gov.in

• Launched in 2011
• Contents include:
  o Learning about the Regulator
  o Buying Insurance
  o Making a claim
  o Consumer Complaints
  o Protecting the policyholder
  o Creating Awareness (various initiatives)
AWARENESS CAMPAIGNS

• Radio and Television Campaigns
• Metro Campaigns
• Print Initiatives:
  o Newspaper Campaigns
  o Comic Books
  o Handbooks
• Consumer Education Seminars
CONSUMER AWARENESS SURVEY

Pre-campaign

- Cost of around Rupees 1 Crore (a little less than $200,000)
- Three stage stratified sample design adopted
- Primary survey of 30,200 respondents carried out in 29 States/Union Territories over a period of 6 months
- Comprehensive report with tabulations on various parameters
- Various geographies covered, Rural and Urban.
- Socio-economic profile of Insured and Uninsured captured.

CONSUMER AWARENESS SURVEY

Post-campaign

- Cost of Rs.1.3 Crore (a little over $200,000)

- Same sample design, sample size, similar socio-economic parameters as well as geographies covered, comprehensive report etc as pre-campaign survey exercise

WHY HOUSEHOLDS DO NOT INSURE (%)

- Not so important: Post Launch 23, Pre Launch 25
- Too expensive: Post Launch 5, Pre Launch 37.6
- Limited range of products: Post Launch 5.6, Pre Launch 29.1
- Products are complex: Post Launch 11.4, Pre Launch 12.7
- Accessibility problem: Post Launch 14.3, Pre Launch 11.7
- Difficult procedures: Post Launch 8, Pre Launch 7.9
- No confidence on insurance: Post Launch 11.7, Pre Launch 13.2
- Inadequate value on maturity: Post Launch 4.7, Pre Launch 6.5
- Poor after sale services: Post Launch 1.6, Pre Launch 9.9
- Other reasons: Post Launch 8.4, Pre Launch 26.6

Post Launch vs Pre Launch comparison for reasons why households do not insure.
PERCEPTION OF HOUSEHOLDS (INSURED AND UNINSURED) ABOUT INSURANCE (%) Rural Vs Urban

**Rural**

- **Post-launch Insured**: 74.1%
  - Compensate Loss of Life: 14.1%
  - Compensate damage to assets from certain events: 5.4%
  - Rebuild the asset lost due to certain events: 4.5%
  - Any Other: 2.1%
  - Can't say: 0%

- **Pre-launch Insured**: 51.7%
  - Compensate Loss of Life: 5.4%
  - Compensate damage to assets from certain events: 20.8%
  - Rebuild the asset lost due to certain events: 5.2%
  - Any Other: 2.1%
  - Can't say: 0%

- **Post-launch Un-Insured**: 65.0%
  - Compensate Loss of Life: 11.8%
  - Compensate damage to assets from certain events: 5.2%
  - Rebuild the asset lost due to certain events: 12.4%
  - Any Other: 3.8%
  - Can't say: 5.4%

- **Pre-launch Un-Insured**: 43.5%
  - Compensate Loss of Life: 48.1%
  - Compensate damage to assets from certain events: 12.9%
  - Rebuild the asset lost due to certain events: 3.8%
  - Any Other: 3.8%
  - Can't say: 5.4%

**Urban**

- **Post-launch Insured**: 75.8%
  - Compensate Loss of Life: 17%
  - Compensate damage to assets from certain events: 48.1%
  - Rebuild the asset lost due to certain events: 20.4%
  - Any Other: 8.3%
  - Can't say: 1.8%

- **Pre-launch Insured**: 59.0%
  - Compensate Loss of Life: 6.3%
  - Compensate damage to assets from certain events: 20.4%
  - Rebuild the asset lost due to certain events: 8.3%
  - Any Other: 1.8%
  - Can't say: 1.8%

- **Post-launch Un-Insured**: 70.2%
  - Compensate Loss of Life: 15%
  - Compensate damage to assets from certain events: 42.1%
  - Rebuild the asset lost due to certain events: 33.5%
  - Any Other: 14.6%
  - Can't say: 6.7%

- **Pre-launch Un-Insured**: 48.1%
  - Compensate Loss of Life: 4.2%
  - Compensate damage to assets from certain events: 20.4%
  - Rebuild the asset lost due to certain events: 4.2%
  - Any Other: 6.7%
  - Can't say: 15.9%
PERCEPTION OF HOUSEHOLDS (INSURED AND UNINSURED) ABOUT INSURANCE (%)
HOW INSURED HOUSEHOLDS BECAME AWARE OF LIFE INSURANCE (%)

<table>
<thead>
<tr>
<th>Category</th>
<th>Pre-launch</th>
<th>Post-Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary</td>
<td>42.2</td>
<td>31.3</td>
</tr>
<tr>
<td>Friends/Relatives</td>
<td>41.3</td>
<td>27.0</td>
</tr>
<tr>
<td>Agents</td>
<td>76.3</td>
<td>47.4</td>
</tr>
<tr>
<td>Employer</td>
<td>6.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Advertisement</td>
<td>11.5</td>
<td>8.1</td>
</tr>
<tr>
<td>Requirement of Financier</td>
<td>2.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Others</td>
<td>1.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>0.7</td>
<td>18.9</td>
</tr>
</tbody>
</table>
WHAT HOUSEHOLDS (BOTH INSURED AND UNINSURED) FEEL ABOUT BENEFITS OF LIFE INSURANCE (%)

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Post Launch</th>
<th>Pre-Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Insured</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best safeguard against risk</td>
<td>52.6</td>
<td>43.4</td>
</tr>
<tr>
<td>Saving for future</td>
<td>49</td>
<td>69</td>
</tr>
<tr>
<td>Daughter's marriage</td>
<td>19.3</td>
<td>15.6</td>
</tr>
<tr>
<td>Children's education</td>
<td>18.6</td>
<td>18.6</td>
</tr>
<tr>
<td>Tax benefits</td>
<td>11.9</td>
<td>5.3</td>
</tr>
<tr>
<td>Others</td>
<td>8.2</td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Uninsured</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best safeguard against risk</td>
<td>43.3</td>
<td>39.3</td>
</tr>
<tr>
<td>Saving for future</td>
<td>57.6</td>
<td>40.1</td>
</tr>
<tr>
<td>Daughter's marriage</td>
<td>15.8</td>
<td>11</td>
</tr>
<tr>
<td>Children's education</td>
<td>10.1</td>
<td>11</td>
</tr>
<tr>
<td>Tax benefits</td>
<td>5.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Others</td>
<td>19.4</td>
<td>3.7</td>
</tr>
</tbody>
</table>
Financial Literacy and Inclusion in India Survey 2019 vs 2013

- Surveys conducted by NCFE as part of National Strategy for Financial Education

<table>
<thead>
<tr>
<th>Sampling Plan:</th>
<th>FLIIS-2019</th>
<th>FLIIS-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>A multi-stage cluster sampling plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample Size:</td>
<td></td>
<td>75000 adult respondents</td>
</tr>
<tr>
<td>Cost of survey:</td>
<td>$197,000</td>
<td>$141,000</td>
</tr>
</tbody>
</table>

### Awareness (%) on Various Insurance

<table>
<thead>
<tr>
<th>Type of insurance</th>
<th>2019</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>Urban</td>
</tr>
<tr>
<td>Life</td>
<td>82%</td>
<td>88%</td>
</tr>
<tr>
<td>Motor</td>
<td>59%</td>
<td>71%</td>
</tr>
<tr>
<td>Health</td>
<td>55%</td>
<td>67%</td>
</tr>
<tr>
<td>Crop</td>
<td>37%</td>
<td>39%</td>
</tr>
<tr>
<td>Cattle/Livestock Insurance</td>
<td>33%</td>
<td>35%</td>
</tr>
</tbody>
</table>
# Financial Literacy and Inclusion in India Survey 2019 vs 2013

<table>
<thead>
<tr>
<th>Category</th>
<th>FLIIS-2013</th>
<th>FLIIS-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employed in agriculture</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>Agriculture labour</td>
<td>13%</td>
<td>31%</td>
</tr>
<tr>
<td>Self-employed in non-agriculture</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Salaried (Private)</td>
<td>17%</td>
<td>29%</td>
</tr>
<tr>
<td>Salaried (Govt.)</td>
<td>26%</td>
<td>36%</td>
</tr>
<tr>
<td>Student</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>Housewife</td>
<td>16%</td>
<td>13%</td>
</tr>
<tr>
<td>Retired Person</td>
<td>25%</td>
<td>36%</td>
</tr>
<tr>
<td>Others</td>
<td>17%</td>
<td>16%</td>
</tr>
</tbody>
</table>
THREE MAIN LESSONS LEARNED

1. **Concerted efforts**: Need for a multi-pronged approach—different strata of society need to be approached through different channels with audience appropriate messages. There’s a role for all stakeholders. Do and require others to do.

2. **Message and Communication**: Speak the language of the people (both literally and figuratively) to make sure that the ‘message’ is received, otherwise ‘communication’ has failed. Impact studies are necessary to understand what is most effective. Real success stories have a greater impact.

3. **Retention and Recall important**: Consumer education is a continuous process. Cost-benefit analysis a must—use platforms that are cost-effective on a long-term basis.
THANK YOU

Yegnapriya Bharath, Chief General Manager
Insurance Regulatory and Development Authority of India
Hyderabad, Telangana State
India