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## **Cooperative bank a distribution channel for growth of Health Insurance in Pune district**

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### **Abstract**

The Health Insurance Market in India is been present since long time. The growth can be seen by the number of companies coming up in India. Today with over more than 23 companies; both General Insurance and Standalone selling and spreading the products by way of sale in all the market of India through various channels. The major channel still is been the agency one which is main source of sale and spread of health insurance. This growth though is mainly seen in the urban part. The rural part is still in nascent stage in terms of number of policy, policy premium and all. The Bank channels are seen today as the best channel available to spread the growth of Health Insurance. This paper tries to throw the light on role of Cooperative bank in India.

Keywords: Banc assurance, Health Insurance, Banks, Growth, Distribution Channels



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## **Introduction**

Insurance is and unsought product. Due to this, the product is sold rather than bought by the customers. As this is a product requires more understanding, this falls into the category of advisable product. The sale of these products is mainly done through agency channels.i.e mainly by the agents who work on commission basis. This agency channel is vast and has been present in all the Insurance companies. Though the sale and spread of the product is more through this channel, today bank assurance too is considered as one of the fast growing channels for the sale and spread of Health Insurance. This channel indeed has more potential to spread the product in all section of society. The majority of the market still remains untapped due to less penetration of distribution channels available in India. The distributions channel plays a vital role in reaching the end user of the market. Among various channels available for Insurance, Banc assurance channels works in the favor of both parties, banks as a source of income, and Insurance companies as a catalyst of growth.

Cooperative bank has a best leverage as compared to private banks as they have more trust factors and are local banks. Their employees are in the bank for long durations and have long lasting relations with their customers. The leverage of the channels lies in the fact of its wide geographical spread and penetration of banks in terms of customer reach in all pockets of country. With growing middle class in country and growth of banking sector it will be a effective method for the distribution of Health Insurance, its awareness and reach to the end user and in every pocket of India.

## **Extent of Cooperative Banking**

Indian cooperative structures are one of the largest such networks in the world with more than 200 million members. It has about 67% penetration in villages and fund 46% of the total rural credit. It also stands for 36% of the total distribution of rural fertilizers and 28% of rural fair price shops

With more than 1200 banks in India and growing , this channel is the best channel available for the spread and sale of Health Insurance.

The regulators initiatives for the development of Insurance, the huge uninsured Indian market, the less aware insurance market, and the strong presence of banks in India makes the banc assurance distribution channel an lucrative one for both the parties.

## **Scope of Health Insurance in India**

There are 28 Non Life Insurance companies; the standalone Health Insurance companies are registered to sell Health, Personal Accident and Travel Insurance products. With these numbers

of companies the channel seems to be a great opportunity to spread the awareness and need of the Health Insurance cover for the prospect customer of Banks.

The size of Health Insurance market in India is huge. It is estimated that the total Health Insurance market is more than 40,000 crore. It is expected to grow at a CAGR of 25%. The insurance industry plans to hike the penetration level to 5% by 2020.

The countries Insurance market is expected to quadruple in size over next 10 years from its current size.

The General Insurance business in India is currently at 78000 crore premium per annum and is growing at a rate of 17%

**Growth in non-life insurance premium (US\$ billion)**



Source: Insurance Regulatory and Development Authority, TechSci Research  
 Note: CAGR - Compound Annual Growth Rate , FY16\*: Till November 2015

**Number of non-life insurance policies (million)**



Source: Insurance Regulatory and Development Authority, TechSci Research  
 Note: CAGR - Compound Annual Growth Rate

### Cooperative Bank Potential in Pune District

The Insurance companies now can generate the Insurance policies instantaneously from the city regional office and can immediately hand over the printed policy to the customer via online on the same day hence enhancing the customer service.

The banks which hold the trust factor can surely please there customer with great and efficient advice on the Health Insurance products with effective policy docket made available.

This will help the cooperative bank to not only strengthen their service but also enhance the trust factor and used this channel as an effective way to distribute the Health Insurance to its customer.



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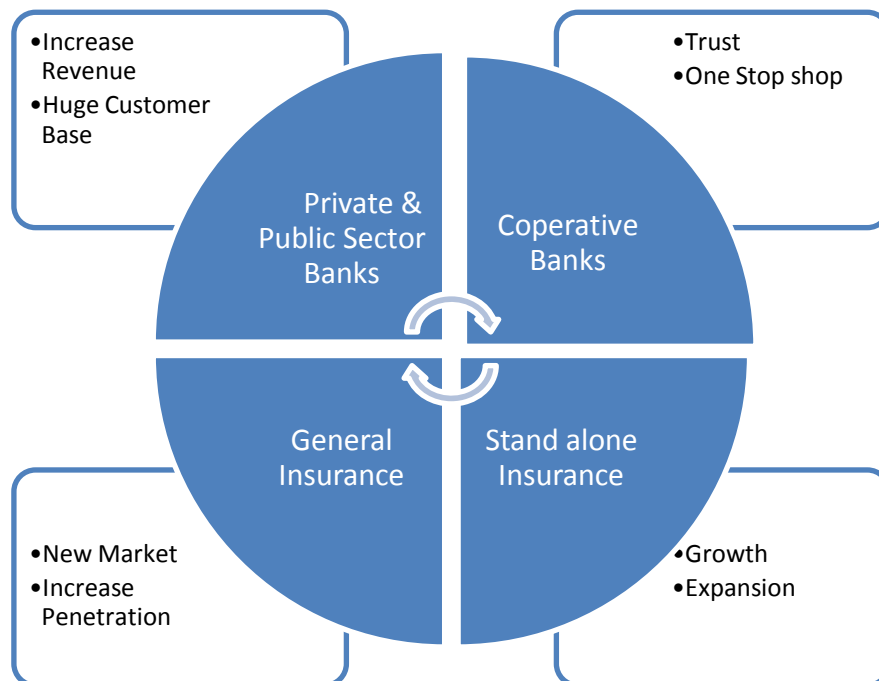
## **Importance of Banc assurance model for Cooperative banks**

The success of a cooperative bank lies in the fact that it has more trust factor attached to it with their customers. But the business doesn't work only on this. It has to have the income to run the business more profitable. With less number of bank branches, as compare with other Government or Private banks, these cooperative banks can consider Health Insurance as one of the best third party non financial products to be sold over its counter to its age old customer in term of customer life cycle is concerned. An affordable model, this channel can work wonders to the cooperative bank in rise in their income, better customer relationships, best advisory model and above all a robust model not only for the bank but also for all stake holders. Beside majority of customer dealing with cooperative banks are from rural areas where the insurance company doesn't have their business presence. Hence this untapped or less tapped market is easily available to the cooperative banks which can be exploited for the benefit of business. Also the rural parts will surely benefits from these banks in terms of better advisory available to them, protection from mis selling of products and better customer satisfaction. Also it is been seen that many times the individual have to break its investments, sell out its saving in case any medical problem arises and a need is generated for hospitalization. This can surely be avoided if a Health Insurance is made available through cooperative bank channel.

### **Banc assurance Strategy – Concept**

Banc assurance i.e. Bank + Assurance refers to banks selling the Insurance products. The term was first coined in 1980 in France, the European market, which says that the bank can be consider as an distribution channel for the sale of Insurance product to exploit the available opportunity

The bank now is the “One Stop Shop “for all insurance needs to their customers. Their success lies in the fact of effective product knowledge, and excellent customer relationship up above the business relations and more towards the personal one. It doesn't not rely only on pushing the sale of products but also in the fact that they need to ensure the customer satisfaction too. The banks need also to keep in mind the brand the insurance company has. As it is necessary for them to see the kind of services provided by the insurance companies to its customers, may be best in class claim settlement ratios which is critical for products like Health Insurance, good Hospital networks so that entire Countries best hospitals are in tied upon with the insurance companies and cashless facilities are provided to customers in all top hospitals so that the documentation work required for reimbursement in case cashless doesn't work is avoided and peace of mind is guaranteed to the customers. This in turn will only ensure the effective utilization of Banc assurance model.



## Conclusion

- The banc assurance channel can surely acts as an effective model for
- Sale of Health Insurance Products
- Awareness and Penetration of Insurance
- Increase the potential of Cooperative bank sale
- Increase in income of cooperative bank
- Excellent customer service
- One stop shop for all Insurance related needs

The proper channel can work wonders for business partners,. The model surely acts as growth factors of many Life insurance, General Insurance and standalone Insurance companies. It also provides a platform for not only the financial products but also for all insurance related products.

The stake holders be it Banks, Insurance companies, and the Customers and he beneficiaries of the model.



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