It’s been about a decade since India privatized its life insurance market. And sometime during that span of time, Mumbai resident C. Mohan took out a life insurance policy. So did some 60 million of his countrymen. While their stories vary, the acquisition of life insurance touched—and perhaps changed—each of their lives in a positive way. By reducing the financial risks to their families, they secured more control over their future and gained more peace of mind in the process.

That’s certainly true of C. Mohan. But his story has an even more far-reaching impact, one with the potential to change millions of lives. For in addition to being a life insurance policyholder, Mohan is also the Chief Technology Officer of Reliance Life Insurance, one of the fastest-growing providers in the market. Mohan came to Reliance from outside the insurance business, giving him an outsider’s perspective and, with it, a fresh eye for spotting opportunities to change the business. Ultimately, it was his own firsthand experience in buying life insurance that gave him the idea for a new way of selling it in the Indian market.

Reliance Life Insurance:
Transforming distribution to bring security within reach

Leadership Spotlight
When C. Mohan took on the job of CTO for a small entrant into India’s newly privatized life insurance market, he brought with him a transformative vision on selling life insurance to the masses. On the strength of that vision, Reliance is on a fast path to market leadership.

How Reliance Life Insurance got smarter
Reliance launched a comprehensive self-service portal solution called Lifeline which has lowered operational costs by 30% while making the customer experience more streamlined and transparent. More importantly, the solution enabled Reliance to evolve its business model in a way that positioned it for a broader base of market growth than its competitors. For the company, this new strategy has led to industry-leading growth and a dramatic increase in market share. For the rural citizens who now find life insurance within reach, it promises a life of greater security, control and peace of mind.
The seeds of change

The experience of buying life insurance exposed Mohan to the convoluted and manual processing that characterizes India’s budding market. From his buyer’s perspective, Mohan was struck not only by the length of the process but also by its opacity and dependency on a hard-to-track, paper-based workflow. His problem-solving instinct kicked in, and he came up with the rough parameters for a more automated and intelligent distribution model built around the concept of smart self-service. But Mohan’s idea did not become reality until he came to Reliance five years ago.

Attracted by challenge and opportunity, he entered a freshly deregulated industry that was in full growth mode and a company that was starting out in a field already crowded with competitors. To achieve its goal of becoming a market leader through rapid growth, Reliance sought a truly differentiated strategy, one that would position it to profitably address markets and segments that its competitors could not. That’s where Mohan’s idea for an intelligent self-service platform entered the picture.

A new path to growth

In the first phase of market growth immediately following privatization, the vast majority of India’s new insurance customers came from its most populous cities, commonly delineated as “tier 1” and “tier 2.” While to a large degree this reflected the simple fact that more people meant more potential customers, a more complex dynamic—interweaving India’s demographics with the economics of offering life insurance—was also at play. Those manual, paper-intensive processes discussed above? They’re costly and require investments in branch infrastructure to carry out. For these investments to pay off, providers need not only to generate more volume, but also to sell the higher-value policies that city dwellers—by virtue of their higher average income—can better afford than can residents of India’s smaller cities, towns and villages.

Reliance’s breakthrough occurred when it came up with a business model that could profitably deliver life insurance to an enormous market segment that had thus far been beyond the reach of life insurance providers. While Reliance would continue to rely on its extensive branch network in denser urban centers, an advanced self-service delivery platform—the first of its kind in India—would provide the low-cost distribution capability needed to profitably tap the vast but far-flung rural market. In this way, Mohan’s vision provided the foundation of Reliance’s strategy for achieving market leadership.
Betting on a new model

Before Mohan took his idea to Reliance's CEO and Board of Directors, he worked with his IT team to create an initial blueprint of the solution to demonstrate its capabilities. “While they were all completely thrilled with the concept, the only question in people’s minds was whether it could actually be executed, since nothing like it had yet been done in the Indian market,” says Mohan. “That meant there were no benchmark or proof-of-concept studies we could turn to.” In the course of deliberating, Reliance’s key stakeholders recognized that the benefits of breaking new ground would be inevitably matched by the dangers of taking risks. However, when Mohan presented a business case that compared the capital and operating costs of growth through “physical” channels (such as the cost of branches and call centers) to his proposed self-service model, the evidence to proceed proved overwhelming.

The availability of real-time information is a cornerstone of Reliance’s strategy; its enablement was a key challenge to Mohan and his team. They accomplished it by creating real-time linkages from core systems to an operational data store, which serves as a common base of information—the single source of truth—for all of Reliance’s channels. On that foundation, Mohan and his implementation team used a modular, Web services approach to create a portal-based, self-service solution known as Lifeline.

“While they were all completely thrilled with the concept, the only question in people’s minds was whether it could actually be executed, since nothing like it had yet been done in the Indian market.”

Lessons learned:

Show the sales benefit

Realizing that the key to selling Reliance’s LOB audience on the new model was speed to market, Mohan focused on the reusability of modular IT services enabled by the use of an SOA approach to designs. “In a hyper-growth market [like India], the ability to get a new offering to market in half the time can translate directly into greater market share,” says Mohan. “That made the benefit of SOA something everyone on the business side understood.”
Intelligence guides growth

In reaching out to India’s underserved rural markets, Reliance realized that while low-cost, low-touch distribution was essential, it was equally important to have a product portfolio that aligned to the needs of economically and demographically diverse segments within those markets. Reliance has been able to achieve this by analyzing the customer and segment information stored in the data warehouse that underpins the Lifeline solution and determining which mix of products, options and features are optimal for specific geographies or customer segments. With the Indian market in high-growth mode—and first-time purchasers largely driving that growth—Reliance’s insights have helped the company target the “sweet spot” of the market, and thus fully capitalize on the opportunity.

Mohan sees intelligence as becoming even more important as the market begins to mature and existing customers seek to complement or broaden the services in their portfolio by purchasing additional insurance and financial products. “We are currently putting in place a predictive analytics capability that will help us determine the best cross-selling and up-selling opportunities among different segments,” Mohan explains. “This will enable us to not only allocate our marketing resources more profitably, but also maximize the satisfaction of our customer base, which will increase our ability to retain them over the long term.”

“We are currently putting in place a predictive analytics capability that will help us determine the best cross-selling and up-selling opportunities among different segments. This will enable us to not only allocate our marketing resources more profitably, but also maximize the satisfaction of our customer base, which will increase our ability to retain them over the long term.”
The payoff of rapid growth

The most stunning indicators of the success of Reliance's strategy are its market-leading growth numbers, which have propelled the company to the number three position in India's private insurance market. At 21 percent, Reliance's revenue growth over the last four years has been nearly double that of the industry as a whole. The company reached the five million subscriber mark (since grown to seven million) faster than any other company before it. What's more, based on the most recent market share numbers—with Reliance registering a record high 15 percent—the company is on track to reach its goal of being India's number one private life insurance provider.

To a large extent, Reliance's market success is a testament to the effectiveness of its low-cost distribution models as well as to the technology investments and process changes that made it possible. Indeed, the fact that Reliance was able to reduce its operating costs by 30 percent as a result of the initiative made all the difference in its ability to reach rural customers with smaller value life insurance policies—and in doing so, extend financial security to places where it thus far had been scarce.

You may have noticed that Reliance's rural insurance strategy has a lot in common with the burgeoning microfinance industry, which—through the provision of very small loans to people who had no access to them before—is also bringing stability and opportunity to the masses. To Reliance, this association is more than just conceptual. To help reach the low-income, rural population in “tier 3” and “tier 4” cities and towns, Reliance is partnering with microfinance institutions, nongovernmental organizations and similar groups to get the word out and help educate people on their life insurance options.

Maybe it's because Mohan, a current resident of Mumbai who grew up in Chennai, has never lived in a rural village. Or maybe it's because he has plenty of relatives who live in villages and have never heard of life insurance. But whatever the reason, Mohan was committed to bringing the opportunity for life insurance to places that had been beyond its reach before. “A central part of our vision is to reach out to the poor and low-income masses in India,” says Mohan. “The fact that we've been able to empower these people through an innovative idea has proven to be one of the most personally rewarding things I've ever done.”