



Centre for Insurance and Risk Management
Koushal Vikas Foundation ®

Business Analysis in Life Insurance

From CMA Perspective

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Cost Accountant and Management Consultant
Chartered Insurer (London)

Insurance and Reinsurance Specialist
Accredited Management Teacher



Prof. CMA P N Murthy

- Cost Accountant
- Management & Project Consultant
- With 36 years of domain experience in Insurance Sector
- In LIC, MetLife India, RGA Re, MMC & KVF, NASIER, CCG etc
- Held positions in Finance, Underwriting, Servicing, Claims, Admin, Systems, Audit, Training, BA/QA, PMO, Domain Consulting
- Conversant with Global best practices
- Visiting Faculty in Business Schools for Insurance

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Overview

Why this discussion?

Why Insurance?

Life Insurance

Life Insurance Org
Structure

Functions in a Life
Organization

A function at a given
org level

Authority Matrix

Financial Powers

Audit & Inspections

Legal & Regulatory
Compliance

Systems

Why this Today?

1. India part of Global Market and Hub of opportunities
2. Huge Untapped Domestic Market and saturated global Markets
3. Insurance for all by 2047- A Policy of the Central Govt
4. National Qualification Register: <https://www.nqr.gov.in/>
5. Chronic Shortage of Skilled Resources
6. Receptive Regulator
7. Last but not least.....CMAs deserve attention here.

Indian Life Insurance Market



“There is no
business like Life
Insurance
business because
there is nothing
like Life
Insurance

- Fred A Lumb CLU



Insurance Market

- Government : In Policy Making
- Regulator
- Industry
- Individual Customer (other than Sales- Sales requires Licence)

Roles You can Play

- An Intern, Apprentice,
- An Employee
- A Technical Consultant/Professional
- An Agent
- An Auditor/Assurance Specialist
- Knowledge Share Expert/Trainer

What it takes....



To be an
analyst.... with
an open mind
& a Go Getter

Business Analyst

A Data Analyst with Business or industry knowledge

Eg: Investment returns



Agenda

Support Policy Making

Support Regulator when asked

Support Industry

Action Plan:

Policy Making

- Research and Report: like Academicians doing advanced Research
- Be part of decision making process
- Both at Centre and also in States (in State Insurance Depts- eg KGID)

Table I.4: Financial Savings of the Household Sector

(Per cent of Gross National Disposable Income)

Item	2022-23	2023-24
Household Sector Savings	18.3	17.9
i. Net Financial Savings (A-B)	4.9	5.1
ii. Savings in physical assets	13.2	12.6
iii. Savings in the form of valuables	0.2	0.2
A. Gross Financial Savings (of which)	10.7	11.2
1. Currency	0.9	0.4
2. Deposits	4.1	4.5
3. Shares and Debentures	0.8	0.9
4. Claims on Government	0.8	1.1
5. Insurance Funds	2.0	1.9
6. Provident and Pension Funds	2.3	2.4
B. Financial Liabilities	5.8	6.1

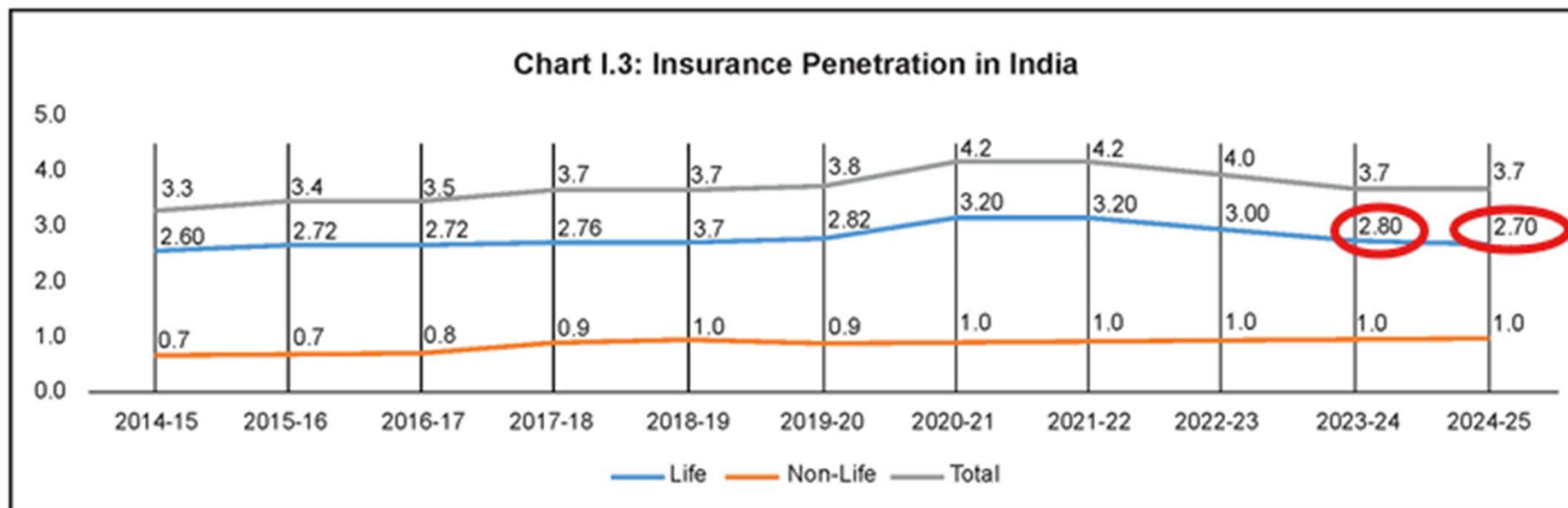
% FL to GFS
 $= 6.1 / 11.2$
 $= 54.46\%$

%IF/GFS
 $= 1.9 / 11.2$
 $= 16.96\%$

%IF/FL
 $= 1.9 / 6.1$
 $= 31.15\%$

NFS^ 4%
 Ifv 5%

Source: RBI Annual Report 2024-25. (Table II.2.2 and Appendix Table 3)



insurance penetration is measured as the percentage of insurance premiums to GDP

Regulator

- Repond to Consultative Papers
- Analyse Annual report and share inputs
- Provide Technical Support when requested



Load on Policyholder

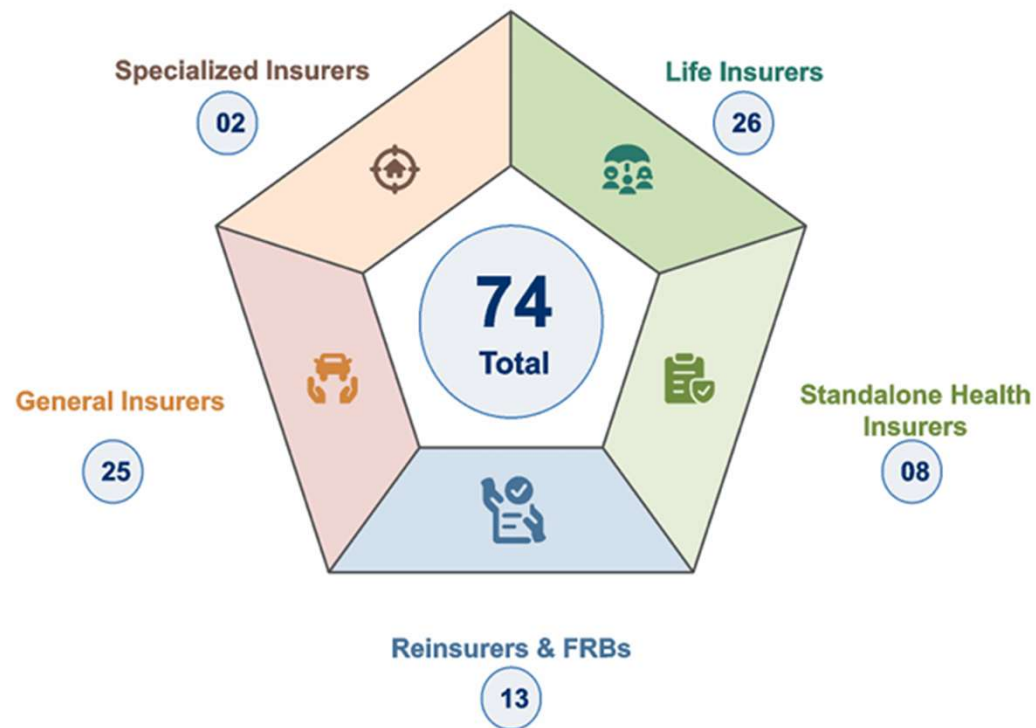
- Expense Management EOM- Focus of Regulator
- Cost Apportionment- on scientific way
 - SH Funds vs PH Funds
 - Eg: Commission
 - Eg: Promotion and advertisement
- Unfair Business Practices
- Design of Innovative Products
- Cost Reduction- Particularly in Health Insurance

Industry Support

- Insurance is a technical industry- So domain knowledge is a must to be of any assistance to the industry
- Specific qualifications of III or CII or LOMA or ALU would help
- Options:
 - Financial Underwriter: Financial Planning & Risk UW
 - Internal Auditor
 - Claims Investigator
 - Emerging Cost Audit in Insurance

Insurance Sector in India

INSURERS REGISTERED IN INDIA AS ON 31.03.2025



Insurance Business at a glance during 2024-25

TOTAL POLICIES ISSUED

41.84 Crore

TOTAL INSURANCE PREMIUM

₹ 11,93,444 Cr.

LIFE
INSURANCE
₹ 8,85,772 Cr.

GENERAL
INSURANCE
₹ 1,80,218 Cr.

HEALTH
INSURANCE*
₹ 1,27,454 Cr.

TOTAL CLAIMS PAID

₹ 8,35,980 Cr.

LIFE
INSURANCE
₹ 6,30,171 Cr.

GENERAL
INSURANCE
₹ 1,06,777 Cr.

HEALTH
INSURANCE*
₹ 99,032 Cr.

TOTAL ASSETS UNDER MANAGEMENT

as on 31st March 2025

₹ 74,43,516 Cr.

LIFE
INSURERS
₹ 67,78,661 Cr.

GENERAL
INSURERS &
REINSURERS
₹ 6,23,703 Cr.

HEALTH
INSURERS
₹ 41,153 Cr.

*Health Insurance includes PA & travel insurance

Human Life Events- Financial Risks



Risk Management Methods



Life Insurance

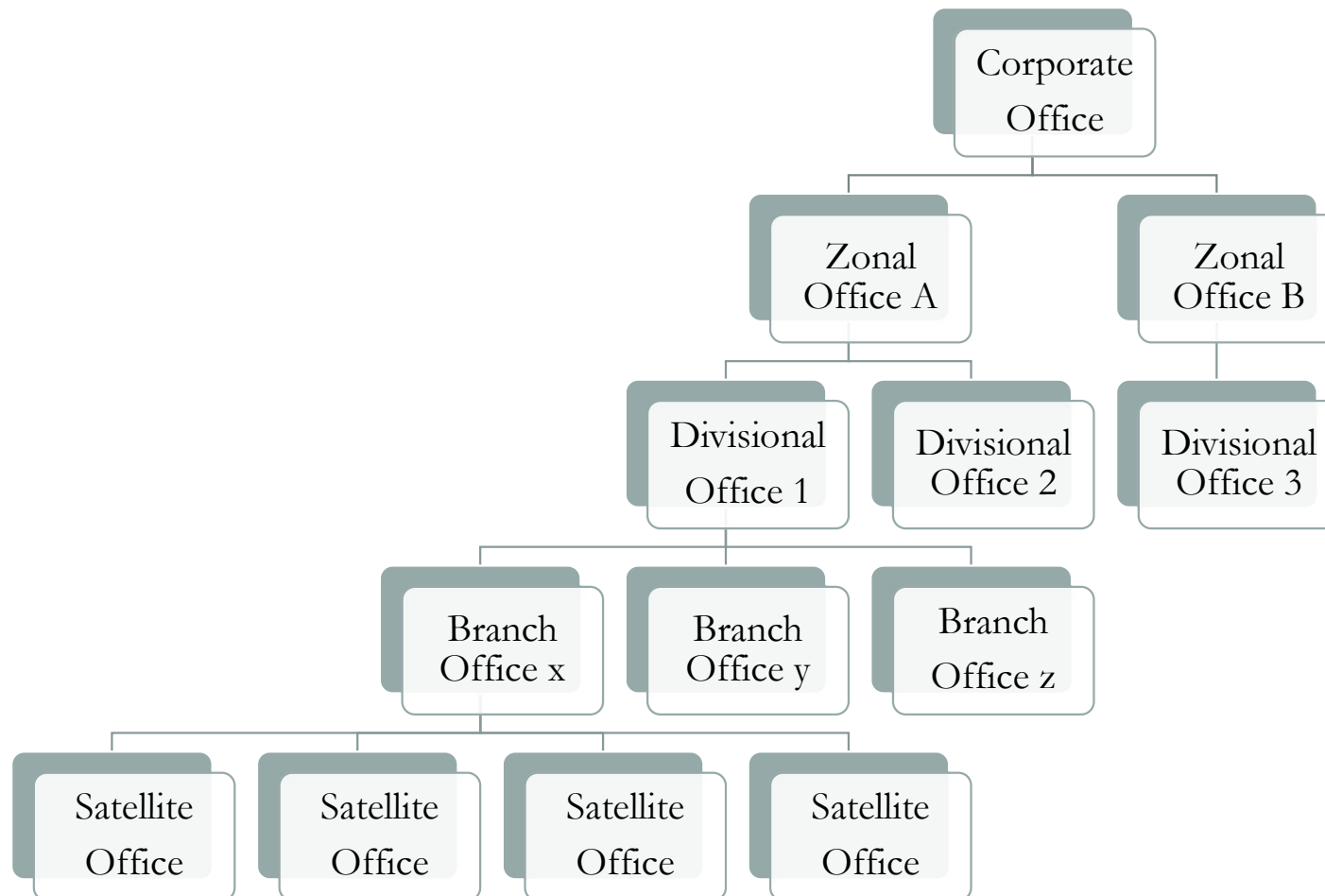




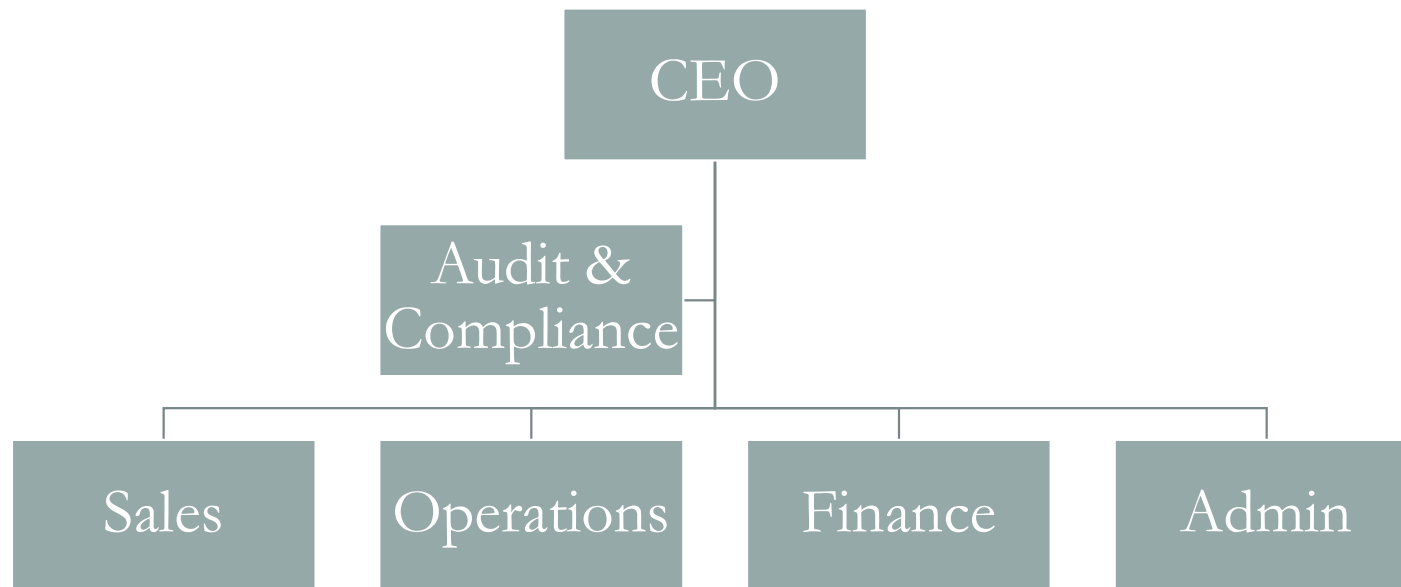
Understanding Life Insurance Organisation Structure

- Divisional Structure
- Functional Structure
- Matrix Structure (Combo of Divisional and Functional)

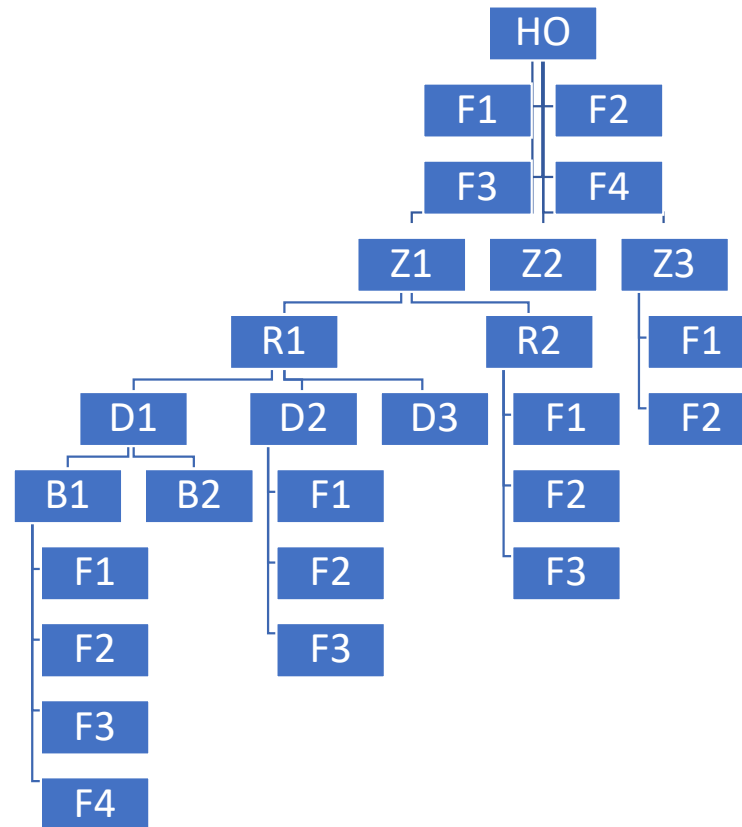
Life Insurance Organisation- Divisional



Life Insurance Organisation- Functional



Life Insurance Organisation- Matrix (Combo)



FUNCTIONAL ORG

Sales

Underwriting

Contract Issuance

Servicing

Claims

Fin & Invt

Actuarial

Legal & Compliance

Systems

General Admin

PR

HR

GR

A&C

RCU

Sales Organisation



Composition of distribution channel

ANNUAL REPORT 2018-19

TABLE II.6
INDIVIDUAL NEW BUSINESS PERFORMANCE OF LIFE INSURERS FOR 2018-19 - CHANNEL WISE
(Figures in percent of Premium)

Life Insurer	Individual Agents	Corporate Agents		Brokers	Direct Selling	MI Agents	Common Service Centres (CSCs)	Web Aggregators	IMF	Online	Point of Sales	Total Individual New Business	Referrals
		Banks	Others*										
Private	25.58	53.8	82.87	2.94	12.08	0.002	0.00	0.35	0.11	2.07	0.118	100.00	0.06
Total	95.81	2.49	0.09	0.04	1.24	0.04	0.00	0.00	0.02	0.27	0.00	100.00	0.00
LIC#													
Industry Total	62.26	27.03	1.42	1.42	6.42	0.02	0.002	0.17	0.06	1.13	0.056	100.00	0.03

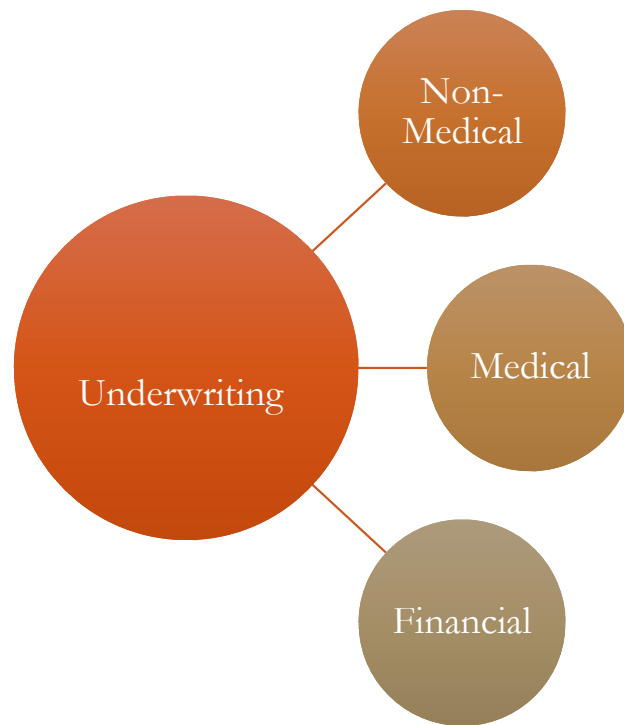
*Any entity other than banks but licensed as a corporate agent.

Does not include its overseas new business premium.

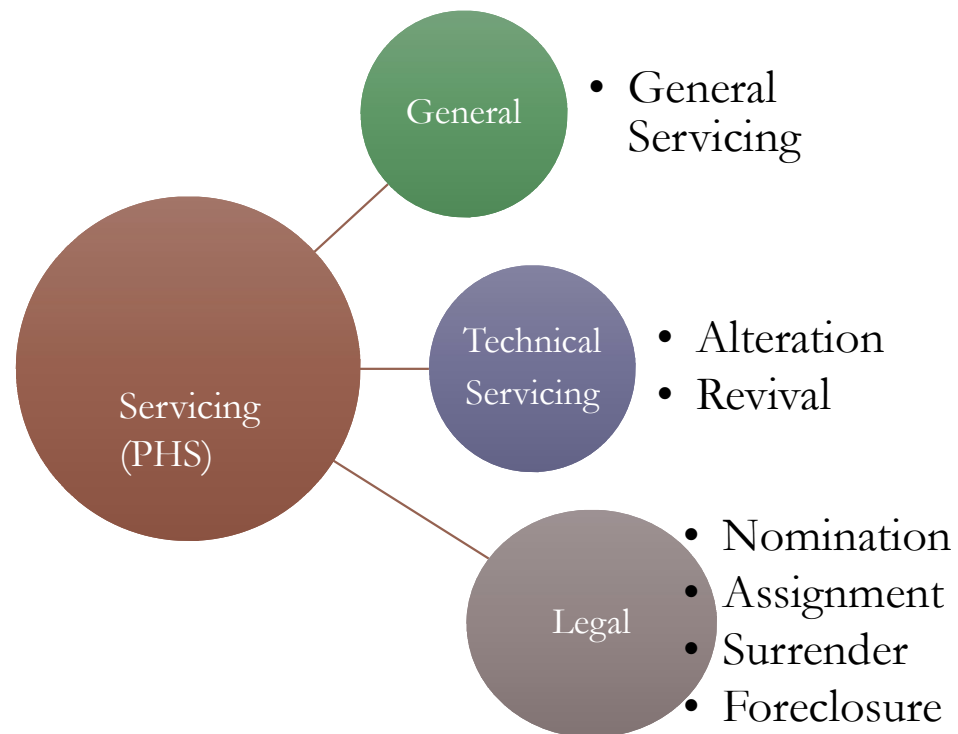
Note: 1) New business premium includes first year premium and single premium.

2) The leads obtained through referral arrangements have been included in the respective channels.

Underwriting



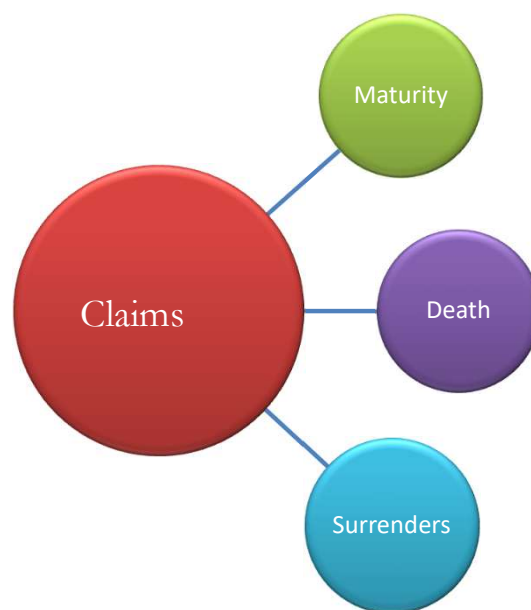
Servicing of Policies



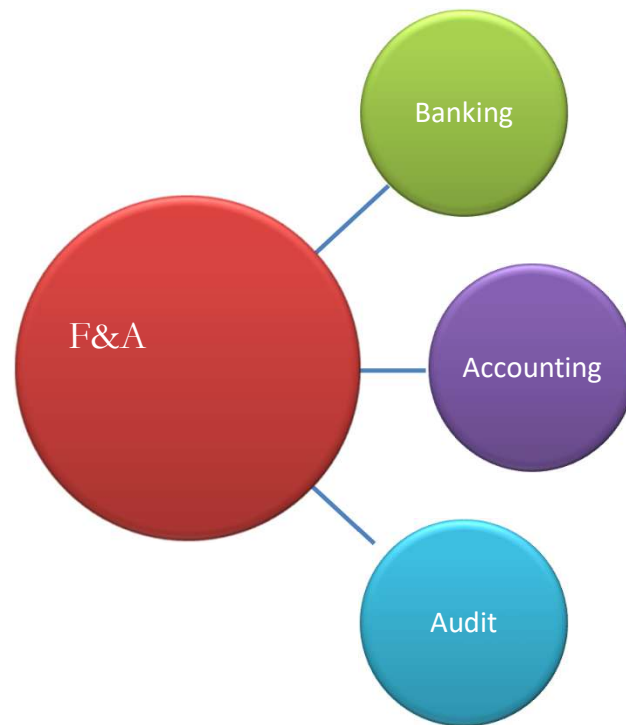
Claims

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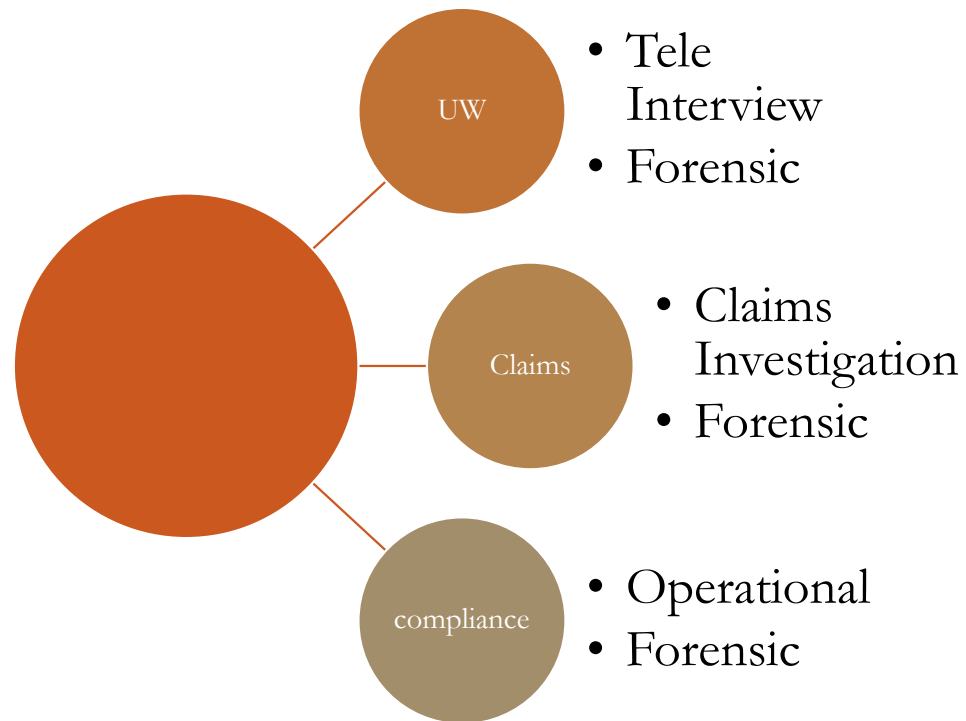
F&A



Audit



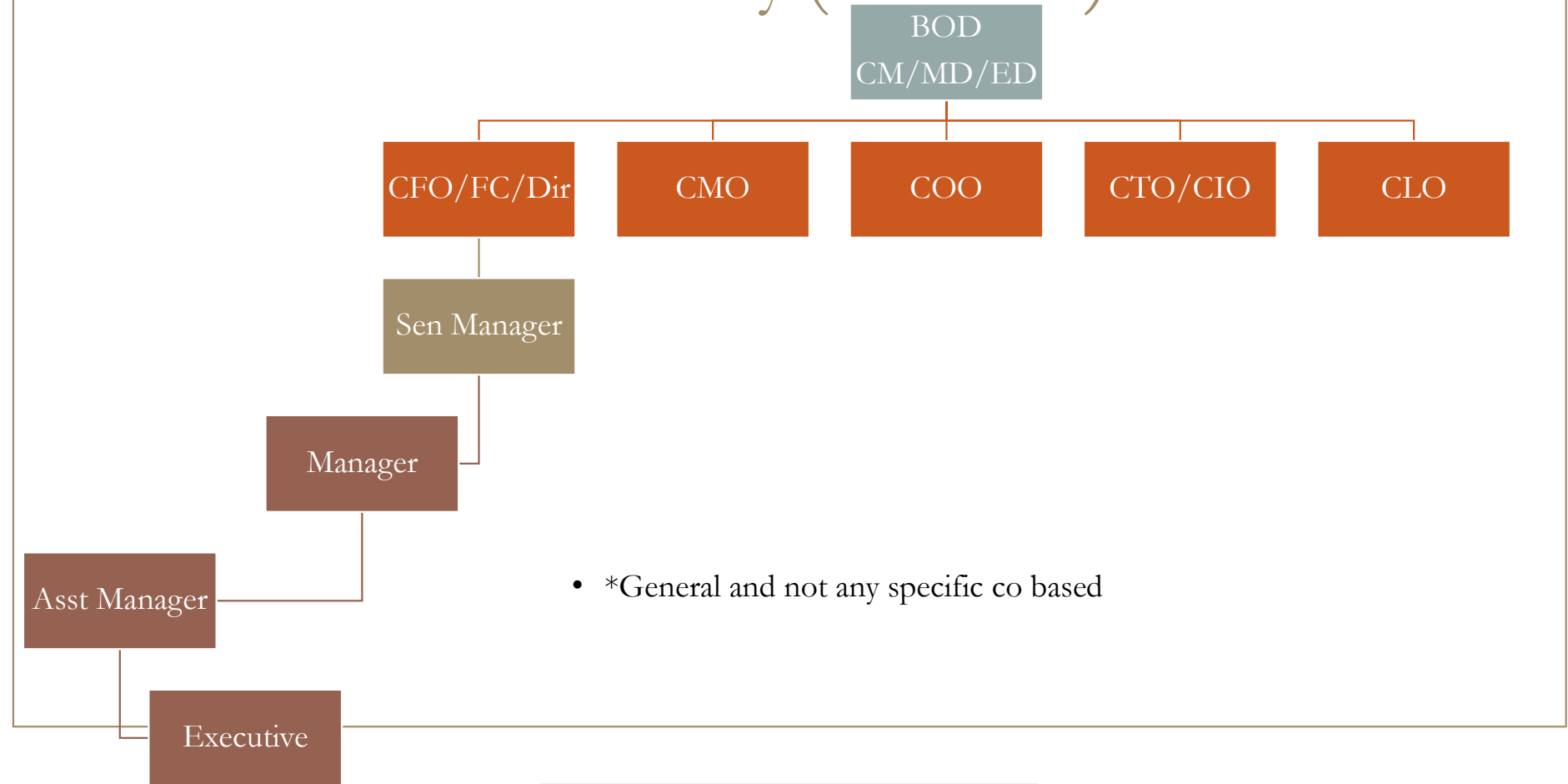
Risk Control Unit



Function at any given level



Hierarchy (General*)



Authority Matrix

MOA/AOA- Documents of Incorporation

Policies (Functional level)

Procedures (administrative guidelines/Manuals) – Process Maps/Charts

Financial Powers and Executive Powers

Circulars/Clarifications

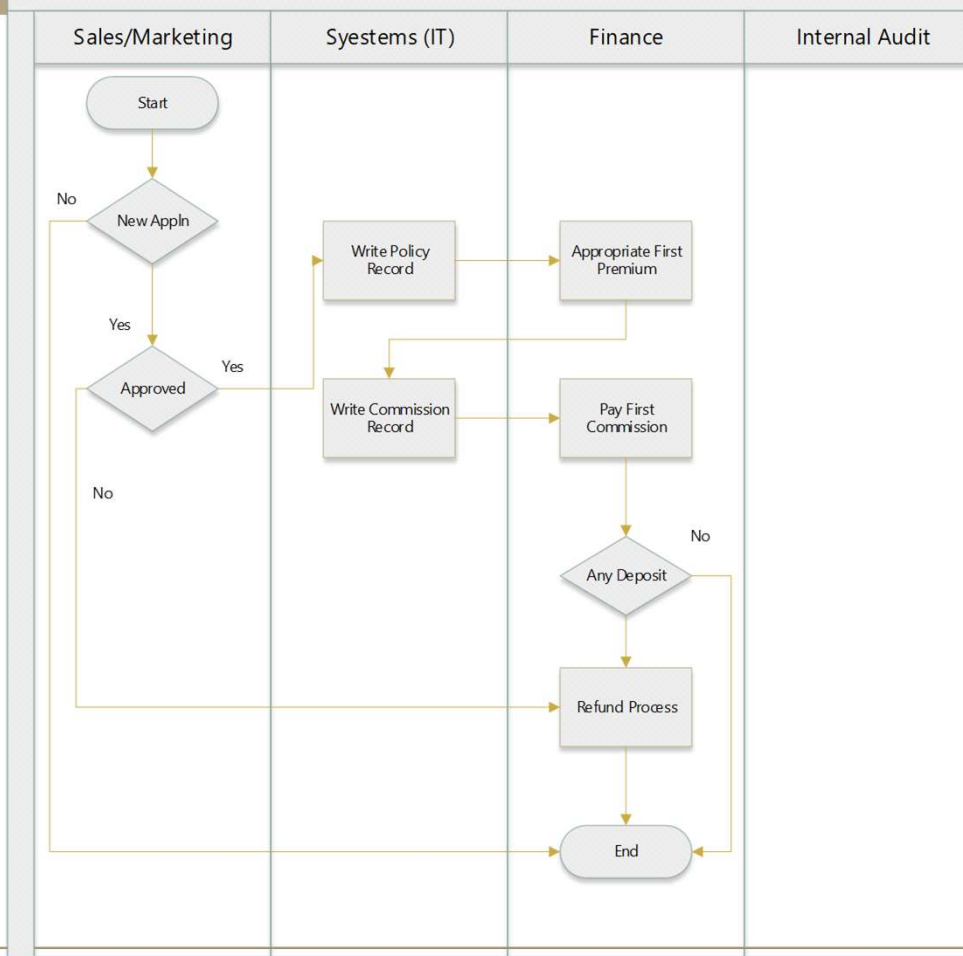
Internal Memos/Office Orders/Meeting Minutes

Policies

- Marketing Policy
- Advertisement Policy
- Product Policy
- Underwriting Policy
- Servicing Policy
- Claims Policy
- H R Policy
- Information Technology/Systems Policy
- Investment Policy

Process Maps/ WF Diagrams

Cross Functional Flow chart



Financial Powers & Other controls

- Clearly defined Financial Powers/Executive Powers
- Exceptional Powers & Ratification Process Clearly defined
- Documents/Files Movement Register/Audit Trail if automated
- Key Movement Register/Vested Charges document
- Cash Movement Register/Cash in Transit Register
- Budget Control Register
- Cash or Bank Balance Control/Review Process
- Physical Cash/Cheques Control Register
- Stamps (Receipt or Policy Stamps Control)
- Asset Control Register
- Inventory Control
- Policy Records Control

Audits & Inspection

- Audit and Inspection:
- For Accuracy
- For Efficiency
- For Transparency
- For establishing Integrity
- For preventing frauds/embezzlements/misappropriations
- For Social Justice and Equity
- For preventing discriminations
- For Adherences to Processes and track exceptions
- For complying with Regulatory requirements

Unfair Business Practices

ANNUAL REPORT 2018-19

TABLE I.40
DATA PERTAINING TO COMPLAINTS / UNFAIR BUSINESS PRACTICES COMPLAINTS REGISTERED
AGAINST PUBLIC AND PRIVATE SECTOR LIFE INSURERS DURING LAST 3 FINANCIAL YEARS

Year	Insurer	No. of new policies sold	Total complaints	% of Complaints to new policies sold	No. of UFBP complaints	% of UFBP complaints against the new policies sold
2016-17	LIC	20131500	30784	0.15%	1215	0.00%
	Pvt. Life Insurers	6325145	90063	1.42%	61071	0.96%
2017-18	LIC	21338176	77184	0.36%	2908	0.01%
	Pvt. Life Insurers	6860602	77183	1.13%	51321	0.75%
2018-19	LIC	21433256	102127	0.48%	4276	0.01%
	Pvt. Life Insurers	7254556	61137	0.84%	45294	0.62%

Source: Integrated Grievance Management System and Business Figures-Life of IRDAI
UFBP: Unfair Business Practices

Legal & Regulatory Compliance

- Married Women's Property Act, 1874
- Insurance Act 1938
- Life Insurance Corporation of India Act 1956
- Information Technology Act 2000
- Insurance Regulatory and Development Authority of India Act 1999
- Consumer Protection Act, 1986 & 2019
- Regulations issued by the Regulator
- <https://irdai.gov.in/consolidated-gazette-notified-regulations>



Technology & Systems

- Legacy Systems
- Web Technology
- Bespoke (Tailor made System)
- Block Chain
- Mobile Technology
- Analytical Technology
- Decision Support Systems (DSS) – Underwriting-Pricing-Valuation
- **Artificial Intelligence....**

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भारतीय बीमा विनियामक और विकास प्राधिकरण
Insurance Regulatory and Development
Authority of India



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Recalibrating Economics of Insurance Distribution



Recalibrating
Economics of Insurance
Distribution -
Consultation Paper

LEARN MORE



BIMA BHAROSA
Grievance redressal portal

Information for

Customer Support

- Best Technical advise in financial planning
- Selling products with a licence
- Help in grievance redressal

Why this discussion

Any new avenues?



Up-skilling



Why Insurance?



Imagine these....Risks

- Economic down-turn, Job Loss
- Rising Prices, Shrinking Income
- Death, Disability & Sickness
- Tsunami 2004
- Rains & Floods of 2019
- Covid-19 in 2020
- Todays War Environment
- Business aggression through tarriffs



Do something
Different.!!!

If you want something in your life you've never had,
you'll have to do something, you've never done.

~ JD Houston





Call to Action for CMAs

Develop domain and analytical
skillsets in Life Insurance
industry. •

Explore new options by diving
deep into the Ocean of
Insurance



Thank You