Improvement in Persistency: A win-win for All

Presentation on 9th April 2014 by HDFC Life Team

Thank You ! It is our pleasure to be associated with QCI – DL Shah Award since 2012

Award our project : Recycle Customer Payout

2012-13

Q^{st} for Project Management : National Winner

2013-14

Published our paper on Quality Best Practices, award winning case studies of FY13

An opportunity to present our paper in 9th National Quality Conclave, April 2014

Shortlisted our project : Improvement in Persistency: A win-win for ALL

2014-15

HDFC Life

Insurance Value Chain, persistency vicious circle and WIIFM for ALL

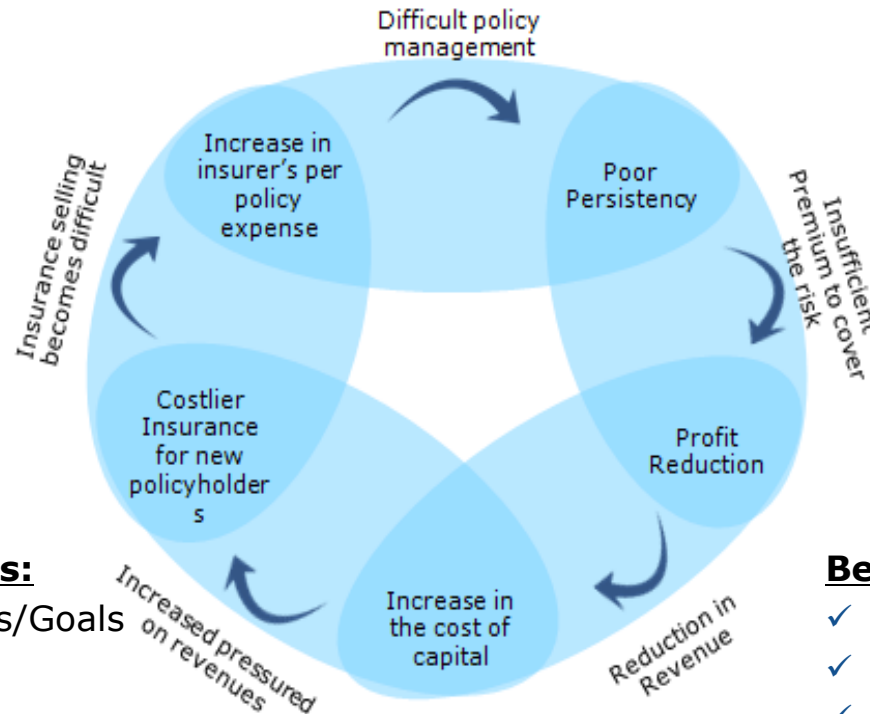## Value Chain of Life Insurance Business

| Product Mgmt | Marketing | Sales & Distribution | Underwriting & Risk Mgmt | Policy Servicing & **Renewals** | Investment & Financial Accounting | Claims Mgmt |

Benefits to Customers:
- ✓ Fulfillment of Dreams/Goals
- ✓ Financial Loss
- ✓ Maturity Benefits,
- ✓ Bonus
- ✓ Charges on Lapsation/Surrenders
- ✓ Risk Cover
- ✓ Low premiums compared to buying a new policy

Benefits to Distributors:
- ✓ Extended Renewal Income
- ✓ Cross Selling/Up Selling
- ✓ High distributor credentials
- ✓ Customer Satisfaction

A high %Persistency means satisfied customer, distributor, profitable growth ……. also a measure of effective sales practices

Premium Income (Crs)
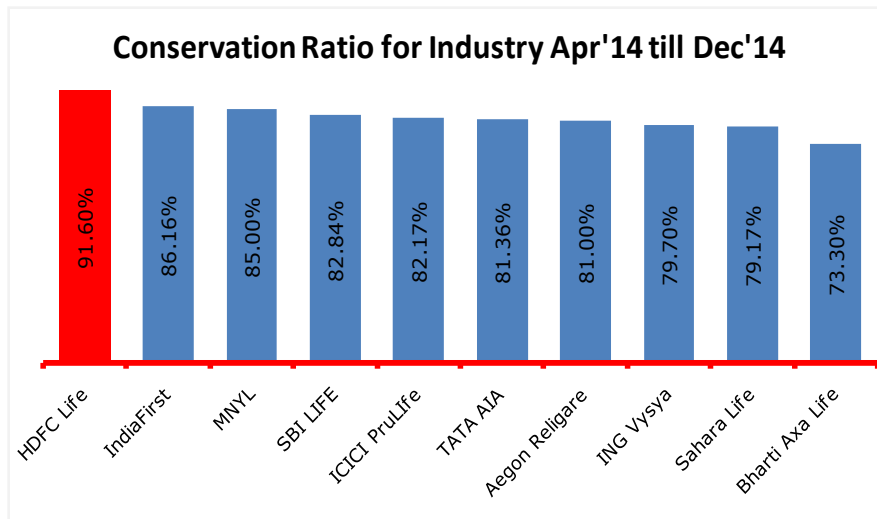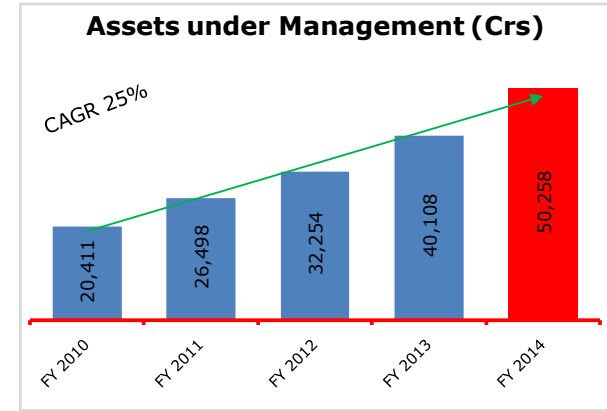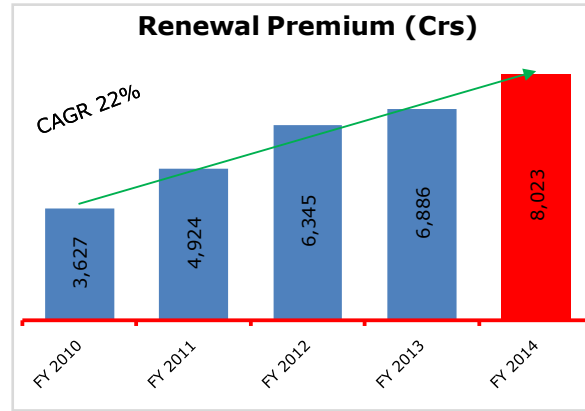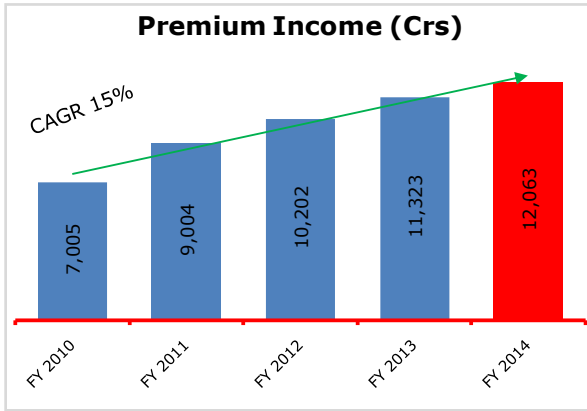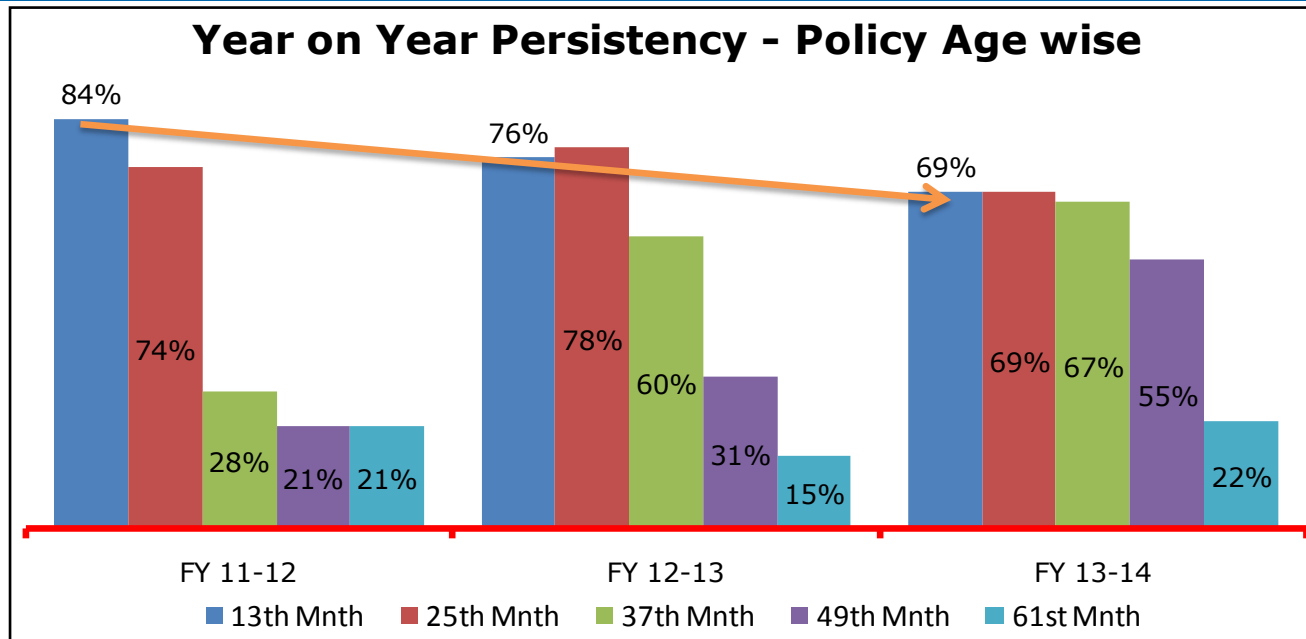
CAGR 15%

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
7,005	9,004	10,202	11,323	12,063

Renewal Premium (Crs)

CAGR 22%

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
3,627	4,924	6,345	6,886	8,023

Assets under Management (Crs)

CAGR 25%

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
20,411	26,498	32,254	40,108	50,258

Conservation Ratio for Industry Apr'14 till Dec'14

HDFC Life	IndiaFirst	MNYL	SBI LIFE	ICICI PruLIfe	TATA AIA	Aegon Religare	ING Vysya	Sahara Life	Bharti Axa Life
91.60%	86.16%	85.00%	82.84%	82.17%	81.36%	81.00%	79.70%	79.17%	73.30%

Renewal Collection for Industry Apr'14 till Dec'14

ICICI PruLIfe	HDFC Life	SBI LIFE	MNYL	BSLI	Bajaj Allianz	Reliance Life	TATA AIA	Met Life	Kotak
6425	6049	4402	3754	2185	2063	1667	1257	1012	927

Among the top 10 insurers, HDFC Life is 2nd on renewal premium and 1st on Conservation Ratio

Source : IRDA website, HDFC Life Annual Report

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HDFC Life

Year on Year Persistency - Policy Age wise

84%

76%

69%

74%

78%

69% 67%

60%

55%

28%

31%

21% 21%

22%

15%

FY 11-12

FY 12-13

FY 13-14

■ 13th Mnth ■ 25th Mnth ■ 37th Mnth ■ 49th Mnth ■ 61st Mnth

Concern & Opportunity

❖ 13th month persistency declined from **84%** (FY12) to **69%** (FY14)

Business Inferences

➤ IRDA capping on ULIP charges in Sep 2010

➤ Distributor shift - sell conventional policies

➤ Conventional and ULIPS sold as short term investment products

➤ Policy on Discontinuance Fund – exploited

Interventions

✓ Pre-conversion Verification Call to customers

✓ Persistency made part of sales KRA

✓ Early Warning Indicators (EWI)

✓ Guidelines on business churning prevention

✓ Initiative on Surrender Aversion

Maximizing Persistency – Identification of Project Opportunities

T-20 Day   **T+1 Day**   **T+2 Day**   **T+31**   **T+91**
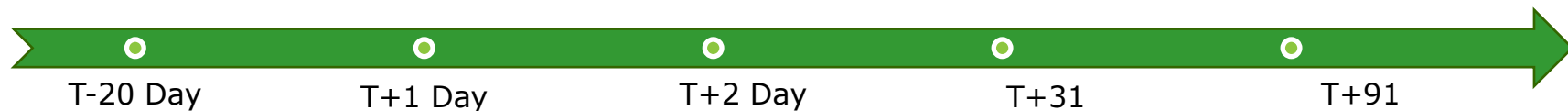
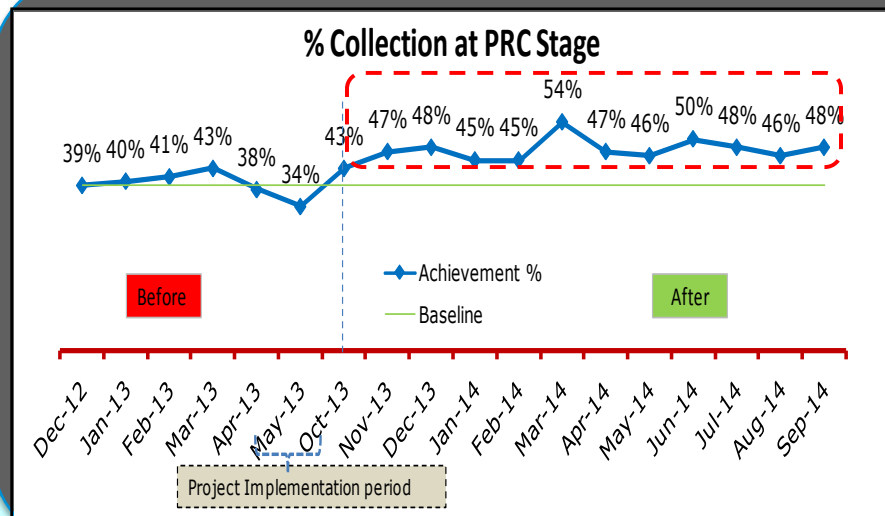| Pre Pre-Reminder Activity Till T-1 day Collection is not tracked	Manual Calling at Call Center Till T Day	Pre-Reminder Calling Till Grace Period	Initial Lapsed paid up stage	Branch Calling Till 90 days	Deep Lapse Calling >90 days
Non calling activity of sending various communication is done at this stage. ➢Letters (T-20) ➢IVR (T-19) ➢SMS/Email (T-14) ➢IVR (T-10) ➢SMS/IVR (T-3) ➢SMS (T-1)	Manual Calling is done by Call Centers ➢ Max 4 Attempts are made for cases <45000 premium ➢ Max 6 Attempts are made for cases >45000 premium	These are Lapsed/ Paid up till term cases ➢ Max 5 attempts are made till the grace period of 15/30 days expire	These are Lapsed/ Paid up till term cases ➢ Max 5 attempts are made for 30 more days after policy is lapsed	All cases post expiry of grace period are shared with Branch Revival Teams for calling ➢ Calling attempts are made to get maximum collections	Deep Lapse bucket is handled by both Call Center and Branch Revival team. ➢ 3 to 4 attempts are made to get maximum collections

Collection Performance 39%

Collection Performance 1.62%

Two areas of opportunity was identified basis current performance

*T day is the due date of the policy.

% Collection at PRC Stage

Achievement %: 39% 40% 41% 43% 38% 34% 43% 47% 48% 45% 45% 54% 47% 46% 50% 48% 46% 48%

Dec-12, Jan-13, Feb-13, Mar-13, Apr-13, May-13, Oct-13, Nov-13, Dec-13, Jan-14, Feb-14, Mar-14, Apr-14, May-14, Jun-14, Jul-14, Aug-14, Sep-14

Before — After

◆ Achievement % — Baseline

Project Implementation period

% Collection for less than 3 years lapsed policies

Prem Colln %: 1.6% 1.3% 1.3% 1.5% 1.7% 1.5% 2.4% 2.8% 2.4% 2.4% 1.6%

Oct-13, Nov-13, Dec-13, Jan-14, Feb-14, Mar-14, Sep-14, Oct-14, Nov-14

Before — After

◆ Prem Colln % — Baseline

Project Implementation period

Collection of Non Version 7 products at PRC stage **from 39% to 43% by Oct-13**

Financial Benefits Realized :

- Average monthly increase of **13 crores**
- An Annualized benefits of **156 crores**
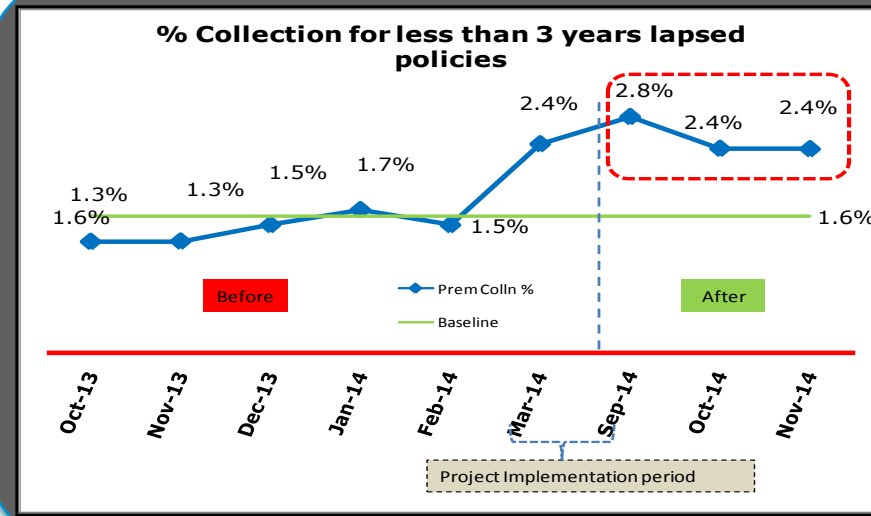
Collection for > 90 days and < 3 years lapsed policies from **1.6% to 2.4% by Oct-14**

Financial Benefits Realized :

- Average monthly increase of **42.7 crores**
- An Annualized benefits of **512 crores**

Metrics are in control and progressively improving......

Innovation : Small Changes Big Results

- **Operational Efficiencies**
  - *Plug data leakages (DNC, NRI,New Product, data errors)*
  - *Calling on last contacted number*
  - *Remove collected from calling base*
  - *Revamped dispositions*
  - *Introduced SMS with Hyperlink to create payment convenience 'Now'*

- **Contactability**
  - *Tie up with HDFC Bank, Experian, FOS in 5 cities, CSC, M-swipe, AP & Maha Online*
  - *Use of email ID, continuous update*
  - *SMS on 2nd number*
  - *Cleaning email address*
  - *Special calling on NRI (Middle East)*

- **Align SLAs and performance drive**
  - *PTP Conversion as focus, PTP SMS*
  - *Scrip change – use of power words : behaviour economics (linguistic, grace)*
  - *SMS on Branch address – reduce AHT, customer confidence*
  - *Online and IVR payment encouraged on call for spot closure*
  - *Branch ops leveraged for non-contactable base*
  - *Inbound call identification and call back*
  - *Different time windows for calling – customer convenience*
  - *Special drive on probable discontinuance cases*

- **Customer Education**
  - *Markets, Industry, Company*
  - *Product level – Policy Level*

- **Change Key processes**
  - *SI Failure – deferred de-tagging, weekly calling & representation*
  - *Mandate change during grace period*
  - *SMS on SI failures*
  - *Pre-due date calling for 13th month failures*
  - *Special revival – 50% waiver in interest*
  - *Analytics -Bucketization of deep lapse base : focus on products with higher profitability*
  - ***Change in Underwriting guidelines for Lapse cases – First in Industry*!**

Project	IMHO14 - Improving collection of Pre Reminder calling activity
Function	Persistency
Sponsor	Umesh Gupta
Leader	Rahul Pawar
Members	Vishal Mandhare, Asawari, Petchiappan C
Support	Vendor Team, Jitendra Sutar (BSE)
BSE Facilitator ☑ YES ☐ NO	Sattar Shaikh
Stakeholder Agreement	☑ YES ☐ NO
Time Frame	Start: 8th Jul'13 End Date: 31st Oct'13

Scope

In: Collection of Non Version 7 products at PRC Stage

Out: All other products and all other stages of collection

● On Track ● Delayed ● Off Track ● Closed

Value Chain Alignment:
- ☐ New Product Development
- ☐ New Business
- ☐ Policy Servicing
- ☑ Renewal / Revival
- ☐ Claims & Payout
- ☐ Support / Enabling Process

Project Alignment:
- ☐ Customer Satisfaction
- ☑ Revenue Enhancement
- ☐ Cost Leadership
- ☐ Process Efficiency
- ☐ Defect Reduction
- ☐ Fraud/Risk Mitigation
- ☐ Employee Satisfaction

Project Type:
- ☐ SI   ☑ impACT

Project Stage:
- ☑ Reason for Improvement
- ☑ Current Situation
- ☑ Analysis
- ☑ Countermeasure
- ☑ Results
- ☑ Standardisation
- ☑ Future Plan

Current Status
●

Project Source:
- ☐ ZBC/RBC
- ☐ SDA / SQM
- ☑ Functional Pull
- ☐ MBR/SEC
- ☐ PPM/ ART / ALP

Reason for Improvement

Background:

Persistency teams starts calling activity called Pre Reminder Calling(PRC) on policies which falls in the grace period. Post due date customer has 15 or 30 days grace period for paying the premium, failing which the policy gets into lapse status. This is a manual calling activity which is done by outsourced vendor. 5 attempts are made to call and collect until the grace period expires. Customer can make payment using one of the following avenues like Check pick up service, Payment in Branch, Online Payment facility, Payment through IVR, SI, ECS, Drop Boxes at HDFC Bank, Payment at Axis and Yes Bank.

Problem Statement:

The average collection for the period of Dec-12 and May-13 for Non Version 7 is 39%. This results is remained policies to get into Lapse status.

%Collection at PRC

Legend: Achievement % / Baseline

Data points: Dec-12: 39%, Jan-13: 39%, 40%, Feb-13: 41%, Mar-13: 43%, Apr-13: 38%, 39%, May-13: 34%
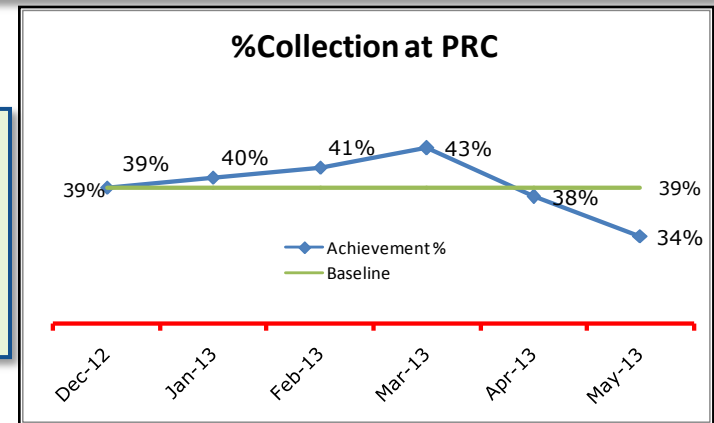
Goal Statement:

The goal is to improve collection from 39% to 43% for NV7 products by Oct-2013

Project Benefits:

➢ Increase premium collection
➢ Increase Persistency

Definition of Non Version 7 Policies

➢ Policies which were sold from inception till Aug-2010 are Non Version 7 policies. The mandatory paid up term for these policies either 3 years or 5 years. Customer can discontinue payment post the mandatory paid up term.
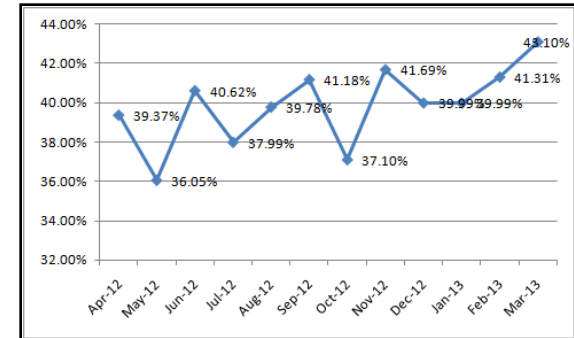
Takeaways

➢ The collection is low in the beginning of the year and is highest during the last 6 months of the year.

➢ On an average only 57% customers are contactable over the phone

➢ PRC collection is seasonal, the collection increases quarter to quarter. It is minimum in Apr and maximum in march

➢ Connectivity is less however pre calling effort like SMS/Emails/IVR are used to contact/inform the customers.

➢80% of the total cases where call could not be connected Network Announcement
1. Hung up
2. Language Barrier
3. Wrong Number

* More slides can be added with a hyperlink to define the Problem drill down grid

Analysis
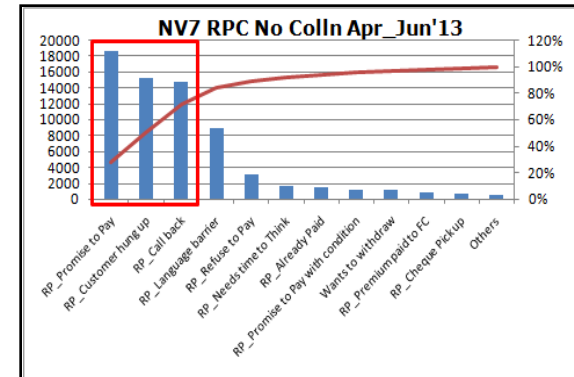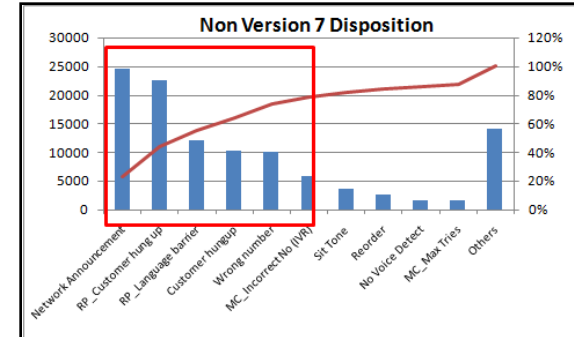
Key Takeaways

30+ potential causes were identified a few are listed below

➢ NRI & business sourced by Rajyog FC's are filtered out from calling data

➢ No intervention for revoking failed SI customers

➢ No intervention for revoking failed ECS customers

➢ Duplicate calling of customers at the call centers, hence Call center end up wasting productive time in calling customer who has already paid

➢ Incorrect tagging of duplicate data as DNC at call center, hence affecting persistency of monthly & quarterly mode customers

➢ Call center has to read out the address to the customer over the phone leading to long AHT

➢ Rigid formats for email and SMS on renewals

Run Chart of %colln NV7 Apr

Number of runs about median:	12	Number of runs up or down:	19
Expected number of runs:	15.5	Expected number of runs:	19.0
Longest run about median:	7	Longest run up or down:	2
Approx P-Value for Clustering:	0.094	Approx P-Value for Trends:	0.500
Approx P-Value for Mixtures:	0.906	Approx P-Value for Oscillation:	0.500

Cause & Effect – Brainstorming Existing & Potential Causes

Support

- Non contacted cases routed to branch for calling only in JFM
- Low connectivity
- Policy related Info not available with Cal Center
- No departmental SPOC for routing Customer Queries

Process

- High call back cases
- Low calls target(150) a day for call center
- NRI & business sourced by Rajyog FC's are filtered out from calling data
- Higher attempts 6 HNI & 5 for Non HNI
- Poor Recruitment process for call centre
- Incorrect Promise to Pay (PTP) generation process
- No intervention for revoking failed SI/ECS
- Low contactibility
- Calling script made for ULIP is used for conventional products
- No contacts

Policy

- No Rewards & recognition at IBM
- OJT and Mock call process not robust
- No calling on Sundays

Product

- Classic Assure and Sampoorna Samriddhi % collection is low
- Policy lapse mostly at 2nd, 4th and 6th year

System

- Complexity of Mint
- Callback from customer not routed to same caller
- Call center not able to service due to non accessibility to Life Asia for policy information
- Call center not able to service due to no access to HDFC life systems
- Customer cannot cal back
- No website link in SMS/Email
- Poor Call center capacity
- Incorrect contact numbers captured

People

- High Attrition in call center
- Duplicate calling of customers
- Lack of convincing skills for negative customers
- Language barrier call back
- Low Vintage at call center between 4-6 months
- No periodic rebuttal for trainer at IBM
- High Mis-sale
- Customer Financial crisis (7%)
- Incorrect tagging of duplicate data as DNC at call center

Low PRC Collection

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Analysis – Key Summary

Actionable Causes:

➤ Policy lapse mostly at 2nd, 4th and 6th year

➤ Low customer contactibility

➤ Incorrect tagging of duplicate data as DNC at call center

➤ 7% customer complaints of Financial crisis

➤ Less colln on Paid-up(greater than 3 years)

➤ No intervention for revoking failed SI/ECS

➤ Call center not able to service due to no access to HDFC life systems

➤ Calling script made for ULIP products is used for conventional products

Quick Kill Opportunities:

➤ PTP as a metric to be replaced with conversion. Agent performance to be tracked basis conversion

➤ Develop a different script for conventional policies

High / **Impact** / **Low**

Green (High Impact, Yes Control)

➤ Classic Assure and Sampoorna Samriddhi % collection is low.

➤ Calling script made for ULIP is used for conventional products

➤ Incorrect tagging of duplicate data as DNC at call center

➤ NRI & business sourced by Rajyog FC's are filtered out from calling data

Yellow (High Impact, No Control)

➤ Policy lapse mostly at 2nd, 4th and 6th year

➤ Low contactibility

➤ Low calls target(150) a day for call center

➤ Financial crisis of the customer 7%

➤ Less colln on Paidup(greater than 3 years)

➤ No intervention for revoking failed SI/ECS

Blue (Low Impact, Yes Control)

➤ Call center not able to service due to unavailability of My Account

➤ Incorrect Promise to Pay (PTP) generation process

➤ High call back cases

➤ No contact cases not routed to branch persistency team other than JFM

B C
A D

Yes   **No**

Team's Control

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Countermeasure

Problem / Effect	/ Actionable Causes	Countermeasures	Prioritization			
			Effort (A) (9-3-1)	Impact (B) (1-3-9)	Priority A * B	Select (Y/N)
Low Collection in at PRC	No intervention for revoking failed SI/ECS	✓ Calling to such customers for representation of SI	9	9	81	Y
		✓ SMS to ECS failed customer for second representation with date	9	3	27	Y
	Financial crisis of the customer 7%	X Installment facility can be provided to such customers.	1	9	9	N
	Policy lapse mostly at 2nd, 4th and 6th year	✓ Customer education mailers & SMS on product features and market outlook to help understand the benefit of staying Invested for a longer period	9	9	81	Y
	Callback from customer is handled by different rep	X Can be routed to the same rep, dialer has the facility	3	3	9	N
	1) High Call Back cases 2) Incorrect Promise to Pay (PTP) generation process	✓ PTP as a metric to be replaced with conversion. Agent performance to be tracked basis conversion	9	9	81	Y
	Call center has to read out the address to the customer over the phone leading to long AHT	✓ Enable SMS facility to send address on customers mobile phone	3	9	27	Y

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Countermeasure

Problem / Effect	/ Actionable Causes	Countermeasures	Prioritization			
			Effort (A) (9-3-1)	Impact (B) (1-3-9)	Priority A * B	Select (Y/N)
Low Collection in at PRC	1) Classic Assure and Sampoorna Samriddhi % collection is low. & 2) Calling script made for ULIP products is used for conventional products	✓ Design & use different script for Conventional policies	9	9	81	Y
		✓ Training to Call Center on Conventional policy benefits	3	9	27	Y
	Low Contactibility	✓ Leverage Experian facility and obtain correct contact number	3	9	27	Y
	Call center not able to service due to no access to HDFC life systems	✓ My Account access to be provided to Call Center	9	3	27	Y
	No calling to NRI and Rajyog FC's customer	✓ Start calling to NRI and Email to Rajoyog FC customers	3	3	9	Y
	No website link in SMS/Email	✓ Webiste link on Email and SMS sent to customers	9	3	27	Y

Results

Tangible Benefits

BEFORE			
Month	Base Prem	Collected Prem	%Collection
Dec-12	131	51	39%
Jan-13	127	51	40%
Feb-13	130	53	41%
Mar-13	138	59	43%
Apr-13	133	49	38%
May-13	210	71	34%
BASELINE	145	56	39%
AFTER			
Oct-13	156	67	43%
Nov-13	144	70	49%
Dec-13	205	99	48%
RESULTS - Monthly Average	168	78.66666667	47%

EPI Increase		
Particulars	Value	UOM
Baseline Collection for NV7	39%	%
Achieved Collection for NV7	47%	%
Net Impact on Collection	8%	%
Average Monthly Bucket	168	Rs. Cr
Increase in Collection monthly	13	Rs. Cr
Annual Increase	156	Rs. Cr

% Collection at PRC Stage
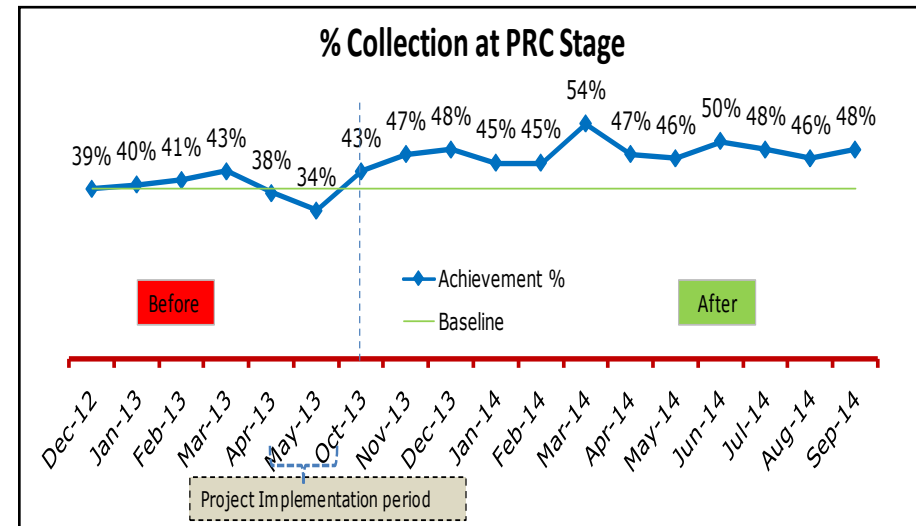
- Collection for Non Version 7 at PRC increased f**rom 39% to 47% by Dec-13**
- Average monthly increase of **13 crores**
- An Annualized benefits of **156 crores**

Standardize

Communication	• Communication was sent to Call center for using of new script for conventional Policy
Training & SLA	• Call center was trained on use of secondary contact number • Call center was trained on use of Script for Conventional policies • Service Level Agreement was revised to change performance metric from Promise to Pay to Conversion
Review/ Governance	• Periodic MIS is released as and when special campaigning SMS/Email is sent to the customer
Process Documentation	• Changes made to existing process • Changes rolled out

Future Plan

• New project initiated in April'15 : Improve collection of Version 7 Products

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Team Charter

Project	ALP 83 - To improve collection from Deep Lapsed Bucket
Function	Persistency
Sponsor	Umesh Gupta
Leader	Metilda Stanley
Members	Rahul Pawar(Persistency), Arunarka (Agency), Rajesh Shetty(Agency Field), Atul Sharma (Branch Ops), Manoj Punwani, Vikram Vaswani (Banca) & Rakesh Singh(Direct Loyalty), Binita Upadhyay(Persistency)
Support	Abhinav Thakur, Varsha Sankholkar (BI)
BSE Facilitator ☑ **YES** ☐ **NO**	Sattar Shaikh
Stakeholder Agreement	☑ **YES** ☐ **NO**
Time Frame	Start: 6th Jun'14 End Date: 31st Oct'14

Scope

In: Deep Lapsed less than 3 years age

Out: All other Lapse/Collection Buckets & Branch Bucket

🟢 On Track   🟡 Delayed   🔴 Off Track   ⚫ Closed

Value Chain Alignment:
- ☐ New Product Development
- ☐ New Business
- ☐ Policy Servicing
- ☑ Renewal / Revival
- ☐ Claims & Payout

Project Alignment:
- ☐ Customer Satisfaction
- ☑ Revenue Enhancement
- ☐ Cost Leadership
- ☐ Process Efficiency
- ☐ Defect Reduction
- ☐ Fraud/Risk Mitigation
- ☐ Employee Satisfaction

Project Type:
☐ SI   ☑ impACT

Project Stage:
- 🟢 Reason for Improvement
- 🟢 Current Situation
- 🟢 Analysis
- 🟢 Countermeasure
- 🟢 Results
- 🟢 Standardisation
- 🟢 Future Plan

Current Status
⚫

Project Source:
- ☐ ZBC/RBC
- ☐ SDA / SQM
- ☐ Functional Pull
- ☐ MBR/SEC
- ☑ PPM/ ART / ALP

Reason For Improvement

Background:

➢ Whenever a policy premium is not paid by the customer and the grace period expires the policy gets into a lapse status. Lapsed policy which are more than 90 days old from the due date fall under the Deep Lapsed Bucket. There are various efforts centrally as well as from branch to revive them.

➢ Deep Lapsed bucket is added with ~20000 NOPs every month. Currently deep lapsed bucket is of ~6000 crore rupees.

Problem Statement:

For the period Oct-13 to Mar-14

➢ The month on month average collection from deep lapsed/ paid up bucket for less than 3 years lapsed policies is at 1.62%(86.23 Crs).

➢ Not clear whether this is the best collection coming from the deep lapsed bucket.

% Collection for Deep Lapse Bucket

| | 2.44% |
| 1.30% | 1.30% | 1.49% | 1.67% | 1.49% |

| Oct-13 | Nov-13 | Dec-13 | Jan-14 | Feb-14 | Mar-14 |

Goal Statement:

➢ To improve average collection from deep lapsed bucket for less than 3 years lapsed policies from current 1.62% to 2.44%(by additional 34 Crs) by Oct-14

Tangible Benefits:
➢ Increased Collection
➢ Reduced Lapsed policies

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Current Situation

Process Mapping:

- Calling data shared with Call Center and is subset of data that is shared with Branch team for calling hence difficult to identify clear contributor for collections

- No mechanism to track effort or success of branch calling

Data Stratification:

- 42% (2005.9 Crs) of the total base is between 365 to 730 days old

- Collection is highest in the recent lapse bucket which is at 7.65% and is lowest in the oldest bucket which is at 0.83%

- Largest share in the deep lapse base is that of "Orphaned" Customer (Assigned to Loyalty as per COP)

- Self-Employed has the highest share in <=1 Yr deep lapse base

- Top metros contribute to about one-third of premium outstanding

- Savings product class has two-third of the premium outstanding in deep lapse bucket

- The higher the age of the policy the lesser is the collection

- 42% (2005.9 Crs) of the total deep lapsed base is between 365-730 days old

- Combined opportunity with 90-180 days & 181-365 days contributes to 27% (1296.42 Crs) of the total base

Analysis

Pareto Chart of Disposition of Not Collected Cases

> 15% of the customer Refuse to Pay, we are unable to talk to 69% of the customers for various reasons

> 2% of the customers each cant pay because ; Financial Problem, Wants to Surrender, Message was not conveyed, Missale or dispute.

> 63 potential causes were identified for low collection from deep lapsed Bucket

> Once a policy is unpaid for one year it is as good as being lost

> Nearly 23% of what we revive is lost again to lapsation in the same year

> Post discontinuance policies are "sitting duck" against Surrender risk

Analysis (Qualitative) – Cause & Effect Diagram

Put Existing causes (in Black), Potential causes (in Blue) & Root causes (in Red).
Conduct Why-Why analysis with the team & identify "Root Causes"

Deep Lapse Category	Permanent Exit	Revived	Revived But Again Discontinued	<= 1 Yr Deep Lapse	> 1 Yr Deep Lapse
Recently Discontinued	7.7%	0.02%	4.40%	0.5%	87.4%
3-12 Month Discontinued	8.4%	0.44%	0.02%	1.1%	90.1%
>12 Month Discontinued	16.5%	0.03%	0.05%	0.0%	83.3%
Overall	14.6%	0.10%	0.34%	0.2%	84.7%

Cause & Effect – Brainstorming Existing & Potential Causes

People

No support from Bank

Low Contactibility

No Sales help

Difficult to revive case where only 1 pmt was made

Customer unwilling for bearing medical cost

Language Barrier

Low Bandwidth in Branch/ FOS

System

Limited email bandwidth in branch

End to end commn history missing

Process

No charges post 5 years

No way to track collection through on call and no call basis

Policy Docs not reaching to customers

Limited data prioritization before allocation

Call script lacks guidance/ advise to customers

Limited insights on source for bank policies

Low Collection from Deep Lapsed Bucket

Support

Limited Bandwidth for Feet on Street Cheque Collection

Channel support on collection of only discontinued policies

No ISD facility to branch

Support from Banca vary from region to region

Policy

Old base is not tapped to max

Ineffective campaign on available pmt avenues

No Waiver of revival chgs

Policies out of COP are churned by Loyalty

No EMI option for pmt

No monetary reward for branch

➢ No Individual targets at call center

Product

Poor contactibility on Bank policies

Poor Contactibility in old base

Sold as one time prem

Poor Fund performance

Incorrect base mapping by Broca and Banca

Missold policies

Policy sold as obligation to other services like lockers etc

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Analysis – A Summary

Actionable Causes:
- Limited Bandwidth for Feet on Street Cheque Collection
- Low Contactibility
- Policies out of COP are churned by Loyalty channel
- Ineffective campaign on available pmt avenues
- No support from Bank for collection
- No Installment Facility
- No Preferred Billing option for ECS customers
- Limited Avenues for electronic payments

Quick Kill Opportunities:
- Medical applicable for more than 6 months, cost borne by the customer
- No Waiver of revival charges
- No Individual targets at call center

Impact — High / Low

Team's Control — Yes / No

B
- No electronic method of PHS fulfillment
- Limited Bandwidth for Feet on Street Cheque Collection
- No support from Bank
- Policies out of COP are churned by Loyalty channel

C
- No facility of Bank customers at HDFC Bank for end to end revival transaction
- No Support from FCs
- No Installment Facility
- Medical cost is borne by the customer
- Low Contactibility
- Nearly 23% of what we revive is lost again to lapsation in the same year

A
- Missing co ordination between vendor call centers and branch SPOCs
- No Preferred Billing option for ECS customers
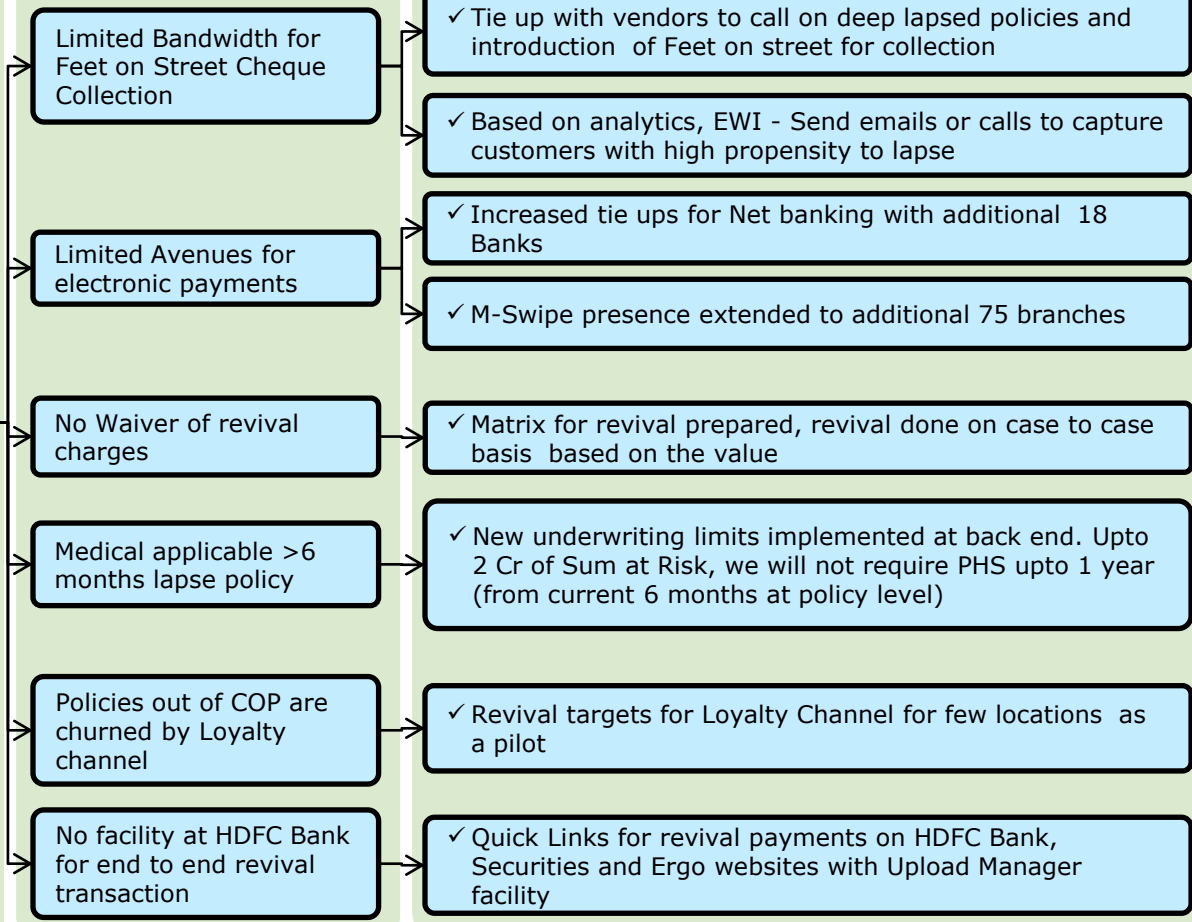- Ineffective campaign on available pmt avenues

D
- No Preferred Billing option for ECS customers
- No option for change of Payment mode example, Annual to Half Yearly
- No Mobile Payment Avenue

HDFC Life

Problem / Effect	Actionable Causes	Countermeasures	Prioritization			
			Effort (A) (9-3-1)	Impact (B) (1-3-9)	Priority A * B	Select (Y/N)
Low Collection from Deep Lapsed Bucket	Limited Bandwidth for Feet on Street Cheque Collection	✓ Tie up with vendors to call on deep lapsed policies and introduction of Feet on street for collection	3	9	27	Y
		✓ Based on analytics, EWI - Send emails or calls to capture customers with high propensity to lapse	9	3	27	Y
	Limited Avenues for electronic payments	✓ Increased tie ups for Net banking with additional 18 Banks	3	9	27	Y
		✓ M-Swipe presence extended to additional 75 branches	9	9	81	Y
	No Waiver of revival charges	✓ Matrix for revival prepared, revival done on case to case basis based on the value	9	3	27	Y
	Medical applicable >6 months lapse policy	✓ New underwriting limits implemented at back end. Upto 2 Cr of Sum at Risk, we will not require PHS upto 1 year (from current 6 months at policy level)	3	9	27	Y
	Policies out of COP are churned by Loyalty channel	✓ Revival targets for Loyalty Channel for few locations as a pilot	9	3	27	Y
	No facility at HDFC Bank for end to end revival transaction	✓ Quick Links for revival payments on HDFC Bank, Securities and Ergo websites with Upload Manager facility	1	9	9	Y

HDFC Life

Problem / Effect	Actionable Causes	Countermeasures	Prioritization			
			Effort (A) (9-3-1)	Impact (B) (1-3-9)	Priority A * B	Select (Y/N)
Low Collection from Deep Lapsed Bucket	No Installment Facility	✓ Tie up with Vendors for Installment facilities for credit card and online customers where complete payments is received by us	3	3	9	Y
	Poor Contactibility	✓ Leverage Experian Data for improving contactibility	3	9	27	Y
	Customer has to submit physical PHS	✓ Over the phone PHS fulfillment at Call Center	3	3	9	Y
	No avenue for Payment over mobile phone	✓ QR Code facility for payment over mobile phones developed	3	9	27	Y
	No Support for FC's for revival of policies	✓ Design and Roll out special campaign to top 200 FCs for deep lapse bucket	3	3	9	Y

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Results

Tangible Benefits

RESULTS			
Month	Prem Colln %	Total (Crs)	Collected (Crs)
Oct-13	1.3%	3787.1	49.1406025
Nov-13	1.3%	4039.9	52.5633681
Dec-13	1.5%	4230.6	63.1997382
Jan-14	1.7%	4374.7	73.0390214
Feb-14	1.5%	4530	67.6261692
Mar-14	2.4%	4834.2	118.03862
Average	1.6%	4299.4	70.6012533

Sep-14	2.8%	4685.5	129.38
Oct-14	2.4%	4488.1	107.2
Nov-14	2.4%	5143.3	122.62
Average	2.5%	4772.3	=> (A)
Difference	0.90%	=> (B)	
INCREASE (Crs)	42.72	(A X B)	Per month

% Collection for less than 3 years lapsed policies
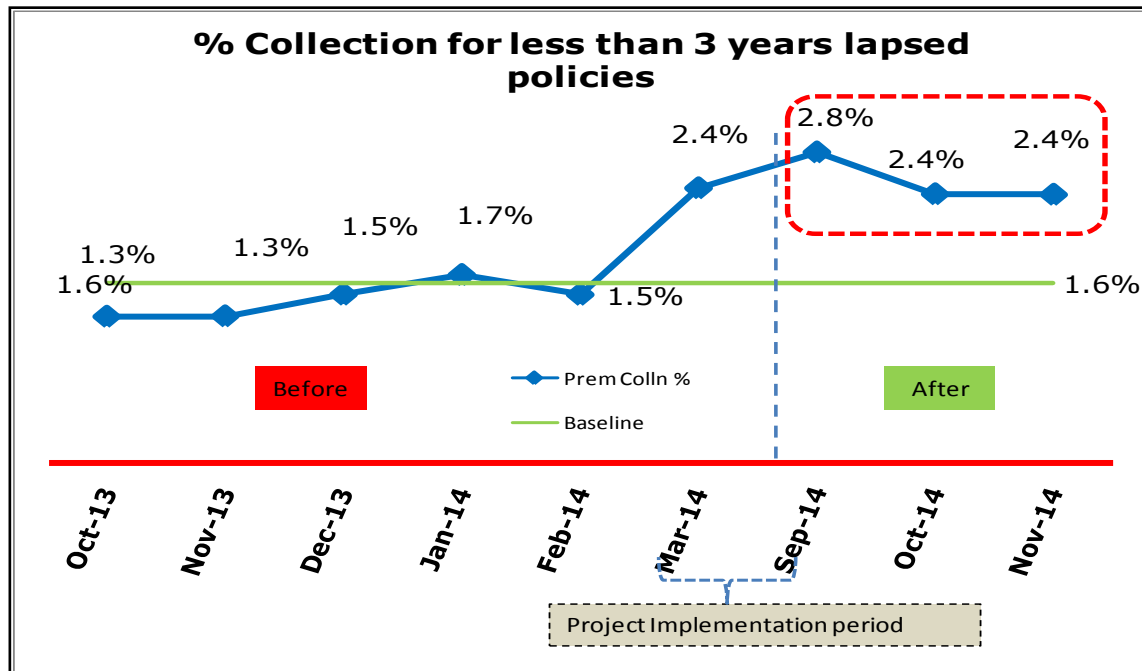
- Collection for less than 3 years lapsed policies increased **from 1.6% to 2.4% by Nov-14**
- Average monthly increase of **42.7 crores**
- An Annualized benefits of **512 crores**

Standardize

Communication
- Education mailers sent to customers via email stressing on importance of staying invested for a longer period
- Education mailers product specifics with reiteration of benefits sent to customers via email
- Communication to Call Center for over the phone PHS fulfillment

Training & SOW
- Agreement signed off with vendors for cheque pick up for 10 additional locations
- Agreement signed off with Bill Desk for installment facility to online & credit card customers

KPI & Approval Matrix
- Approval Matrix designed for waiver of revival charges basis risk factors

Future Plan
- New project initiated in Jan'15 for improving performance of sales on 13th month persistency

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THANK YOU