



IS POLICY BAZAAR A BOOM IN THE INSURANCE INDUSTRY?

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Abstract: The insurance industry in India holds a major market share. With an annual premium income of 14.8 trillion dollar (approx) this industry contributes a major sum to the economy of the Nation.

The Problem in the late 2007s started when there was a boom in the number of insurance companies across various domains. The customers then faced the issue of picking one option among the various available to insure their assets & valuables, also with a rise in many fraudulent companies that made their way into the system it became even more difficult for the customers to trust a certain brand without raising an eyebrow.

In 2008, two entrepreneurs Yashish Dahiya & Alok Bansal started Policy Bazaar, an online portal that let the registered users compare insurance policies offered by different institutions in that domain. The thought that went behind was to make the insurance system more reliable and efficient yet keeping in mind the rates and returns that were offered. In 5 years time policy Bazaar has successfully raised 70 million dollar through funding. The website gained popularity among the corporates and attracted many loyal customers.

My Findings Include: The factors that stand out in making the startup a success and its impact on the customers.

Factors that make the website unique: The website offers tools that help one calculate the return, pension interest, list of insurance companies to choose from, term plans, investment options, cancellation support.

Impact on customers: It offers a one touch solution that saves time, enhances investor's knowledge, offers insurance options to choose from, tools to calculate best optimum plan for the customer, paved new avenues for investors.

Keywords: Insurance, Economic Development, policy, comparison, Investors Avenue, Premium, Cost Benefit, Efficient, Competitive advantage.

Literature Review: Krishnamurthy S, Mony S V and et al (2005) in his paper “Insurance Industry in India: Structure, Performance and Future Challenges” stated about the status and growth of Indian insurance industry after liberalization and discuss the future challenges and opportunities faced by the insurance sector. Basavanthappa C and Rajanalkar L (2009) in his paper stated that the private insurance companies have performing well over the year. The market share of private life insurance companies were increasing over the year which create a lot of opportunity for them. There was a cut throat competition in this sector which would be beneficial to all. To get the competitive advantage over the competitor, companies bring out the innovative products and provide various facilities to the customer. Kumari Hymavathi T (2013), in their paper “Performance Evaluation of Indian Life Insurance Industry in Post Liberalization” stated that the life insurance industry has achieved a tremendous growth in the amount of premium collected after the opening of it for private sector. On the basis of financial performance analysis of insurance industry, it can be conclude that the performance of insurance business shows a favourable growth. Further, the study suggests that for sustainable growth of life insurance industry, it is necessary to provide innovative product and better facilities to policy holder. The study also reveals that liberalization has a significant impact on the growth of Indian life insurance business.

Objective of the Study: The study is carried out to know the impact of Policy Bazaar in the insurance industry in India.

Research Methodology: Secondary Data used.

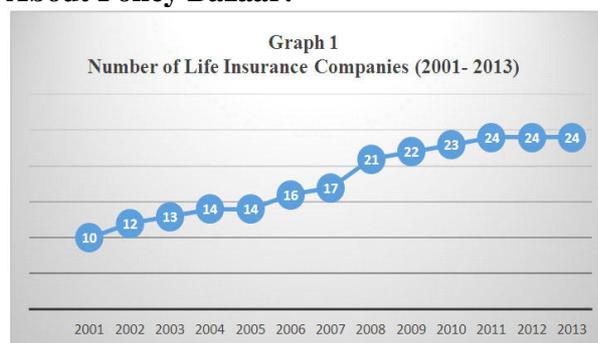
Introduction to Insurance: Life is uncertain. One cannot predict about it. So people try to secure them against any inconsiderate possibilities or events and devote major part of their time for these activities. Insurance is defined as a management technique of risk used for of hedging against the risk of a contingent, uncertain loss & unexpected events that occur in

the life. A protection against the physical and financial loss arising on the happening of unexpected conditions. It is the advantage of equitable transfer of the risk of loss from one to another, in exchange for payment called premium.

The transition of Indian economy over the last few years leads to the initiation of major economic reforms in almost all sectors. The paradigm change in the structure of the organization has exposed all sectors to an immense competition. Insurance closely leads the charts. Insurance is a blossoming industry in India, with both national and foreign competitors competing to each other to achieve the competitive advantage. The insurance industry has witnessed remarkable growth. Insurance business in India can be classified into two parts i.e., General Insurance and Life Insurance. General insurance covers the exposure of risks to goods and property & life insurance covers the contingencies of physical & economic death.

In such a transitional scenario and advancement of technology in terms of global reach there was of utmost importance that a website be introduced where one could compare all the said insurances available and plan investments. Taking advantage of the same Alok Bansal & Yash Dahiya founded Policy Bazaar in the year 2008.

About Policy Bazaar:



(Source: Annual Report of Insurance Regulatory and Development Authority India (from 2001 to 2013))

Policy Bazaar is an online insurance aggregator based out of India. The organisation was founded in 2008 and headquartered at Gurgaon,

Haryana. They began operations in 2008 with a motive of providing an informative online financial services platform in India. The company has marked a staggering growth in 9 years of operating in terms of consumer traffic and number of people using the platform to buy insurance products to become the “Ideal site” for all insurance related queries amongst the Indian consumers. The growth in the number of insurances companies in 2008 favoured the success of this start up.

About the Founders

-Yashish Dahiya holds a Bachelor’s Degree in Engineering from IIT Delhi, a Post Graduate Diploma in Management from IIM Ahmadabad, and an MBA from INSEAD. He began his career as a Business Unit Head at Illinois Tool Works, he later moved on to Bain & Co. to work as a Management Consultant. Before starting his entrepreneurial journey with PolicyBazaar.com, Funding details.

Yashish Dahiya worked with First Europe, a Global Online Insurance Broker, as their CEO.

- **Alok Bansal** (Co-founder and CFO at Policybazaar.com). He leads the financial department of the company. Prior to Policy Bazaar, He served as the Director, Finance for First Europa. He has also held prestigious managerial positions with Mahindra & Mahindra, iGate Global Solutions, and General Electric. He holds an MBA from IIM Kolkata and a degree in Engineering from Lucknow University.

The Funding: The Company has risen a total funding of \$69.6Million in five rounds from nine investors. Policy bazaar has been backed up heavily by **Premji Invest**, the personal investment vehicle of **Wipro chairman Azim Premji**. Also, Policy Bazaar has recently raised 120 crore in equity funding from private equity firms.

Month & Year	Round Of Funding	Investors	Amount
March 2013	1	-Intel Capital -Inventus Capital Partners	\$4.6 million
April 2013	2	-Intel Capital -Inventus Capital Partners -Info Edge	\$5 Million
May 2014	3	-Tiger Global Management	\$20 Million
April 2015	4	-Premji Invest -Ribit Capital -Abg Capital - Tiger Global Management -Sted View Capital	\$40 Million
October 2017	5	-IDG Ventures India -PE Firm True North -Global Management, -Singapore Government-Run Temasek -Premji invest.	\$77 Million

Business Model Followed by Policy Bazaar

- Aggregator website which allows customers research and compare the features of different insurance policies within a

category, hence allowing them to make an informed choice.

- They are tied up with insurance brokers which help them obtain information such as price, benefit, risks covered, premium etc

directly from the insurers to the customer for comparison.

- Do not charge the customers anything for us procuring information such as price, benefit, insurance cover etc.
- Revenue comes from marketing, advertisement, listing and promoting as fee from the insurance companies.
- Revenue is generated from generation of leads for the insurers, advertising and policy sales. 85% comes from e-commerce & policy sales.

Factors of Policy Bazaar That Impacted The Insurance Industry

- **Cost benefit with lower premium:** Quick and convenient, the online route is the most cost effective means of purchasing an insurance. The online policies have a comparatively lower premium cost because buying directly from the company saves you from paying commissions to the middlemen.
- **Easy, Fast, and Convenient:** Insurance is bought to be prepared for the uncertainties that might arrive with time; and also since we are running short of time, buying insurance online saves a lot of it. It allows you to compare, choose and pay for the best suitable plan. The process of online application for insurance is smooth as well as quick and a secure payment gateway in places makes the process simple and fast.
- **Automated Service and Assistance:** The online platform is not limited to sale also buying insurance online facilitates with automated reminders regarding payments & renewal dates. It is also an efficient and prompt servicing platform which can be used by existing policyholders.
- **Offers various alternatives to choose from:** Not only in terms of companies but also in terms of the policies that every company has to offer. Reading about an insurance policy enables you to access detailed information about the plan, its differentiating features, and the terms and conditions on the insurer's website & comparison platforms. Since the introduction of

Policy Bazaar there has been a steady growth of approximately 10.65% in the past 9 years in the investment decisions of the customers, they now analyse and compare the various options available to them.

- **Online Assistance:** The Company's websites usually have live chat facility where customers can seek clarification in case of any dilemma. There are numbers where you can call to take any offline assistance. You can also ask the representative you make the purchase for you telephonically by giving your details but this service has lately been discontinued.

- **Mis-Selling/Fraud Eliminated:** Insurance has been tacky for many insurance buyers being sold wrong policies in the past mostly by middlemen just to earn a higher commission. When buying an insurance policy online, the customer deals directly with the insurance company and there are no third party is involved. The company helpline can guide you in picking the right policy, ruling out any mis-leading & selling woes. With online insurance purchase, you get exactly what you see online so that you get maximum protection without having to worry about claim denials arising from mis-selling.

Findings from the Research

- After the launch of policy bazaar there was seen a steady growth in the number of new customers joining, this number went up when policy bazaar gained popularity in the mid 2009s.
- The companies associated with the insurance industry experienced a growth of 4% in 2 years (2009-2010) time in the number of new customers.
- In December 2014, Government approved the ordinance increasing FDI limit in Insurance sector from 26 per cent to 49 per cent. This led to a vast boom in the industry attracting in new investments, the same year policy bazaar gained a funding of \$20 million and expanded towards providing more avenues for the investors.

- The services provided by them are very precise and well defined which attracts a minimum of 10000+ customers daily.
- Websites (Glass door, Crisil, Mouth Shut etc) have rated policy bazaar a minimum of 4.5 stars out of 5.
- The funding received by them at various stages has been used to maintain the strong data base of the customers.
- Customer segmentation is the main key to their success, “pitching the right product to the right customer” and optimum use of AI is what they follow.
- Voice analytics will be the new technological addition to detail the customers experience even furthers more.

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Downloaded from: www.johronline.com

Conclusion: Policy Bazaar has helped the insurance industry boom and advance technologically, it has offered a platform for the customers to virtually interact with the companies and clear their queries on a transparent platform, in such cases both the company and the customer is satisfied which is what policy bazaar is catering towards.

The growth in the number of smart investments has gained importance and Policy Bazaar offers the required calculating tools for the same.

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