

Competitive Strategies of ICICI Prudential Life Insurance— An Incisive Analysis

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Abstract

ICICI Prudential Life Insurance which was the market leader among the private life insurers for the period 2000-2009, has been witnessing erosion of its market share coupled with huge amount of accumulated losses. The business performance of the company has been encouraging with both the gross premium, new business premium and renewal premium growing at a steady pace. The company offers a wide bouquet of products catering to the needs of different target segments and has been a pioneer in leveraging technology to provide services according to varied customer needs. With the impending growth of competitive pressures due to the imminent entry of new players in the industry, the need was felt to analyse the competitive strategies adopted by the company so as to understand its strengths and areas requiring managerial focus. The researcher has relied on secondary data in order to identify and analyse the competitive strategies adopted by the company during the period 2004-09.

1. INTRODUCTION

The life insurance sector is one of the fastest growing sector's in the Indian economy and holds tremendous potential for sustained future growth as evidenced by the growing interest of foreign insurance majors to enter the sector. The resilience of the Indian insurance sector can be well understood from the quick recovery it has made from the debilitating impact of the global economic crisis which had engulfed the world economy. The low insurance penetration and insurance density combined with the growing affluence and increasing awareness of the importance of life insurance make the sector an attractive value proposition. The sector which was under the monopoly of the Life Insurance Corporation of India in the life space has undergone a dramatic transformation after the entry of private players from the year 2000. There have been vast improvements in terms of variety, pricing, customer service, claim settlement and usage of technology to deliver superior quality of customer experience. The growing competitive intensity has driven the players to formulate a range of competitive strategies to stay ahead of the curve. This paper describes the competitive strategies adopted by ICICI Prudential Life Insurance Company Ltd., which was the leading private sector life insurer for the nine year period 2000 to 2009.

Objective of the paper: The objective of the paper is to highlight the range of competitive strategies formulated and implemented by ICICI Prudential in various functional areas. This would serve as an eye opener with regard to the emerging competitive dynamics in the life insurance space.

Research Methodology: The paper is conceptual in nature and descriptive research has been used. The researcher has relied on secondary data for the purpose of this study. Secondary data has been sourced from business magazines, industry journals, publications of the regulator, IRDA and also from information available in the internet.

Literature Review: A company's competitive strategy according to Porter (1980) consists of the business approaches and initiatives it undertakes to attract customers and fulfill their expectations, to withstand competitive pressures and strengthen its market position. Competition is heating up in the insurance market in the post-privatisation era and competitive strategies of companies have been focused on innovation in design and delivery of products and services. Changes have been driven by products introduced to address market gaps (Gupta Aarti, 2002) The mobilisation by insurance companies has gone up many times compared to the situation prior to 1999 and the market share of private sector has also increased sharply signaling the intense competitive pressure in the industry (Gupta P.K, 2009). The success of marketing insurance is dependent on understanding the social and cultural needs of the target population and tailoring products and services according to target market requirements. To achieve both growth and superior returns on invested capital, companies should target existing segments with new offerings and target new segments with existing or new offerings (Mark L. Frigo, 2004). To constantly differentiate themselves, insurers have to constantly raise the bar of customer service, shedding inefficient practices and establishing new paradigms is their urgent task for sustainability and prosperity (Mishra, K.K., 2005).

2. INDUSTRY PROFILE

Proportion of life insurance fund in financial savings in India increased from 17.4 per cent in 2007-08 (Provisional) to 19.5 per cent in 2008-09 (Preliminary Estimates). Share of insurance fund as a percentage of GDP increased to 2.8 per cent in 2008-09 from 2.7 per cent in 2007-08. Total First Year Premium of Insurance Industry was Rs. 69,284.00 crores (Rs.692.84 billion) in 2008-09 as compared to Rs. 78,552.70 crores (Rs.785.52 billion) in the year 2007-08. LIC as the largest insurer in Life Insurance market maintained 60.79

% share in premium & 70.52 % in individual policies in financial year ending March 2009. According to Swiss Re's Swiss Re sigma study on World Insurance in 2008, world wide premiums rose 7.7% to \$2,209 billion. The 19.9% growth registered by Indian insurers includes premium from life and non-life business and takes into account renewal premium in the life insurance business. In absolute terms, most of the growth for the world market came from Western Europe which grew 12% supported by growth in the UK, France and Germany. Compared to this, the Asian market grew only 3.6% which had been dragged down by Japan – the world's second largest insurance market, which accounts for one fifth of global premiums.

3. COMPETITIVE STRATEGIES FORMULATED AND IMPLEMENTED BY ICICI PRUDENTIAL LIFE INSURANCE CO.

Background of the company: ICICI Prudential Life Insurance Company which received its certificate of registration on November 2000 is a 74:26 joint venture between ICICI Bank India Ltd. and Prudential PLC based in UK and is among few private insurers in India to receive a National Insurer Financial Strength rating of AAA from Fitch ratings assuring all of ICICI Prudential's ability to meet customer obligations at the time of maturity or claims.

Business Performance: The Gross Written Premium (GWP) has shown a consistent increase over the years. For the year 2008-09, the GWP was Rs.153.56 billion representing an increase of 13.2 per cent over the corresponding period in the previous year when it was Rs.135.61 billion. In terms of New Business Premium (NBP), for the period 2004-08 there was a marked increase in a sequential basis. NBP however declined in 2008-09 when it was Rs.64.84 billion as compared to the Rs.80.35 billion received during the previous year.

Profitability and Market Share: The loss incurred by the company was lower during 2008-09 at Rs.7.79 billion when compared to the Rs.13.75 billion incurred during 2007-08. The accumulated loss of the company as on end March 2009 was Rs.37.76 billion. The company was ranked number one among the private life insurance companies in terms of market share for a continuous period from 2002-03 to 2008-09.

Competitive Strategies of the Company :

- (i) To address the non-financial, post-retirement needs of the growing elderly citizen community in India, ICICI Prudential Life Insurance has tied up with Dignity Foundation to launch a partnership called *ActivAge*. *ActivAge* is a program that goes beyond financial planning, and helps ICICI Pru Life customers plan their non-financial post-retirement life too. Through *ActivAge*, ICICI Prudential Life Insurance aspires to reach out to its network of policyholders and help them enjoy their golden years, in every sense of the word.
- (ii) To tap into the growing NRI segment, ICICI Prudential Life has entered into a partnership with Dubai-based UAE Exchange House, one of the largest exchange houses in the Middle East. The tie-up will enable non-resident Indian (NRI) customers of ICICI Prudential Life gain access to any of the 50 odd branches of UAE Exchange spread across the length and breadth of the United Arab Emirates (UAE) to make their first and renewal premiums.
- (iii) With its relentless focus on product innovations to cater to the needs of various customer segments and differentiate its offerings in the crowded market, the company was the pioneer in introducing a wealth solution based on the 'Trigger Portfolio' strategy in its *LifeTime Maxima*. The 'Trigger Portfolio' strategy allows a customer to book profits made in the equity market and protects them from any future market volatility. This strategy enables the customer to take advantage of substantial equity market swings and invest on the principle of "buy low, sell high" in a systematic manner while maintaining a pre-defined asset allocation. This scheme has gained great mind share and market share for the company.
- (iv) As a forward looking company, ICICI Prudential has been leveraging the potential of CRM to acquire, understand and satisfy customers. Through its CRM deployment the company obtains granular details about customers, helping it to design better products, improve service levels and reduce operational costs. CRM has helped the company capture five lakh customers through effective event-based marketing and lead tracking to cross- and up-sell products.
- (v) In a bid to differentiate its service offerings, ICICI Prudential launched the 'TruLife Club' for its high-value policyholders as part of its marketing strategy. Through *TruLife Club*, the company offered a wide range of health-related products, health and fitness equipment and membership in gyms, health resorts and clinics in India. Policyholders with a sum assured of Rs. 0.5 million or more are included into this club. The purpose of this whole exercise was to encourage a healthy life of its customers. The campaign finds an extension on the digital medium via a site www.retirementbestjob.com. The site acts as a warehouse of sorts when it comes to ideas of what jobs one can pursue post retirement. It also has a retirement calculator, product information and a myth buster section that busts myths people have when it comes to Retirement.
- (vi) To increase its penetration in the rural areas, it has tied up with ICICI Bank, Bank of India, Federal Bank, Lord Krishna Bank, many co-operative banks, NGOs, MFIs and corporates. From inception, the company has sold over 2 million policies to the rural customers and in 2008-09, 29 per cent of the total policy sales was in the rural areas.
- (vii) In a bid to improve financial literacy and drive home the importance of insuring oneself, ICICI Prudential Life Insurance Company has expanded its rural education initiative. The programme, *Pragati Ki Anokhi Paathshala (PKAP)*, is aimed at offering a two-day progressive educational model for the rural students. Through *PKAP*, the company has managed to introduce value based intellectual concepts to children, share new techniques of teaching with school teachers and motivate parents to plan their child's education. The company had successfully completed the module across 19 schools in rural areas of Andhra Pradesh and plans to introduce *PKAP* in 35 more schools in the State and then go nation wide.
- (viii) To further strengthen its distribution network, the company has tied up with India Post to distribute insurance products through the vast network of post offices in West Bengal, Gujarat, Karnataka, Andhra Pradesh, Bihar, Jharkhand and Madhya Pradesh. In the referral agreement, the postal employees would

refer their customers to ICICI Prudential's bancassurance officers for selling insurance policies. This initiative will help the company in increasing its rural reach, considering the fact that about 90 per cent of the 1,50,000 post offices across the country are located in the rural areas

- (ix) As part of its ongoing rural marketing thrust, the company, recently introduced biometric smart cards for its rural customers in a few States. With these cards, the policy holders can carry all policy details without any papers and store transaction details. A rural customer does not have to go to the branch situated in a distant place. He can go to the nearest FINO (Financial Information Networks Operation) access point, where the customer can swipe the card and authenticate himself. To make better use of the biometric cards, the company is planning to take the benefit of government-sponsored e-initiatives like 'AP Online' in Andhra Pradesh and 'e-mitra' in Rajasthan. The insurer plans to use such e-initiatives in other States also. The main aim is to leverage the strengths of the Government-sponsored e-initiatives.
- (x) In order to ensure speedier settlement of claims, reduce customer complaints and improve customer satisfaction, the company has done away with the Third Party Administrator model and settles health claims directly. For this purpose, it has launched 'ICICI Pru ClaimCare' and set up a network of 2,500 hospitals, providing cashless service to policy holders across 488 locations.
- (xi) ICICI Prudential Life has extended its corporate agency tie up with the Muthoot Group in 6 additional States for the distribution of its insurance products. ICICI Prudential Life has partnered with the Muthoot Group for the past six years in Kerala, and the partnership with the Kerala-based NBFC will now be extended to States such as Delhi and NCR, Rajasthan, West Bengal, Punjab, Gujarat and Maharashtra where it has a strong presence.
- (xii) In order to ensure on-time and on-demand customer service, the company has introduced Web chat service for instant resolution of policy related queries from its customers. The customers can avail themselves of the 24x7 service by logging on to the company's Web site www.iciciprulife.com with policy

details to inform change in address, contact details, seek information on net asset value/fund allocation, premium payment options etc., and also lodge complaints if any.

- (xiii) The company has entered into a strategic partnership with Thrissur-based South Indian Bank (SIB) to provide policyholders the convenience of paying their first as well as renewal premiums in cash at over 296 branches of SIB in Kerala. The partnership will enable the bank to provide one more value-added service to the customers. ICICI Prudential Life has also announced similar institutional tie-ups for cash management solutions with the e-governance initiative of the Government of Rajasthan (e-mitra) and the Department of Posts in some States in the country.
- (xiv) To provide prompt customer service, the company has launched a new claim intimation service 'ICLAIM' for its policyholders. The company's customers can send a SMS to the company with the policy number and receive immediate assistance from the company to make the claim thus speeding up and ensuring hassle free claim settlement process.
- (xv) Since nearly 65 per cent of renewal premium payments are made through different electronic means, 20 per cent through drop boxes and the balance in cash, the company has launched, for the first time in the country, a system of paying premiums by logging on to computerised interactive voice response facility without having to disclose credit card numbers or policy details to the call centre executive.
- (xvi) The company was the pioneer in enabling its policy holders to pay premiums through their mobile phones and this service has turned out to be a boon to its customers. The company has partnered with mChek, a Visa certified system to enable its policy holders to pay their premium by sending an SMS and using their credit card.
- (xvii) To improve its customer service levels by leveraging modern technology, the company introduced the web chat service to resolve policy related queries instantly. This service has been a great success considering the fact that the number of persons accessing the site has increased by over 400 per cent. Through the web chat service, consumers

can inform the company about change in their address and contact details, seek information on Net Asset Value (NAV)/ fund allocation, premium payment options, customer service documents (RPN, RPR, Unit statement), etc. Webchat also enables the consumers to lodge any complaints, they may have. Since a number of policies are unit linked (NAV based), the SMS pull feature was introduced, by which a policy holder can get the NAV by sending an SMS and stating his policy number. As evidence of its popularity, the company receives over two lakh hits every month.

- (xviii) To ensure ready availability of quality manpower to meet its expansion programs and reduce its time and investment in recruitment efforts, the company has tied up with 21 management institutes such as XLRI and Narsee Monjee Institute of Management Studies to offer post graduate diploma courses in insurance and management for freshers. The company has recruited over 5,000 candidates through this route in 2007-09 and it serves as an effective medium to ensure ready availability of suitable and high quality talent to provide further growth momentum.
- (xix) ICICI Prudential Life has also introduced various technology-enabled initiatives that enable consumers to transact with the company through mobile and internet. Some of these initiatives include, premium payment through mobile (mChek), purchase, updating and switching of policies online, premium receipts, notices, statements, policy details and NAV being made available online for enhanced customer convenience.
- (xx) The company has launched an online campaign based on one of their TVC's that talks about the fact that people must trust life insurance as an investment tool as it helps them achieve their long term financial goals. It is basically a contest around the TVC which gives participants a chance to win a Blackberry phone.
- (xxi) The company has also introduced free Health check-ups to understand current health status and set goals. It also gives online help with diet and fitness advice to help its customers achieve these goals. To supplement this there are also attractive discounts for health centres and diagnostic labs. On the interactive side it has a blog/newsletter and a Health

Active hotline. The motto seems to be 'get healthy and be rewarded'. There are reward points to be collected when a customer completes each health related activity and reaches goals which lead to a gift. The ICICI Prudential website's homepage leads to Health Active page and there is an excellent animated demo for understanding how the program works. All these initiatives while creating awareness of better health also serve as an effective mode for promoting the health insurance products of the company.

- (xxii) ICICI Prudential Life Insurance launched a co-branded TVC in association with the movie Cheeni Kum, although there is no in-film mention of the brand. The promo revolves around a particular scene in which Amitabh Bachchan bends over to recover something that has fallen, and it looks almost as though he is touching Tabu's feet. Tabu gives him her mock blessings, saying "Jeete Raho". To this, Bachchan comically quizzes whether she is an insurance agent, as they are the only ones that wish for anyone's long life. This scene is used as a TVC promo and is even carried forward on the ICICI Prudential Life Insurance website. It serves as an interesting approach at making in-film advertising which is unobtrusive and less contrived.
- (xxiii) ICICI Prudential has used a high-decibel multimedia campaign to position insurance on an emotional platform (of protection) rather than merely a rational one (of tax savings). It targets its communications at the head of the family, with the positioning: "We cover you at every step in life" (*Suraksha... zindagi ke har kadam par*). It also uses the metaphor of the *sindoor* to communicate the generic benefit of protection.
- (xxiv) Even with regard to its advertising strategy, the company's approach is strikingly different. Generally the concept of insurance is always associated with death and hence a lot of negativity association is inherent in insurance advertising. In the year 2001, ICIC Prudential starting its first advertising campaign with the concept of 'Sindoor'. Sindoor in the Indian culture is seen as the symbol of protection by every woman. So the message for the consumers was clearly to project ICICI Prudential as a means of protection. The objective of the campaign was to

establish the positive side of life insurance and entrench the brand in the minds of consumers. The first commercial of ICICI Prudential opens with a marriage ceremony with a couple taking vows. The connotation was simply to show that with ICICI Prudential by one's side, one would be able to fulfill all the promises one makes. The ad campaign helped the company to amass tremendous goodwill that was the need of the hour. Although the campaign signifies protection it also talks about the responsibility on the shoulders of the head of the family. In a bid to focus more on this aspect, ICICI tweaked its advertising strategy a bit in its second phase. In the year 2005, the communication centred around the proposition of satisfaction by fulfilling responsibilities towards one's family. This was brought alive by the visual of 'kandaha' or the shoulder, which was used to symbolise responsibility. All the ad films were visually arresting with powerful lyrics and music and enabled the company to increase brand reach and recall.

(xxv) Diverting from the basic theme, ICICI Prudential ventured into its third phase of advertising with the 'Jeetey Raho' campaign. The expression, 'Jeetey raho' is accepted as a blessing for living well and living long and therefore it serves the purpose of the creative to deliver the key message that is to live well today without worrying for tomorrow. The communication thus marked a shift in focus from a primarily emotional benefit driven campaign to a more rational benefit platform. Following the success of the 'Jeetey Raho' campaign the company's latest retirement category campaign extends the message of goals guaranteed into the realm of retirement planning. The company had always brought to the fore very indianised elements in all their ads, with a backdrop of hope and happiness to drive away the negativity that subconsciously gets attached to insurance.

(xxvi) ICICI Prudential's tax planning campaign using 'Chinta Mani' as the protagonist who represented a common man who is worried about his tax payments resulted in high brand recall. With Chintamani, insurance advertising got a new treatment. The claymation (clay animation), particularly, broke away from the clutter. To add to

it, the jingle was also very catchy. Due to the success of the campaign, ICICI Prudential now enjoys a brand recall of 92 per cent next to LIC's 97 per cent, according to AC Nielsen's Brandtrack 7 study conducted in the year 2007-08. Lately, the company has come out with a 'chota Chintamani' who is concerned about health insurance and 'bada chintamani' who speaks about tax savings. The aim is to project the dual advantages of the insurance scheme. The hint of humour laced with seriousness struck an instant chord with the target audience. Sales grew by 68% in FY 2008 year on year helping the brand cross the 7 million policies mark for the first time. Then came its retirement solutions campaign with the tagline 'Retire from work, not life'. On a budget of Rs 5.8 crore for February 2005 alone, ICICI Prudential's 'Retirement solutions campaign' was the highest spending brand, pipping several HLL brands to the post.

(xxvii) ICICI Prudential Life Insurance has tied up with Contests2win.com to create a series of games, which drive home the point that procrastination is expensive. The insurer's mascot, Chintamani, dons different guises (a doctor, a gym instructor and a dietician) to understand a consumer's medical and financial history and suggests a suitable policy. In a sector characterised by benefit-driven campaigns, the popular adver-games on retirement and tax calculation facilitate effective communication and help consumers make informed decisions.

4. ANALYSIS OF THE CASE

The solvency margin of the company has shown an appreciable growth from 1.48 in 2004-05 to 2.31 in 2008-09. It has increased from 1.48 in 2004-05 to 1.63 in 2005-06, declined to 1.53 in 2006-07, increased to 1.74 in 2007-08 and to 2.31 in 2008-09 indicating strengthening ability to meet customer commitments. The Company's continued focus on customer retention was reflected in policy surrenders which came down from 8.4% of average assets in fiscal 2008 to 6.5% in fiscal 2009. Its productivity per agent and per unit manager is the highest among private life insurers and on an average an individual agent generates business of Rs.1.34 lakh while a unit manager generates an average business of Rs.29.76 lakhs

In a bid to reduce its dependency on the agency channel the strategy of the company to tap the alternate channels has been very successful as borne out by the numbers. Business procured through alternate channels which was negligible in 2004-05 increased marginally to 1 per cent in 2005-06, 9.09 per cent in 2006-07 and then increased steeply to 39.5 per cent in 2007-08 and 44.3 per cent in 2008-09. Due to the company's strategy of deriving increased volumes of business from alternate channels which have low commission outgo, commission as a percentage of GWP has declined by half from 8 in 2004-05 to 4 in 2008-09.

There has been a consistent decline in the expense ratio of the company. The expense ratio which was 17.3 in 2004-05 has declined to 11.8 in 2008-09. Considering the huge amount of accumulated losses, this is a welcome sign because it signifies better cost management.

Both the measures, operating expense as percentage of GWP and operating expense as percentage of AUM have shown a decline. Operating expense as percentage of GWP has come down from 20 in 2004-05 to 18 in 2008-09 and operating expense as percentage of AUM has declined from 14 in 2004-05 to 8 in 2008-09. This decline in operating expense ratio would improve the financial strength of the company and would contribute to lower its losses.

The company has leveraged its multi-channel distribution network to increase proximity to its consumers. With an advisor base of over 2,90,000, branch network of 2,099 branches with a presence in more than 1,800 cities, towns and rural areas, 18 strong bank partners and customer touch-points of over 10,000 ICICI Prudential has the most widespread distribution network next only to LIC which enables it to gain additional business at a faster pace when compared to its competitors.

The strong growth in renewal premiums which have grown at a CAGR of 103 per cent for the period 2004-05 to 2008-09, from Rs.7.79 billion in 2004-05 to Rs.88.72 billion in 2008-09 is an encouraging sign since high retention rate and growing renewal premiums indicate better customer satisfaction as well as reduced pressure on advertising and marketing spending.

The total business of the company has grown at a consistent rate of over 100 per cent. The growth in total business was 138 per cent in 2004-05, 109 per cent in 2005-06, 130 per cent in 2006-07, 223 per cent in 2007-08 and 144 per cent in 2008-09. The over 100 per cent growth in 2008-09 is commendable considering the slowdown in the insurance sector as a result of the global economic and financial crisis.

The company has recorded the fastest growth in terms of policies sold in each million stage. The company which took 44 months to sell the first million policies, took 16 months to sell the next million, 8 months to sell the next million and just 17 months to sell the next four million policies. It has sold 9 million policies upto end March 2009 in a record span of 85 months.

The company has been aggressive in its marketing efforts. It has a 12 per cent share in advertising and is ranked third in the life industry and second among private life insurers for 2008-09. This would enable the company to increase customer awareness and preference for the brand. With regard to claim settlement, death claims outstanding for a period of more than one year does not depict a healthy trend. For the period 2004-06, death claims outstanding for more than one year was nil whereas it was 17 in 2006-07, 27 in 2007-08 and 63 in 2008-09. Since prompt claim settlement is an important element of the insurance contract, the company needs to analyse the reasons for the increasing number of outstanding claims and take necessary remedial measures.

Though the company maintained its number one position in the year 2008-09 (a position which it had maintained from 2002-03), the decline in market share from 12.7 per cent in 2007-08 to 10.9 per cent in 2008-09 is a cause for concern. This drop in market share is due to the entry of new players with innovative products as well as introduction of new delivery models and distribution channels.

The Annualised Premium Equivalent (APE) which had grown at over 70 per cent CAGR for the period 2004-05 to 2007-08, has declined in the year 2008-09. Similarly growth of Gross Premium Written (GWP) has also declined to 13.2 per cent in 2008-09 when compared to the over 50 per cent growth in the 2004-05 to 2007-08 period. These declines are a cause for concern.

With regard to product structure, 90 per cent of the company's business is accounted for by ULIP's. ULIP's have a higher cost structure and also their redemption rate is much higher when compared to other products. Considering their higher cost structure as well as liquidity concerns in case of large scale redemptions, the company should market non ULIP products much more aggressively in order to reduce its risks.

Though Webchats introduced by the company have become popular, security of the system needs to be addressed strongly in order to significantly shift client queries to webchats.

At Rs 3,200 crore, I-Pru has recorded the largest accumulated losses in the entire industry. With Prudential Insurance, unlikely to supply more capital and since better profitability and valuations are essential for the future public offer contemplated by the company, it has to adopt the process of rationalising costs and improving margins.

The persistency ratio which was significantly high at 96.8 per cent in 2004-05 has been declining consistently over the study period. The ratio has declined from 96.8 per cent in 2004-05 to 94.4 per cent in 2005-06, 88.7 per cent in 2006-07 and to 77.6 per cent in 2008-09. Since persistence ratio is a good indicator of the quality of a company's portfolio, the decline in persistence ratio is a worrying sign for the company.

5. FINDINGS

(i) The company has been the market leader among the private life insurance companies for the period 2002-2009 due to its comprehensive product portfolio, innovative marketing strategies and customer centric business approach.

(ii) The use of emotional connect in its advertisements has enabled the company to increase its brand awareness, improve its brand recall and aided in building strong brand equity.

(iii) Leveraging of technology to provide timely information and on demand service to customers has been a key competitive strategy of the company.

(iv) The continuous efforts to strengthen the distribution network both in the urban and rural areas would aid the company in its efforts to grow business and gain market share.

(v) Though business has grown at a fast pace, the mounting accumulated losses indicate the need for cost efficiencies as well as extracting maximum revenue for every rupee spent by focusing on increased marketing efficiencies.

(vi) The growth of alternative channel share which is quite high needs to be sustained and improved in order to reduce the dependence on traditional channel in order to rein in expenses as well as ensure sustainability of revenues.

(vii) The firm derives a high proportion of its business from ULIP's and needs to de-risk its business model by promoting traditional products. This would reduce the possibility of asset liability mismatches and also ensure stable investor returns.

6. CONCLUSION

The competitive pressures in the Indian insurance sector is set to further intensify with the impending liberalization of the FDI cap with several leading global players expected to enter the industry. In order to sustain and grow in the hyper competitive environment, companies need to invent next practices rather than being content with following the best practices. ICICI Prudential which has been the market leader for several years needs to intensify its internal restructuring efforts as well as leverage the use of the online medium to propel its growth. Constant upgrading of the product and service portfolio with the objective of satisfying not only the expressed but also the latent customer needs with the twin objectives of customer acquisition and customer retention is the need of the hour.

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