

New India Assurance

*TCS BaNCS enables New India Assurance Co. Ltd. (NIACL)
to capitalize upon the opportunities of deregulation
in India's immense marketplace for non-life insurance*

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Private-sector insurers entered the Indian insurance market in 1999, kicking off significant industry deregulation.

In 2005, India's Insurance Regulatory and Development Authority (IRDA) established a roadmap for "detriffing," or removing the tariffed rates in favor of market-based pricing and flexible terms. Starting in 2007, insurance companies were permitted to set rates based on the specific risks and characteristics of the insured customer, and in April 2008, insurers could customize the terms of the policies.

Deregulation offered great opportunities to New India Assurance Co. Ltd. (NIACL) once they managed the operational challenges.

For the first time, NIACL was able to tailor the contracts and prices for its insurance policies in its four primary markets of fire, engineering/construction, motor, and workers' compensation insurance. But first, the company had to retool its entire operations to encompass the actuarial and underwriting capabilities necessary to succeed in a deregulated market. In addition, NIACL and the other public-sector insurers had to improve customer service to compete with innovative private-sector insurance companies backed by international partnerships.

The situation became increasingly urgent for NIACL and other public-sector insurers as the private-sector insurers increased their market share at their expense. Prior to detriffing in 2005-2006, NIACL's gross direct premium grew by 11.22 percent. With the changes taking effect during the following fiscal year, NIACL's growth rate declined to 4.6 percent, and then to 3.62 percent in 2007-2008. NIACL was held back by its legacy system, which had been deployed as a separate installation in over 1,100 branch offices. The deployment model had already hit its limits in terms of capacity and functionality, and rolling out new functionality was an ordeal requiring a separate distribution and deployment process for each office. Without centralized control mechanisms, software configuration management was a major challenge.

Customer service also suffered by comparison with the multichannel capabilities of competitors. Since NIACL's legacy system did not support online access, a policy originated at a given branch could be serviced only at that same branch, in person. Customers, insurance agents and insurance dealers were highly inconvenienced by hav-

ing to visit the originating branch for anything related to the policy, whether for annual renewals or claims.

By 2008, NIACL was managing 15 million active policies. Given deregulation and the rapid economic growth of India, the opportunity presented itself to capture significant growth in policy volume, claim volume, branch offices and users. In order for NIACL to realize that potential, it first had to find a different approach to doing business.

In January 2008 NIACL and TCS entered into an eight-year, \$40 million engagement for the turnkey deployment and operation of TCS BaNCS, including the core insurance solution of TCS BaNCS integrated with human resources, customer relationship management and business intelligence applications.

The first major implementation challenge was the migration of policy and customer data to the centralized TCS BaNCS solution. Given the starting point of 1,100 separate branches, the transition required a special emphasis on data quality in order to remove duplicate data and resolve data conflicts. The data migration resulted in the consolidation of all master data, a cleansed dataset across the entire organization, and centralized validation schemes for ongoing data quality. Various tools were deployed for performance tuning and load balancing to ensure delivery to support an extremely large customer base across the country.

From a centralized database, the TCS BaNCS solution could then provide multichannel access to information on products, policies, customers and claims. TCS and NIACL worked together to rationalize business processes across the entire branch network, creating new procedures for accounting, reconciliation, reporting, documentation and user communication. Through these efforts, NIACL was able to consolidate the financials across its extensive regional network to close its books within several days of the end of the fiscal year, rather than several weeks as previously required.

The rollout was completed during the 2009-2010 fiscal year, and a team traveled to multiple regional offices to train users on the TCS BaNCS solution, known internally as Centralised Web-based Insurance Software Solutions (CWISS).

NO LIMITS

Using the “New India Assurance Online” web-based platform, customers can buy new policies or renew old ones. Furthermore, customers no longer have to visit their home branch to conduct business, and can seek information about their policies or submit claims from any branch. In addition, customers can take advantage of SMS and email alerts, and quickly renew policies through mobile apps.

Through a secure system with role-based access privileges, NIACL employees also have easy access to core insurance functions including underwriting systems, sales data, marketing resources and data analysis tools, while insurance agents can access information about their customers and commissions.

Aiding its competitive positioning in the insurance marketplace, NIACL can now price policies based on large-scale actuarial data. Using advanced analytics, NIACL can take advantage of its large customer base and nationwide scope to come up with competitive insurance products. The resulting underwriting rules and policies can be deployed instantly across the entire branch network.

The highly configurable, rule-based product engine in TCS BaNCS enables NIACL to roll out new insurance products quickly, without the need for IT development. For example, NIA has entered into tie-ups with leading automobile manufacturers including MarutiUdyog, Hyundai Motors, Ford India, Tata Motors and others. These firms, along more than 1,500 vehicle dealers, now offer NIACL insurance products at the point of sale for new vehicles.

Based on the strength of its improved IT architecture, NIACL was able to undertake



a major expansion, growing from 1,100 branches to over 2,000 locations, including 1,041 “micro-offices” providing a full range of products to previously underserved rural and semi-urban areas.

The immensity of the numbers involved can convey a sense of the scale of the undertaking. At present, TCS BaNCS supports on behalf of NIACL:

- 19,000+ employees at 2,000 locations
- 65,000 third-party insurance agents
- 212 insurance products across 16 lines of business
- 90 million policies
- Approximately 7 million claims
- More than 3,500 concurrent users, with a peak of 5,820 concurrent users, on a 15TB database
- An average 57,500 new or updated policies per day, with a peak of 83,500 policies issued in a single day.

The technological modernization has completely transformed the business prospects for NIACL. The financial results, whether measured in terms of higher gross direct premium or higher profits, improved underwriting results or reduced expenses, have been extremely positive.

Ratings agency AM Best reiterated its “A- (Excellent)” credit ratings for NIACL in 2012-2013, making it the only direct insurer at that level in India.

NIACL has come a long way since the single-digit doldrums of 2008, and is now growing at the rate of approximately 15 percent per year, gaining back market share from private-sector insurers and cementing its image as an innovator in the Indian general insurance industry. ■

AT A GLANCE

Company:

New India Assurance Co. Ltd. (NIACL)

Headquarters:

Mumbai

Business Challenge:

To transcend the limitations of its legacy systems in order to capture market growth and business opportunities in the deregulated general insurance industry in India

Solution:

The core insurance solution of TCS BaNCS integrated with human resources, customer relationship management and business intelligence applications

FAST FACTS

- New India Assurance Co. Ltd. currently operates in 22 countries as the only multinational non-life insurer in India, and has the largest reserves and highest net worth in the Indian insurance industry.
- NIACL is the largest general insurer in India in terms of business volume, office network and financial standing, with offerings in personal insurance, commercial insurance, industrial insurance, liability insurance and social insurance.