

BANCASSURANCE STRATEGY OF LIFE INSURANCE COMPANIES IN INDONESIA

Abstract

Bancassurance is a distribution channel that the government expects to accelerate and increase life insurance penetration. Given a large population and the increasing numbers of bank's customers, it provides bancassurance significant business opportunities. Providing a wide range of benefits for customers, banks, and insurers, create bancassurance as the favourite business channel for the insurance and banking industry. The partnership between bank and insurer acts as a vehicle in delivering insurance to various customer segments of the bank's customer. However, only several bancassurance partnerships succeed and able to be a competitive advantage to life insurance companies. The study is to investigate the bancassurance problem of conventional life insurance companies in Indonesia. Through in-depth interviews with six informants, a subject-matter expert and the AAJI (Association of Indonesia Life Insurance) executive, the scholar conducted a multi-case study research design. The study reveals how the bancassurance manages the critical success factors, discovers the opportunities and challenges faced, and achieves a competitive advantage using the resources needed. The analysis used is Key Success Factors (KSF), SWOC and Resources-Based View (RBV). The study would benefit the life insurance company that plans to position the bancassurance channel as a competitive advantage and the regulator and life insurance association.

Keywords: Bancassurance, life insurance, Key Success Factors (KSF), SWOC, Resource-based View (RBV), and competitive advantage.