

A Tipsheet for Effective Life Insurance Business Planning

Life insurance plays a vital role in long-term financial protection, investment planning, and business sustainability. Whether you're evaluating policies, improving operational efficiency, or optimizing financial performance, these essential tips will help guide effective decision-making.



1. Understand Your Core Metrics

Knowing the right metrics helps insurers and policyholders make informed choices.

Focus on:

- ✓ **AUM (Assets Under Management):** A growing AUM ensures better returns for future claims. Keep a diversified and well-monitored investment portfolio.
- ✓ **NBP (New Business Premium):** Track new premiums collected to gauge growth momentum. Strong marketing and product strategy directly increase NBP.
- ✓ **APE (Annualized Premium Equivalent):** Use this metric to fairly compare single-premium and regular-premium policies for accurate new-business evaluation.

2. Prioritize Policyholder Value

Life insurance is ultimately about delivering financial security.

- ✓ Ensure death benefits are designed based on realistic mortality assumptions and proper reserving.
- ✓ Offer pension/retirement benefits that are sustainable, factoring in interest rates, inflation, and life expectancy.

3. Balance Risk & Return for Investment-Linked Plans

ULIPs can generate strong value but require careful management.

- ✓ Provide clear investment options that match different risk profiles.
- ✓ Monitor fund performance to ensure policyholders' investments align with long-term objectives.

4. Strengthen Business Quality Through Continuity Metrics

Operational health is determined not just by sales, but by how well policies stay in force.

- ✓ **Persistency Ratio:** Aim for high retention; better persistency means steady revenue and improved profitability.
- ✓ **Surrender Ratio:** Keep surrenders low by offering strong customer engagement, transparency, and value-driven plans.

5. Optimize Product & Channel Mix

A well-balanced portfolio ensures sustainable growth.

- ✓ Diversify across product types (term, ULIPs, endowment, pension) to cater to varying customer needs.
- ✓ Maintain an effective channel mix—digital, agency, bancassurance, and partner networks—to reduce dependency on any single channel.

6. Leverage Modern Planning Tools

Advanced planning solutions like REPLAN help insurers integrate operations, finance, and forecasting into a unified system.

- ✓ Improve visibility into key insurance metrics.
- ✓ Streamline financial planning and analysis (FP&A).
- ✓ Enhance strategic decision-making across the business.

7. Keep Customers at the Center

Strong customer experience drives retention and long-term profitability.

- ✓ Provide transparent product communication.
- ✓ Offer flexible options tailored to evolving life stages.
- ✓ Engage consistently through digital and human-assisted channels.



A Stronger Insurance Future Begins with Smarter Planning

Using the right metrics, tools, and decision frameworks allows insurers to design products that protect customers while ensuring sustainable business growth. A unified planning system—like REPLAN—supports operational efficiency and financial strength across the entire insurance value chain.