

# Auto dealers bank on new products to keep up footfalls

## Tie Up With Insurance Cos To Offer Life, Health Policies

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**Chennai:** With the automobile sector continuing to battle the slowdown, auto dealers are in a reinvention mode. Some companies are looking to cash in on their customer base and office space by adding life insurance and other solutions to their portfolio.

For instance, life insurance company IndiaFirst has tied up with close to 170 dealers across the country to sell its life insurance as well as health plans. "Many of them have a good customer database and have experience in selling motor insurance. We wanted to leverage on that experience and network," Kamalakar Sai Palavala, director, sales, IndiaFirst Life Insurance said. Through this tie-up, IndiaFirst has been able to sell close to 3,500 policies every month with the cover size ranging from Rs 1-3 lakh and premiums averaging around Rs 1,000.

While sale of automobiles would continue to be the mainstay of dealers, many say that such tie-ups help maintain visibility of the brand and dealer network in a downturn. With

### DIVERSIFYING SERVICES



► Insurance company IndiaFirst has tied up with close to 170 dealers across the country and has been able to sell 3,500 policies every month through this route

► Many dealers already offer financing and motor insurance services

► Some other dealers are looking to provide end-to-end motoring solutions such as used car sales and car hiring

low walks-in and lower conversion rates, such cross-selling also helps create a buzz in the market.

"Automobile sales have been on a slump over the last eight months. Though we were not convinced initially as this offer came in the midst of our cost-cutting initiatives, it has complemented our auto insurance business," Mohammed Shah Jahan, training manager of Popular Vehicles and Services (Maruti Suzuki car dealers) which sells IndiaFirst's products said. The company now sells close to 300 policies a month in Chennai with the life cover size ranging from Rs 1-3

lakh and premiums between Rs 700 to Rs 800 per policy.

Car dealerships typically offer financial services like motor insurance and financing options to its customers. U Venkatesh, MD, Kun which, apart from owning Kun Hyundai, also handles five different automobile brands, said, "Financing and motor insurance are part of the overall sales package in car dealerships because customers walking in to buy cars need funding and insurance."

While some dealerships are looking to expand that financial service footprint into other areas like life insurance, there

is considerable scepticism over other diversification options like real estate. "I am not sure automobile dealers have the bandwidth to get into real estate even though their customers offer a ready data base of potential customers," said a top Chennai-based dealer. Auto financiers, for their part, say it is an obvious extension of services to expand motor insurance and auto financing options to include life insurance as well.

Ramkay TVS sold close to 100 life insurance policies in the last two months. "The one lakh policy has been the most popular selling policy with the premiums ranging from Rs 400 to Rs 500 per policy," Lakshmanan K, manager sales, Ramkay TVS said.

Some others like Lanson Toyota are looking to provide complete end to end motoring solutions for their customers. "The focus is now on selling a comprehensive motoring solution package to our customers that includes use car sales, car hiring. Through this, we would like to keep our relationship going with customers," M Lankalingam, chairman and managing director, Lanson Toyota said.