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Canara HSBC Life Insurance CFO on 2023 demand trends and regulation landscape

Tarun Rustagi, Chief Financial Officer of Canara HSBC Life Insurance elaborates on how 2023 shaped customer behaviour and how the regulations shaped the industry



The Insurance Regulatory and Development Authority of India (IRDAI) rolled out game-changing regulations this year including the recent draft product rules, expenses of management, and payment of commissions regulations.

Canara HSBC Life Insurance CFO Tarun Rustagi takes us through the impact of these regulations and how customer behaviour is shaping the response from the insurance industry.

From the insurance industry perspective and the customers, the changes that have happened in 2023 are helping the industry to recreate its image, Rustagi said.

“The regulatory changes have been progressive, in line with increasing penetration and are reshaping the insurance industry. Most of them have enabled insurance companies to decide what they want to do in terms of self-regulation and enabled the internal teams and the boards to bring changes to the product reducing time to market,” Rustagi said. He also said that there can be some short-term impact in changing the business model and strategy but long-term impact will be beneficial for the industry and customers.

The only miss in 2023 was the withdrawal of tax benefits on maturity proceeds of traditional endowment policies with aggregate annual premiums over Rs 5 lakh in the Union Budget 2023-24, Rustagi said. “Capping the premium has some impact and restricts people who can afford large ticket sizes,” he said.

Customer preference shifts in 2023

Rustagi shared three shifts in customer demand in 2023. The shift from long-term policy to short-term policy; a combination product that covers the savings and investment needs of the customers; alert and aware customers keeping companies on their toes.

“In the last 2-3 years demand has shifted from long-term to short-term products. Earlier the average policy term was upwards of seven years and now the average ask is five years to seven years,” Rustagi said.

On the other hand, while COVID-19 revamped the mindset of people, insurance customers became more aware in terms of health insurance. However, for life insurance needs it didn't do enough. It was highlighted that the mindset is moving towards the investment side more. “They (customers) are requiring life insurance plus investment. In 2023 combination products are in demand,” he said.

According to Rustagi the trend that emerged in 2023 was a combination product where the savings part is protected, and the equity part will be market-linked. Thirdly, customers are becoming more aware, alert and demanding on the services side in terms of reaching out to grievances, and complaints on social media. This, in turn, is making companies more prepared and cautious.

“The customers are keeping us on our toes, they do not expect inferior policies as they have visibility and comparison of multiple products through various means. And they compare various features and outcomes and need equal services. Additionally, STPs (straight-to-process policies) have also increased, where they need faster actions and closure,” he said.

Link: <https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/canara-hsbc-life-insurance-cfo-on-2023-demand-trends-and-regulation-landscape/106336119>
