

'Awareness post Covid high, but no surge in biz as several sectors are facing challenges'

AS ECONOMY has started recovering, insurance companies have seen a rise in demand. ANUJ MATHUR, MD & CEO, Canara HSBC Oriental Bank of Commerce Life Insurance, told SANDEEP SINGH that while awareness has increased because of the Covid pandemic, it may not translate into an immediate surge in demand as several sectors are still under stress and affordability has been hit. He further said that he expects that the Irdai's Saral Bima Yojana will be a success and its simplicity will attract people. Edited excerpts:

How do you see business recovery?

It is recovering. While panic buying is not there now, people are buying because of higher awareness. We are also seeing good traction for investment products, too, as the interest rates have gone down and there are few options available for the long term that are offering good return. People are realising that a 5-5.5 per cent tax-free return over a period of time is attractive in current times and so they are looking at them.

Did the pandemic help enhance awareness levels and rise in business?

The awareness is high but that may not translate into immediate surge in business as several sectors including MSMEs are still impacted and people have seen decline in their income levels. It will take some time for restoration. So, while awareness has gone up, people should have free cash flows to buy and it will rise with improvement in affordability.

Irdai came up with Saral Bima Yojana. What role will it play?

As of now, the products are not available and almost all insurance companies are waiting for regulatory approval to launch their products and we expect it to come soon. Its launch date was January 1, but the regulator had some queries and observations.

There are several reasons that



Anuj Mathur

could make it a success. Like PM Jeevan Jyoti Bima Yojana, it is a pure protection product. While the amount is capped at Rs 2 lakh in case of PMJJY, if someone is looking at Rs 20-25 lakh cover then this will come very handy. It will be a fully underwritten product so the application will be followed by some requirements including medical. I think that the simplicity of the product will attract people.

Is there any pressure because of pandemic claims?

Claims have gone up, but not exponentially and are not alarming. Claims are now going down in line with decline in new cases and mortality.

How do you see the interest rate movement for India?

Fortunately, the country that we are in, there is a great opportunity. It is consumption-led and I don't think there will be a situation where businesses would not need capital. So, I don't think we will ever get into a scenario where the interest rate will be zero or 1. As manufacturing activity rises, demand for funds will also go up.

Though interest rates in India have come down by 3-4 percentage points over the last five years, they have not gone below sub-5

levels. While it is very difficult to predict rates beyond 2-3 years, but I don't think over the next 3-5 years the interest rates will go sub-5 per cent.

How do you see retirement as a theme for future? And with rates going down, how could it impact?

I am very bullish on pension and that is one market that I think would explode. Longevity is increasing it is a key reason for retirement products going up. Interest rates going down will also help. As longevity rises, people will have to save more as post-retirement life may be equal to the working life. I think the need for annuities will go up.

I don't think we will get impacted as we do a very close asset liability management. As an insurance company we can invest for really long term and if you take a 30 years term plan, we can invest for that long. Also, from time to time the products are repriced in line with interest rate movement and we also hedge our positions.

How has consumer behaviour changed?

The new model is digital but physical also plays an important role. They want to talk to an advisor and understand as insurance products are a bit complicated. The phygital mode is now going to play a dominant role because several things need to be explained and face to face or voice interaction is required.

One good aspect is that people have got used to digital modes and while online channels existed, the penetration was low and it is rising now.

What would you like to see in the Budget from economy's point of view?

While the government has helped in boosting consumption, we expect to see some steps in the Budget, too, so that it lifts demand. Infrastructure spending will be key as that provides mass employment.