

Canara HSBC OBC Life aims for 1 mn customers by 2020

Aims for digital integration with partner banks

According to the IRDAI data, first year premiums for the life insurance industry stood at ₹1.93 trillion in 2017-18, with a y/y growth of around 11%. In terms of individual policies, the individual annual premium equivalent (APE) grew 19% to ₹63,470 crore in the last fiscal.

PROFITABLE GROWTH

The Canara HSBC Oriental Bank of Commerce Life Insurance's overall APE grew by 11% in the first half of the current FY over previous year against the industry growth of 5% as per IRDAI's new business report). The company's retail APE grew by 10% over previous year, which is in line with industry growth. The company has taken various strategic initiatives during the year to progress on the growth path. Anuj Mathur, MD & CEO, reveals: "The growth this year mainly comes from the non-metros as we penetrated further into the tier 2 & 3 markets. We are steadily moving towards achieving cumulative break-even of our company and aspire to follow the profitable growth trajectory in FY19."

CUSTOMER CENTRIC PRODUCTS

The company has introduced many new and innovative products in 2018-19 in line with the changing dynamics of the market. During the current year, as per its insight into customer needs and preferences, the company has launched its first health product 'Health First Plan' which also marks its foray into health space. Mathur claims: "It's a unique 3-in-1 plan which provides fixed benefit coverage for cancer, heart diseases and other critical illnesses. The product has an option to pay regular monthly income in case you're impacted by major cancer or heart disease or critical illnesses."

It has also launched 'Invest 4G', a highly cost-efficient online unit-linked plan with no allocation or administration charges. Mathur adds: "It also has feature of return of mortality charges as an option, in addition to wealth boosters and loyalty



Anuj Mathur claims that their persistency rates across various buckets have improved significantly indicating effectiveness of bancassurance model

additions to your fund." Apart from this, 'Guaranteed Savings' plan, and 'Titanium Plus' plan have also been launched.

Mathur says: "We have aligned our distribution strategy to focus on the higher penetration through mass market products like POS Easy Bima (Point of Sale product). We strongly believe that while designing and developing an insurance product, customer needs and long-term value creation are utmost important things and that is what we aim for with each product. Through the distribution of our partner banks, we are able to reach out to the vast opportunity available in the rural market."

RURAL PENETRATION

The company has been aggressively looking at enhancing its portfolio of products and partners to cater to maximum number of rural people. The insurance industry is changing its dynamics rapidly and the

company understands the business potential tier 2, 3 & 4 markets contain in today's time. Pradhan Mantri Jeevan Jyoti Bima Yojna is also helping it penetrate into tier 2 & 3 markets aggressively. Mathur explains: "We have strong tie-ups with NBFCs as well as regional rural banks such as Pragathi Krishna Gramin Bank and Kerala Gramin Bank to increase our penetration and make our products available to rural customers. The number of rural policies issued by us is 29% of the total volumes that have been done in the H1FY19. Our focus is also to develop products customized to the requirements of the rural markets. We have also launched POS Easy Bima, a low-cost product which provides protection along with return of premium to cater to the untapped rural segment."

MARKETING, PROMOTIONS

The company's marketing strategy has based on a 2-prong approach. First, making the company's brand, lineage and its solutions visible in the category through mass media campaigns on television, print, digital and social media platforms. Considering the product category is meant for immediate family, the campaigns intend to make the brand, its brand promise and product solutions reach households across the country. The company has come out with its brand campaign based on television commercials and supported by a massive campaign on digital and social media platforms to maximize outreach. Second, being primarily a bancassurer, a substantial focus is on empowering the licensed branch staff to provide effective life insurance solutions to their customers by providing visibility in and around the bank branch, through simple and easy to use sales aids.

The company also has launched a massive activation and outreach campaign 'meformycity' to engage audience at large across India for being socially responsible and contribute to a larger cause. The campaign intends to make Indian cities clean and

beautiful through making graffiti on its walls depicting Indian culture and heritage.

Mathur informs: "In the last 2 years, our effort has been to create brand recall and maximize the reach to the masses across the country. We have ideated a unique initiative 'meformycity' in our bid to stand by our brand essence 'aapke vaade sar aankhon par'. The initiative has already seen participation and support from more than 15,000 people across 4 cities. In its current form, the initiative intends to go to 4 more cities by the end of financial year, urging people to beautify their cities through graffiti art."

Bulk of the company's sales happens through its extensive distribution network and hence providing collaterals in simple and effective language is a pre-requisite. Mathur adds: "We develop a plethora of product collaterals from flyers to banners

and different sales literature having different objectives. While a flyer has all product features and benefits upfront for the sales person and the consumer to grab, a banner communicates the key product highlight. All our sales collaterals are translated into all regional languages to increase the understanding within the user group."

COMPETITIVE BENCHMARK

The company has an efficient operating model and hence it is able to provide very competitive products to its customers. The company aims to provide competitive products and seamless service experience to its customers, leveraging on technology to enhance the customer experience. Mathur claims: "Independent comparison reports and websites have shown that our products are best in class, e.g. iSelect term plan is the lowest cost term plan in the market for our

target segment. Similarly, Invest 4G is the most cost efficient unit-linked product as per market leading web aggregator. All of our products are tested at design stage itself and benchmarked with the market to be in the top quartile with respect to customer value. We regularly track customer service measures and persistency of our policies which are good reflection of our high-quality operating model."

BANCASSURANCE SUCCESS

The company has a pan-India network of over 10,000 branches of Canara Bank, HSBC and Oriental Bank of Commerce and its other partners. By selling through the banks' branches and through seamlessly integrated systems and processes to reduce costs, the company aims to pass on the savings to customers. The company has been following a bancassurance led model since inception and it has been successful in growing the bancassurance business with active support from its partner banks. Mathur updates: "We have achieved growth in our new business premium in WPI terms at the rate of 36% (CAGR) in the last 3 years. Our persistency rates across various buckets have also improved significantly indicating that the bancassurance model is effective and sustainable way of business growth while maintaining good sales quality and effective customer engagement."

TARGETS, EXPANSION PLANS

The company achieved 36% CAGR growth from 2014-15 to 2017-18 in the past and its immediate plan will be to sustain the momentum. The partner banks have a very wide branch network and a large customer base. Its focus is to deliver wider insurance penetration. Mathur reveals: "Our vision is to have 1 million customers on-board by the year 2020. We have aggressive growth plans to reach out to these customers with new products catering to their needs. We are working towards strengthening our digital and physical channels to reach out to customers in tier 2 & 3 cities. We are exploring various avenues wherein we can digitally integrate with our partner banks to make life insurance a part of their product offerings for the customers."

IT Initiatives

It has been one of the first life insurance companies to introduce the concept of e-applications way back in 2008. The company continues to embrace newer technologies to drive efficiency and productivity in its processes, enabling process simplification and continued enhancement to customer experience and delight. Some of the initiatives include: chatbots to further supplement its wide array of servicing avenues; video calls-based servicing offering an interactive and visual experience to ameliorate customer experience; tablet-based sales process including automated financial need assessment to offer a seamless and integrated paperless on-boarding and servicing experience to its customer and connecting its wide distribution network. Says Mathur: "We have IVR servicing solutions offering varied self servicing options to our customers; customized product offerings for digital customer segment across the product suite of traditional, unit linked and health offerings as well as enhancement of payment avenues through introduction of newer digital payment options like mobile wallets, UPI, e-mandate etc."

The company continues to invest in augmentation of the existing technology stack and applications to support business and thereby providing the necessary impetus to efficiency and productivity in processes and systems. The company also continues its journey to explore and adopt newer advancements in insurtech space encompassing artificial intelligence, robotic process automation, etc. Mathur adds: "We plan to launch the same in the near future. The company continues to partner with some of the best-known IT hardware and software providers in IT space. The digital market is growing and we have taken initial steps of scaling up our infrastructure to cater to this very different set of customers and market. We have laid down a roadmap to promote the brand and products on various digital platforms."

The rise of social media and digital marketing has given access to all marketers in experimenting with much innovative and diverse content. The company's approach is to create different content buckets for different media platforms. Mathur explains: "As an 'Always On' approach, we are segregating our communication through brand communication capturing awareness and emotional aspects, product communication capturing direct and transactional aspects and casual communication capturing fun and engagement aspects, thus reaching out to diverse consumer mindsets."

mehul@bankingfrontiers.com