



**Interview Feature- Anuj Mathur is the Managing  
Director and Chief Executive Officer (MD &  
CEO) of Canara HSBC Life Insurance**

# Online

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## Canara HSBC Life to maintain tech spend at 10%, bets on AI, Cloud for efficiency gains



Canara HSBC Life will get listed on stock market on October 17, the IPO opened on Oct 10, hear CEO Anuj Mathur and CFO Tarun Rustagi on, What are the post-IPO priorities for Canara HSBC Life after its October 10 listing? How will the insurer manage margins under the new GST regime? Which products and tech investments will drive growth? And how is capital adequacy and long-term value for investors being looked at?

Private insurer Canara HSBC Life which is set to get listed on October 17, says margin pressure in business to be countered through cost rationalisation, product realignment, and expansion in Group Credit Life and absolute value of new business (VNB). “While there could be some near-term pain, the increase in business should absorb the initial impact,” Anuj Mathur, MD & CEO, Canara HSBC Life Insurance told ETBFSI.

CFO Tarun Rustagi said that Group Credit Life, one of the company’s strongest product lines, is one area they are already aggressive on. “Group Credit Life is a very strong business for us, every incremental sale from our partner banks directly adds to our margins. As Canara Bank and HSBC disburse more loans, the protection products we offer become a natural extension, a segment provides both scale and resilience.”

Insurer's 100 per cent OFS (Offer for Sale) IPO size is approximately Rs 2,517.50 crore, with 23.75 crore equity shares being sold by the promoters and existing shareholders. It offered shares at Rs 100 - Rs 106 each, aiming for a Rs 10,000 crore valuation. On Day 1 (Oct 10), the issue was subscribed 9 per cent.

Edited Excerpts:

Q: What are your priorities after the IPO?

Anuj Mathur: Our biggest competitive advantage is the bancassurance model, which has done really well in the past 17 years. Going forward, this will remain core to our strategy. We are deepening penetration across partner banks and have just launched our agency channel, which we will scale in phases.

Canara Bank's presence across nearly 9,800 branches, many in Tier-3 and Tier-4 cities, gives us huge reach. We have access to about 15,700 bank branches across partner banks, so the next phase of growth will come from smaller towns.

Q: Since it's a pure offer-for-sale IPO, how will you fund growth going forward?

Mathur: Our financial position is very strong. Profitability and internal accruals are sufficient to fund strategic initiatives. Our solvency ratio is close to 200%, against the 150% minimum, giving us enough headroom.

If required, we can raise supported debt, as we currently have no borrowings on the balance sheet. Capital has never been a constraint and will not be in the near future.

Q: How are you managing margins after the GST exemption?

Rustagi: We are taking multiple steps, cost rationalisation, product mix adjustments, and expanding group credit life, which is very strong for us. This business, linked to bank loans from Canara Bank and HSBC, will help absorb margin pressure.

We may also rationalise some commission costs, but our aim is to pass the full GST benefit to customers. Overall, while there's some immediate impact, it will normalise within 3–6 months as growth and cost actions take effect.

Mathur: Our total cost ratio, operating expenses plus commissions, is about 18 per cent, one of the lowest in the industry. With lower costs, the impact of GST is also lower.

Rustagi: If you increase your topline through expansion, your absolute VNB is automatically protected. The percentage might drop, but your valuation doesn't get impacted. Three to six months down the line, you'll see the impact minimised

Q: How comfortable are you on capital adequacy and solvency getting impacted due to GST changes?

Rustagi: We are comfortably above 200 per cent solvency. Even under stress scenarios, we remain well above our regulatory threshold of 150 per cent. Product mix changes will also help maintain that buffer.

Q: What drives growth in your product portfolio now?

Mathur: Our portfolio is well-diversified. Around 55–60 per cent of our mix is traditional products, which perform better in Tier-2 and Tier-3 markets. ULIPs (Unit-Linked Insurance Plan) accounted for a higher share last year but are moderating again.

Rustagi: Protection products are back in focus after GST, as they've become more affordable. We're also watching for the composite licence framework, if introduced, it will open new product lines such as health.

**Q:** What are your tech investments currently? How is AI being deployed?

Mathur: Around 9–10 per cent of our OpEx goes into IT (Information Technology), higher than peers. Over 80 per cent of our applications are on cloud, and 88 per cent of customer transactions are now self-service through our app.

AI has streamlined underwriting and marketing, improving turnaround and persistency. Our Net Promoter Score (NPS) has risen from 35 in FY23 to 75 now (FY25).

Rustagi: As newer tech replaces older stacks, our cost mix is shifting from infrastructure to AI and cloud expenditure. These initiatives are already delivering 8–10 per cent efficiency gains, which we track through measurable outcomes.

**Q:** What are your biggest costs and risks ahead?

Rustagi: Employee costs remain our largest spend, and we see them as investment, not expense. Optimisation will come from automating transactional processes, reducing development costs, and improving speed.

**Q:** Any message for investors post-listing?

Mathur: Insurance valuations are based on price-to-embedded-value (EV), not P/E or EPS (Earnings Per Share). Our IPO was priced at about 1.6 times EV, comparable with other listed peers. We're confident of delivering long-term value through growth, solvency, and consistent profitability.

**Link:** <https://bfsi.economictimes.indiatimes.com/articles/canara-hsbc-life-to-expand-group-credit-life-business-and-enhance-tech-efficiency-to-mitigate-gst-impact/124506240#:~:text=Mathur%3A%20Around%209%E2%80%9310%20per,marketing%2C%20improving%20turnaround%20and%20persistency>