

Canara HSBC OBC

Life to focus on bank partners

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Canara HSBC Oriental Bank of Commerce Life Insurance, the only insurance company in the country that does not have agents, will continue to focus on the bancassurance channel.

Bancassurance means selling insurance products through bank branches.

The company's CEO John Holden said the firm sells only through the three banks — Canara Bank, HSBC and Oriental Bank of Commerce (OBC) — and that it has no plans to set up an insurance agency channel. "Insurance agency channel, as a mode of distribution, is expensive. Since we have strong bank partners whose entire branch network we are yet to penetrate, we would concentrate on that channel," he said.

Notably, many other bank-led insurance companies use the agency channel to sell insurance policies to customers. The life insurer has about 7,000 branches of OBC, Canara Bank and HSBC with a

60 million customer base that can be tapped. Notably, on Wednesday, the insurer launched e-integration in bancassurance with CHOICeNET, a portal embedded with the partner banks' intranet, which allows bank employees to provide end-to-end information for their customers' life insurance policies.

The company has already implemented several online facilities within its customer portal for net-savvy customers of all the three banks.

CHOICeNET allows bank staff to see insurance policy details of customers and track the progress of applications real-time during the application process as well as after the policy has gone in-force.

According to Holden, the bancassurance model has lower operating costs and the savings on costs are passed on to the customers in the form of value-for-money products. He

said integrating systems with the partnering banks through CHOICeNET would ensure excellent service standards to customers and relevant information to banks' branch- and circle-level staff.

In six years, the company has ensured that every branch of partnering banks is activated and policies are sold in all

branches. The company achieved statutory break-even in the fifth year of operations owing to its bancassurance business model. Holden said this led to a lean cost structure, strong persistency levels

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and superior underwriting process. The insurer's business in terms of gross written premium stands at ₹8,882.7 crore for 462,040 policies. Between April and August 2014, the insurance company covered 25,000 lives among the EWS (economically weaker section) segment. In FY14, it covered 56,000 lives against the mandated target of 25,000.