

Canara HSBC Life Insurance keen to ride smartphone wave

Eyes at least 25 per cent of new business revenues from digital channel by 2020

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Canara HSBC Oriental Bank of Commerce Life Insurance (CHOICE) is betting big on digital and expects this channel to account for at least 25 per cent of its new business premium (retail individuals) by 2020, a top official said.

Digital channel accounted for a "minuscule" share of its new business premium of ₹450 crore recorded in 2015-16.

"Digital-channel contribution will be minuscule this year, too. Next year, we expect it to be 10 per cent, and 25 per cent by 2020. Thanks to digital, life insurance will become a pull product. We are now banking big on digital, especially smartphones," Anuj Mathur, Chief Executive Officer, CHOICE, told *BusinessLine* in an interview.

The life insurer, which started its journey in 2008, is also hope-

ful of breaking into the top eight of the industry listing in the next two years on the back of growth in digital channel and expansion of bancassurance.

For its next wave of growth, CHOICE is positioning itself to leverage the expected exponential growth in smartphones in the country, Mathur said.

A BCG-Google report in July projected that \$500 billion will flow through digital payments in India by 2020.

Currently, 24 crore consumers use smartphones in India. This base is projected to increase to 52 crore by 2020, according to this report. Mathur said CHOICE will expand focus on Tier III and IV

cities this fiscal. "The next wave of growth for smartphones will come from Tier III and IV cities."

Currently, the total number of branches forming part of the three banks — Canara Bank, OBC and HSBC — stands at 8,300. "Our total activation level is 90 per cent. We are actively selling our products in 3,400 branches. This will go up as we scale up our focus on Tier III and IV cities," Mathur added.

Capital raising

Mathur made it clear that CHOICE is not looking to raise any capital for the next two years. "We have not called for capital in the last four years. For the growth plans we have, funding will be out of internal accruals. We

don't need fresh capital."

In the quarter ended June, CHOICE recorded new business premium (retail) growth of 25 per cent on a year-on-year basis, as against industry growth of 14 per cent. Bottom-line grew 10 per cent for the June quarter.

For the entire 2016-17, CHOICE is eyeing a new business premium of ₹600 crore, a 33 per cent increase over ₹450 crore recorded in 2015-16. In one year, Mathur sees proportion between traditional and ULIPs (Unit Linked Insurance Plans) coming to 50:50 level. Currently, the mix is 35 per cent traditional and 65 per cent ULIPs. "We go by customer needs. The customer needs are tilting demand towards traditional."

Since April, CHOICE has launched five products; the sixth product (Child Plan) will be launched on September 5. Four of these six products are traditional ones.



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ANUJ MATHUR
CEO, Canara HSBC Oriental
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