

Canara HSBC Life to shift focus to tier III, IV cities

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Canara HSBC Oriental Bank of Commerce Life Insurance Company, which has taken the bancassurance route to improve profits, now plans to focus on tier-III and tier-IV cities to grow its business.

Anuj Mathur, chief executive officer of the company, said, “We have done well through our bancassurance model. Our penetration has increased in the past three years and we are now entering tier-III and tier-IV cities. Our traditional insurance plans in the product mix will

continue to increase, as customers in these areas are typically risk-averse.”

For FY18, net profit grew 51 per cent year-on-year to ₹1.68 billion, with gross premiums rising 21 per cent to ₹27.8 billion. “Growth comes from two areas, one is bancassurance and the other is digital. While the latter is relatively small, we believe it will play a huge role in our growth. Because banks are our primary distributors as well, we have seen a 34 per cent growth in individual new business premium, mainly coming from bank customers,” he said.

The introduction of

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) — with the premium rate set by the government so that everyday people can purchase an insurance cover for the assured sum of ₹200,000 — has introduced a new ‘affordable’ segment of products in the life insurance market.

With three banks as its promoters, bancassurance is bringing in business. Around 1.35 million Canara Bank customers have been brought on board in PMJJBY and another 450,000 Oriental Bank of Commerce customers will be on-boarded for the current year.