

Business to pick-up in second half while guided digital sales to pick up: Canara HSBC OBC Life Insurance

Life Insurers' businesses have been impacted due to lockdown as they've been reliant on face-to-face model of selling and banca tie-ups. Anuj Mathur, MD & CEO, Canara HSBC OBC Life Insurance shares his perspectives on business impact, PSU bank amalgamation outcomes, and emerging risks.

Ishan ShahETBFSIUpdated: June 02, 2020, 17:37 IST

In an insightful interaction with ETBFSI, Anuj Mathur, MD & CEO, Canara HSBC OBC Life Insurance shared his understanding and outlook for the life insurance industry; that why a banca-led model needs a guided digital approach towards sales. He also spoke about the emerging risks in the industry and their approach towards underwriting and frauds. Edited Excerpts:



Anuj Mathur, MD & CEO, Canara HSBC OBC Life Insurance

Q. How's the outlook for the insurance industry amidst pandemic?

Anuj Mathur: Insurers are trying to develop non face-to-face selling (model) because insurance as a product is sold and it requires a lot of conversation and interaction with customers and now that bit has been a problem. Business has been impacted and most of the players including us have found digital ways of doing business. If you ask me whether we are back to normal — no, we're not back to normal and won't be back to normal soon. And the overall situation will depend on how the lockdown opens up or continues.

At Least for next three months business will remain impacted and there onwards depending on overall economic activity and how the sector opens up. We may see some kind of off-take because

one thing is that awareness in people has gone up because never in life people have seen this kind of uncertainty.

Insurance is looked at positively during uncertain times. The problem right now is affordability also because as a wider economy is impacted and the disposable income of the people is impacted which obviously impacts the ability to pay premiums and the ability to save.

These are the multiple factors impacting business. My take is at least next three months or till August end the business will remain impacted and there onwards we may pick up. Also, if you see insurance business typically happens in the second part of the year where we could see normalcy to return.

Q. How does the distribution between digital and banca look like?

Anuj Mathur: Primarily the business comes from face-to-face selling only because we've got three share holder banks and majority of business comes through them. We also have a digital channel through which we sell protection policy as the ticket size is low.

So the number of policies being sold on digital channels is significant and as of now in terms of premium it is still not a very big number and contributes less than 10%.

And we've developed a non-face-to-face process where we reach out to bank customers and share the product feature and then through the bank website the overall proposal is completed that is a digital guided mode.

Going ahead there will be a pure digital and a guided digital mode of distribution.

Q. What developments have taken place with respect to the PSU Bank merger?

Anuj Mathur: Overall the amalgamation of PSU Banks' is a positive for us, unfortunately what happened is the amalgamation was to happen from 1st April onwards and we were in the lockdown situation.

In the long run it is going to be a key enabler for the business but in the short term we've not seen any visible impact and it will be seen once the Covid-19 situation fades out.

We see good business growth coming from the three shareholder banks and definitely more branches will be accessible to us which will be a positive for us.

Q. Do you intend to customize products?

Anuj Mathur: On the product side, we are actually planning to launch a group affinity product which will be a low ticket size product for our banca customers.

Primarily we are a banca company so our customer base is potentially huge from these banks. Currently we are working on that proposition which will give access to bank customers at a very low cost of pure protection and will be launching this product very soon.

Q. What is your approach towards underwriting and frauds?

Anuj Mathur: We have a strong governance framework basis which we profile customers on a regular basis and now due to Covid induced lockdown the medical centres are functioning in a

limited manner and customers are also reluctant to go to these medical centres for tests which at times is prerequisite for policy.

We've activated Tele-Mer where we call the customer on the phone for a telephonic medical examination report. Instead of asking the customers to come to medical centres we call them up and then make the doctors call them with a certain set of questions basis which we assess our customers' health and affordability part as well.

I don't see a heightened risk environment due to Covid as our customers are from banks where the risk of anti-selection is less.

Q. What are the emerging risks you see?

Anuj Mathur: One thing which is relevant for the insurance industry is the interest rate environment as the premiums are invested and in a declining interest rate scenario it becomes very important for any insurer to hedge the exposure. Our contracts are long-term in nature as typically the policy term is between 10 and 20 years, hence we use hedging very effectively to protect these exposures.

Interest rate is one risk which we carry and we are mitigating through various measures.

Over and above, I don't see any significant risk. As a company we've a healthy solvency ratio which is in excess of 350% that is a big advantage for us and we have been a profit-making company for the last six years.

Link:- <https://bfsi.economictimes.indiatimes.com/news/insurance/business-to-pick-up-in-second-half-while-guided-digital-sales-to-pick-up-canara-hsbc-life-ceo/76147976>