Outlook
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Canara HSBC OBC Life aims high double-digit growth this fiscal

Mumbai, Jun 24 (PTI) Canara HSBC OBC Life expects the amalgamation of its parents, coupled with the growing demand for protection policies amid the health emergency facing the nation, will help it log in high double-digit growth this fiscal year.

The company is a three-way joint venture between two public sector lenders - Canara Bank, which got merged with Syndicate Bank and Oriental Bank of Commerce that has been merged with Punjab National Bank, and the British lender HSBC.

Expectation of higher sales despite the ongoing difficulties due to the virus pandemic and better days ahead stems from the fact that Canara HSBC OBC Life nets over 90 per cent of its sales through bankassurance route and merger of its parents with larger banks will further increase its footprint and thus sales opportunities, says managing director and chief executive Anuj Mathur.

"Bankassurance sales should claw back to the previous high of 95 per cent or even higher given the massive boost to our parents" branch reach following the amalgamations," Mathur told PTI, adding the merger will increase the number of branches to more than 4,000 thus creating additional distribution channels.

This, he expects, coupled with the growing demand for protection plans along with the plans offering guaranteed returns should help log in high double-digit growth during the current fiscal and offset the poor numbers in the first half.

Mathur also sees sales inching back to normalcy from the second half having really lost the first quarter, barring the protection and guaranteed return plans as the economy begin to recover from the lockdown.

Meanwhile, Mathur expects better claim settlement this year on back of the already high 99.1 per cent claim settlement ratio in FY20, and the recently launched campaign offering under 24 hour settlement if the sum assured is under Rs 1 crore.

At this level of settlement in FY20, the company is among the top 5 in higher claim settlements, he claimed.

"In FY20, we settled as much as 99.1 per cent claims. Our target is to further improve it. While the overall settlement ratio is 99.1 per cent, in retail this was only 98.12 per cent and we want to take this to above 99 per cent as well this year," Mathur said.

He said the company is not looking for capital from the parents as it has been making profits since 2012 and has a strong 355 percent solvency ratio, as the company did not suffer any loss from the market rout in the March quarter due to the worries arising from the pandemic.

During the past fiscal, its gross written premium rose 13 per cent to Rs 3,943 crore of which retail constituted 65 per cent and was primarily driven by guarantee and protection plans. Its embedded value stood at Rs 2,907 crore up 13 per cent over FY19.

Despite the Covid-driven troubles and loss/reduction inÂ income for many, the company could see almost 81 per cent persistency and renewals.

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