In Conversation: Anuj Mathur, CEO, Canara HSBC OBC Life Insurance Company

‘We have right products to sell to the right customers’

A joint venture between two largest public sector banks - Canara Bank (holding 51%) and Oriental Bank of Commerce (holding 23%) - and HSBC Insurance (Asia Pacific) Limited (holding 26%), Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited is completing a decade in insurance business this year. In an interaction with **Uma Kannan** of *DH*, **Anuj Mathur**, CEO of the company, says insurance should never be a push product, instead people should come and buy this for their own sake and protection. Excerpts:

Anuj Mathur

Tell us about your tie up with Can Fin Homes

Can Fin Homes is a listed company and Canara Bank is a shareholder in it. Earlier, we were distributing credit life products for their home loans. We were providing protection to their home loan customers, and now we have signed a distribution agreement for other products.

So it is a wider engagement now. We are very hopeful that with this tie up, we will be able to further penetrate to the south Indian market, and other places where Can Fin Homes is present.

What are your expansion plans? How do you plan to expand in south?

As a company, we have strong presence in south. Canara Bank is a very well known bank here. We have a few tie ups in south with Dhanlaxmi Bank and two regional rural banks, so we have very good penetration through these banks, and south will remain the key market for us.

Our traditional products that we have launched in the last six months have got very good response from the south and west regions, and we will continue to focus on that. Canara and OBC Banks together have 9,000 branches across India, and so we have a distribution network that is available to us.

Now we are ensuring that even small branches of these banks have the products available. Recently, we launched POS product (Point of sale) which we feel that smaller bank branches will be able to sell because of its pure term protection plan and low ticket size.

How many products do you offer at present?

If we include the individual (22 products) as well as the group products, we offer 29.

How do you plan to capture the rural market? Are you strong in that market?

Our model is such that we don't have to restrict ourselves only to the metros. Canara and OBC banks have branches all over and virtually cover all across the country.

Now we have increased our focus to Tier-II and Tier-III cities since metro cities are already aware of protection plans, we believe the potential will come from these cities.

Our POS product is ideally suitable for the regional market. It is term return of premium so customers are comfortable when they get their money back and they have their sum assured with very low premium.

So this product along with the reach which we have from these two banks will provide us penetration to the Tier-II and III cities.

The advantage of Bancassurance model is that we don't have to open up branch for selling products. With traditional products launched in the last six months - Jeevan Nivesh, Smart Stage Money Back Plan and POS, we have right products to sell to the right customers.

What are the challenges in this industry?

The biggest challenge is customer awareness. Though it is increasing now, awareness in the rural market is still low and that is something that the industry has to work really hard. Insurance should never be a push product; people should come and buy this for their own sake and protection.

How are you looking at the insurance market after demonetisation?

It's more than a year now and money is back into the monetary system. This, coupled with insurance awareness across all the financial sector, the need for saving products has increased and I think insurance industry is the biggest beneficiary of this.

Going forward, are you planning to go public?

We don't have requirement for capital. We are currently fully capitalised and our solvency is close to 400%, so we don't have need for the capital. Also, the decision rests in the hands of shareholders and as a company, we are profitable for the last five years.

What are your expectations from the Budget?

There are three things- GST rate, 80C and pension front. Currently, GST rate is 18% and service tax was 15%. So the industry has taken the hit. For instance, if you are paying Rs 100 premium, Rs 18 is loaded as tax. This is one area where I am expecting a bit of relaxation from the Finance Minister at this point.

Secondly, 80C is still capped at Rs 1.50 lakh. It has not increased for almost 10 to 15 years now. I hope the government will take it to Rs 5 lakh.

And on the pension front, currently when we sell annuity product, it is fully taxable.

Whatever one is getting back is also taxable. So not just the income, but they are taxing the premium that people are paying till the accumulation phase.

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