

News monitored for: Canara HSBC Life

INTERVIEW | ANUJ MATHUR

"AADHAAR, PAN TO HELP IN FASTER CLAIM SETTLEMENT"

From implementation of GST to adoption of new technologies, Anuj Mathur, Chief Executive Officer of Canara HSBC OBC Life, talks with Teena Jain Kaushal and Priyadarshini Maji on how the industry is bracing for changes

Photographs by VIVAN MEHRA

What has been the impact of GST on premiums?

Premiums have gone up marginally. On pure protection or term plans, the impact is 3 per cent, but if you look at traditional plans and ULIPs, the impact is not much. It is less than 1 per cent. It's because the service tax or GST is levied on the protection part, on the mortality premium. When you are paying the ULIP premium, a part of it is mortality charge and a part of it goes to the investment portion. There is no GST on the investment portion. The blended percentage is small. It is the same with the traditional plans, where one part of the premium is savings/investment, and the other covers risk. So, the impact there is less than 1-2 per cent.

What has been the impact on the financials of the company?

It is benefiting us through the input credit that is available to us now. It was available earlier also but not on all components. But now we are going to get full credit for whatever we buy. Passing it on to customers is not that simple because product pricing is governed by regulations. For future products, though, we can consider it, but this benefit is not much. In the long run, it has to happen, but we are not a commodity company that can immediately reflect the change and pass on the benefit to customers.

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What technologies are being adopted now for faster claim settlement?

Linkage of Aadhaar and PAN will help us in early claim settlement. For example, now, we struggle to establish the identity of the claimant and have to ask for various documents. But with online integration, if the person gives us his Aadhaar number, the process will be faster. That is true for issuance also. We are looking at the era, as and when it happens, when the entire process will be digitised. For example, if death certificates are digitised, we will not have to ask the customer to submit the death certificate. This is not possible at this point in time. Similarly, at the time of issuance, I will not have to ask the policyholder to give proof of identity or source of wealth. These things will be directly downloaded. So, if the customer gives us his or her Aadhaar number in the proposal form, we will not need any other document. The need for documentation is getting reduced. When the beneficiary submits the Aadhaar card, we will also be able to pull out the bank details. So, it will be easier to credit money as well. This is how it happens in the western world. In the long term, this is going to happen in India through linkage of Aadhaar, PAN and bank accounts. However, in the life insurance industry, the adoption of blockchain will take some time. Blockchain works very well when the entire system is integrated.

What is your view on the open architecture model? Why have not many banks adopted the model of partnership with three general, life and health companies on a single platform?

I think regulations have enabled it but it is not mandatory. I believe open architecture is not suitable for all banks because in insurance you have to invest in training, technology, service and various other things.



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ing, technology, service and various other things. So, when you have an open architecture model, it is not easy for bankers to understand. First of all, you will have multiple products and you will not be able to understand the nitty-gritty of those products. You might not be able to make the kind of investment that is required for training and customer servicing. This is the kind of response we have got from our shareholders. They will continue with the company and not get into open architecture.

There were reports about having similar rates for online and offline policies. What is your take on it?

There are clear IRDA regulations that you can't charge any commission for online policies. Online has to be cheaper because there is no cost of distribution. So, in life insurance, different prices are prescribed. Even mutual funds have both direct plans and plans bought through agents, which is absolutely fine. So, that's how the digital segment is going to grow. When people see value in the digital segment, they will automatically come. I think the difference in prices should remain.

How has been the year so far for the insurance industry?

The industry is doing well and according to the June numbers that were released recently by IRDA, the private sector has grown by 45 per cent in a month. I can see at least 25-30 per cent growth in the industry this financial year has come primarily through the banking channel. The bancassurance channel is growing by 35-40 per cent whereas the agency is growing by a slightly lower number. So, there is also a clear divide. ♦

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