Canara HSBC OBC Life Insurance aims at 30% growth

Canara HSBC OBC Life Insurance company has added 2500 trained licensed staff at partner banks' branches:

Canara HSBC Oriental Bank of Commerce Life Insurance Company is jointly owned by two of India's largest public sector banks - Canara Bank and Oriental Bank of Commerce (OBC) - and HSBC Insurance (Asia Pacific) Holdings, the Asian insurance arm of HSBC.

PAN INDIA GROWTH

The formidable distribution strength and in-depth local market knowledge of Canara Bank and Oriental Bank of Commerce, coupled with the insurance experience, product range and proven bancassurance capabilities of HSBC make the life insurance company an unparalleled union of financial strength and expertise. It has divided the distribution under 3 mega zones. Since the company is a dominant bancassurance player with over 9000 branches and a cumulative customer base of 60 million, the opportunity is immense.

Tarannum Hasib, director - Sales, says: "The average rate of growth as experienced for 2016-17 is 35%. We have a very strong presence in the tier 2&3 cities across Canara Bank and OBC, apart from the metros. The number of rural policies issued by our company is 19% of the total volumes that we have done in the first 3 quarters of 2016-17. Apart from launching products for this specific customer segment in these markets, we have also deployed specially trained sales force which would help in increasing the insurance penetration in this market."

ONLINE CUSTOMERS BENEFITED

The insurer has worked on providing very competitive rates to the online customers. This has led to significant reduction in the premium of the online term plan. Hasib gives an example: "The premium for a 25 year ₹1 crore insurance cover for a 30-year-old healthy male is now ₹5523 as compared to ₹7313 earlier - a reduction of 25%. We have recently launched our renewed online term proposition iSelect Term Plan."

Tarannum Hasib reveals that Canara HSBC OBC Life Insurance is in the process of developing an OTC product which would cater to rural market

PRODUCT INNOVATIONS

The company has been introducing new innovative and customer centric product features and the year 2016-17 has particularly been very good for the company. Hasib lists: "During 2016-17, we have launched 8 products to cater to customer needs spanning across retirement accumulation and guaranteed lifetime income, savings for child education, comprehensive protection through online and offline plans, savings for multiple needs through guaranteed endowment, and customized investment solution for high net worth individuals."

The products are Platinum Plus, iSelect Term Plan, Smart Junior, Assured Nivesh Smart Suraksha, Secure Bhavishya, iNVESTSHIELD Plan and Samridh Bhavishya. These have been launched keeping primary focus on customer needs. Hasib explains: "We strongly believe that while designing and developing an insurance product, customer need and long term value creation is of utmost important and that is what we aim for with each opportunity. Our new products launched have met with great success, and have collectively contributed 25% to the new business premium till February in 2016-17. One of our new ULIP products for HNIs (Platinum Plus) has surpassed 50% of our planned numbers for the year, within a few months of launch."

In Platinum Plus itself there have been many innovative features related to investment management of funds. The customer can choose from the different investment management options to manage and build on wealth in an optimal way, such as Systematic Transfer Option, Return Protector Option, Auto Fund Rebalancing, and Safety Switch option. There has been a very positive feedback from customers and distributors.

Hasib further says: "We have also introduced a new investment fund called India Multi Cap Fund, which aims to generate capital appreciation in the long term through equity investments by investing in a diversified portfolio of small, mid and large cap companies. We are in the process of developing an OTC product which would cater to rural market. Further, our new online term plan iSelect offers comprehensive protection through innovative features and benefits, for the customer to chose from."

CUSTOMER SATISFACTION

Customers are increasingly demanding and live in a connected world, where information is just a click away. The challenge at the bank's level is to engage with customers and get the opportunity for a meaningful conversation on financial planning and needs, which is the starting point of customer acquisition for insurance. Canara HSBC OBC Life Insurance Company has been working with its partner banks to address this through a) customer engagement initiatives and multiple awareness program, and b) defining products and processes which are simple and hassle-free.

The company runs a very transparent policy of treating customers fairly. Customer satisfaction is very important for it and the banks to make sure that the solutions which are offered to the customers are aligned to their needs. Hasib claims the company has a process of doing a pre-issuance validation call for its customers to ensure they have understood the product they are buying and get an opportunity to clarify any doubts. Sales concerns raised during the call and free look cancellations are parameters which the company monitors closely, as these reflect the gap, if any, at the point of sales, he adds.

The company is cognizant that an engaged customer is critical and hence it has a comprehensive engagement strategy which attempts to establish a constant communication with the customer through his policy cycle. This includes tactical initiatives like 'Each one Reach one' etc. Hasib adds: "Apart from this, we conduct a customer satisfaction study periodically to gauge the satisfaction levels through the product life cycle. The results are analyzed and process changes recommended accordingly. The 13th month lapse rate for our company is 23%. We are working diligently on this and various measures are being undertaken to improve the ratio."

MARKETING & PROMOTIONS

Being a pure bancassurance player, Canara HSBC OBC Life Insurance Company only sells to the customers of its partner banks through their branch networks. Its marketing strategies are focused on empowering the licensed branch staff by providing visibility in and around the bank branch, through simple and easy to use

sales aids. "We run 1000+ OOH screens at selected Canara and OBC bank branches. The screens are put at the prominent locations within the bank branch. It has helped us create an instant connect with the customers. During the year, we launched a campaign 'Sapnon Ki Tasveerien', in print and radio which is all about knowing life stage aspirations of our consumers and more importantly guiding them on how to fulfill these dreams," says Hasib.

Through this campaign, an attempt was made to increase awareness of its life insurance solutions and at the same time guiding prospective consumers towards a financially secure future.

For the coming financial year, the company's focus would be more on the digital world. "We are exploring various avenues wherein we can digitally integrate with our partner banks to make life insurance a part their product offerings for the customers," says Hasib.

ALTERNATE DISTRIBUTION

The company has been working on significant initiatives on the distribution front along with its banks - on how to use customer segmentation, closer integration with banks' systems and processes, and leveraging the non-branch customer interfaces of the bank for insurance distribution. Alternate channels are important since customers are increasingly supplementing or substituting face-to- face engagement in a branch setting with an omni channel experience which transcends contact centers, website, mobile banking, ATMs and social media platforms.

Says Hasib: "It is important for us to be where the bank customers are. We have added significant digital outreach capabilities in recent past and enhanced our presence on social media as well. We have developed segment focused propositions which are offered to customers, based on their identified needs. This has enabled us to enhance penetration across segments, both mass market and HNI."

The company has introduced tablet based sales model and distributor application for its partner banks sales staff wherein they have access to customer details.

REALIZING TARGETED GROWTH

The company is projecting a growth of more than 30% in new business premium in 2016-17. It started generating profits from the year 2012-13 and it is self-sufficient to fund for the projected business growth. Hasib, a chartered accountant, says that the company is targeting an equivalent growth rate in 2017-18 as well. The retention rates have significantly improved in 2016-17 and it is aspiring to follow the same growth trajectory in 2017-18.

MEDIUM TERM OUTLOOK

While the company will continue to focus on the metros, as a strategy for the tier 2&3 markets, it has prioritized the branches across these markets and has commenced a drive to increase its licensed branch staff across these branches. In 2016-17, it has added over 2500 licensed branch staff to ensure it has trained resources available at the branches.

Says Hasib: "We believe that insurance penetration in India is still in its infancy, and the level of life cover even for customers who have purchased insurance at any point of time is inadequate compared to their needs. Tier 2&3 cities in India are likely to show strong economic growth and we are well positioned for growth in these markets. Hence, we expect our business growth from these cities to be faster than overall average, particularly in geographies where our partner banks have a strong presence."

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