HSBC targets 50% year-on-year growth of new business premium in Jan-March

To push its ambitious sales targets, HSBC OBC Life Insurance Company has more than doubled its sales and support staff, Anuj Mathur, chief executive officer of the private sector insurer, told **Manojit Saha** in an interview.

What kind of growth in new business premium you are expecting in the last quarter of the current financial year?

The life insurance industry has grown by 18 to 20 per cent in the first nine months of the current financial year. Our growth during the period was about 10 per cent.

For the insurance industry, 40 per cent of the sales come in the last three months. So, in the last three months, growth is likely to be much higher which will enable us to achieve 30 per cent growth for the current financial year.

What are the strategies in place to achieve such growth?

In the last six months, we have ramped up the sales and support staff. There were about 650 employees about six months ago and now we have added 600, of which 500 are in sales. This will help us penetrate into tier-II and tier-III cities. We are aiming to grow 50 per cent more in the last three months of the financial year compared to the corresponding period last year.

Will there be new products also?

We plan to launch a traditional endowment product in February, Subh Niwes. We are waiting for regulatory approval.

Anuj Mathur, CEO, Canara HSBC OBC Life Insurance Company.
— PHOTO: SPECIAL ARRANGEMENT

Is the insurance regulator slow to approve products?

I have heard about product approval getting delayed for some companies. But that has not been the case with us.

We had filed for approval for the traditional endowment product in November. We are hopeful that we will get it next month.

We had filed five products for approval, of which two have been cleared. We are expecting clearance for the three in the current financial year.

There are media reports that HSBC, one of the partners in the JV, wanted to exit life insurance business. The other two promoters, public sector banks, have their own capital needs; so infusing capital in a joint venture company may not be a priority for them. Raising capital could be constraint for you...

As far as capital requirements are concerned, we are fully capitalised. Our solvency ratio is 380 per cent compared to the minimum requirement of 150 per cent. So, we have no capital requirement for the next two years. The last capital infusion in the company was in 2012, and for the last three years, we have not asked for any capital from shareholders. We achieved break-even in 2012-13. After that, our internal cash accruals are enough to meet the funds for expansion.

A lot of insurance companies have announced increases in foreign shareholding after laws were changed to increase the FDI cap. Your company has not made any announcement yet.

As far as FDI is concerned, it is a pure shareholder matter; it is for them to decide. HSBC has now shown firm interest in remaining in this business.

Canara HSBC relies only on the bancassurance model and does not have any sales agents. Do you plan to have your own agent network in future?

Within the three banks, our penetration is very low, less than one per cent. The three banks have six crore customers. But the policy sold to them is only 4.5 lakh, which is less than one per cent. We have a vast potential within the three banks. As of now, I don't see the need for getting into agency. Once we get at least 10 per cent penetration, maybe then we will start looking for agents.