

# 'FDI cap in insurance needs to go up'

Sidhartha | TNN

**T**arun Chugh recently took charge as the managing director of PNB Metlife, months after the state-run bank acquired a 30% stake in the insurance firm. In an interview, Chugh, who spent more than a decade at ICICI Prudential Life, indicates that PNB Metlife will be more aggressive even as it retains its focus on the bottomline. Excerpts:

**How different is it here given that you have two public sector shareholders? Is it tougher to operate in this kind of environment?**

While we have strategic shareholders, the management is MetLife's, it's a completely professional operation. The advantage is that we have access to a huge customer base and a network of 7,000 branches.

**Does diversified shareholding add to the pressure?**

It's a good pressure to have. You are accountable for performance every quarter, which is healthy. Every shareholder wants an upside to investment so it



**ONE-ON-ONE**

**Tarun Chugh**  
MD, PNB METLIFE

should be constructive.

**Is the strategy changing with change in shareholding?**

We suddenly have this very good partnership in PNB. That has impacted our strategy positively — more of bancassurance, more of bundling, more of understanding what the banker wants. The good thing is that PNB is also concerned about selling right and need-based product offering. There is a maker-checker concept here. We make a product or a proposition and they come back with their views on the same too.

**Does cross-selling really happen in public sector banks?**

Actually, I did some mys-

tery shopping and discovered that the service level is quite good. There is a lot of scope — there are some seven crore customers you can cross-sell to at PNB. The public sector bankers are busy and they are already doing 10 things and insurance is the eleventh. So, we try to make simple products have simpler forms and create strong propositions like bundling with home loans and recurring deposits among other initiatives.

**How do you deal with J&K Bank now? Make two sets of products?**

J&K Bank has been a shareholder as well as our strategic distribution partner since we started operations. It has contributed more than one lakh policies in the last 12 years of its partnership with us and more than 10% of our business comes from J&K Bank. In Jammu & Kashmir, we are the largest employer in the private sector. The bank is very supportive and it's a very important relationship for us. We are the No.2 Insurer in the state, only after LIC and we will continue to grow in the state.

**Metlife has never been**

**among the top companies in terms of business underwritten. Is that going to change now with a new shareholder and a boss who's always worked for the industry leader?**

We have a profitable growth agenda with the customer at the centre. As long as profitability is there, we will expand and growth the top line. We have aspirations to be among the top five or six in terms of earning, but market share is incidental. It is profitable growth that really matters.

**What happens when the FDI limit is increased? Will Metlife increase its stake?**

We are hopeful of an increase in FDI in the insurance sector. The cap on FDI in the insurance sector needs to be increased. Currently, the total capital deployed in the insurance sector is close to Rs 34,000 crore. The FDI in this (assuming 26%) is close to 8,700 crore. If 49% happens, the sector stands to gain additional 7,800 crore as FDI. The industry at this stage does need long-term capital for growth and expansion which only FDI can bring in.