'We want to offer a product for every stage of life'

PNB MetLife India Insurance recently entered the online segment and now has a critical illness plan and a term one. **TARUN CHUGH**, managing director and chief executive officer, talks with **M Saraswathy & Priya Nair** on the product strategy and way forward. Edited excerpts:

Q&A

TARUN CHUGH

Managing Director & Chief Executive Officer, PNB MetLife

You recently entered the online insurance space and now have a term product. How different is it from others?

We have launched 'Mera' plan, a critical illness with return on premium plan, and now a term plan. Our website for selling products has been made user-friendly and we will keep enhancing it.

Research shows 91 per cent of customers want to decide the type of term plan they want. Hence, the benefit of our term product is around the claim. Usually, a lump sum or monthly income is the option given in the claim. With our plan, you can take a lump sum, lump sum plus monthly income, lump sum plus monthly income with inflation or take lump sum plus monthly till your child is 21 years. We also have a joint life (spouse cover) with all these options.

The company has also entered health insurance, where several are already present. How has the response been?

The critical illness plan we have launched has been doing well (offline), though not much online. About 15-20 per cent of policies sold since its launch have been critical illness policies. The product is a benefit product and not a reimbursement one. Irrespective of any critical illness you have, as long as you prove with the doctor's bill that you had it, we pay the entire amount. Further, if you are healthy, you get return of premium. This is unlike reimbursement products, where you do not get anything. The policy term is 10 years at present and we are looking to extend it to 20 years.

Several peers have gone heavy on unit-linked insurance plans (Ulips). Do you wish to change your business mix more towards Ulips?

Last year, we had 65-35 business between traditional and Ulip products, respectively. This year, too, I see the Ulip percentage remaining almost the same for us.

There is a huge market but it depends on where you want to play. Our sense is that Ulips are meant for a different set of customers; it is a substitution of mutual funds, sold for returns. We would be rather be known for selling products for risk covers. We would like to be known for pensions, more goal-based saving; the key focus should be on risk.

Have you filed any new pension product?

This is an area we are working on. We are doing customer research and consulting with our various markets globally. Though we have an accumulation product in pensions, we are in the process of filing an immediate annuity product.

With the Insurance Act, a host of new regulations are expected. Will the next few months go into looking into likely regulatory reforms?

Irdai (the sector regulator) is for the first time ever staffed appropriately, with member-life, non-life, finance and actuary in place. We would rather not have (new) regulations every month. Work is happening and each of the regulations, including bancassurance, expense of management, e-commerce and health, are drastic where discussions are on. I would rather have them happening at the right pace than too quick a pace. India is too vast a country to be straitjacketed with one view; you need to take everybody's views. I am happy they are on with the process.

What is happening on foreign direct investment?

Discussions are on in every company. My sense is that as it is a big change, money will not start pouring in tomorrow. The first ₹5,000-10,000 crore will come in this year through initial public offers and then over the next eight to 10 years, ₹40,000-50,000 crore will come in.

More than FDI, what is important is that India gets on a global map and foreign partners feel it is worth investing a bit more time in India. India is the 15th largest market in terms of premium but seventh biggest in gross domestic product. Why should we be 15th in premium? There is a lot of work yet to be done. For example, we are getting some product benefit on the e-commerce front but there is a lot happening globally and India is far behind despite the e-retailing.

India has to learn innovative processes. Those will get affected first and will have more long-term impact on the sector. It will allow the sector to grow and people can bring in money as and when they want to.

How has the growth been in bancassurance?

In bancassurance, growth has been about 20 per cent but the company has grown faster. Bancassurance is still the biggest channel. Last year, the contribution from bancassurance to total sales was 60 per cent. It might have come down to 57-58 per cent as other channels have been growing, direct and agency. Beside, we are still waiting for the final guidelines on bancassurance to be issued. Our sense is that it will mostly be optional.

From which channels or products do you see growth this year?

Growth will be all round. Our policies to customers ratio is 1:1. For any healthy company, the ratio should be closer to 2. At every touch point, we are trying to understand if we can come back and sell something more. That is where data analytics will help. When we talk about living benefits, it means we want to offer a product for every lifestage -- for children, for marriage, for health. There is no reason why a customer should not come back to us and be willing to buy something else, if they like the experience. A lot depends on experience. It could be the website, interaction with our employees. The customer should feel taken care of. We want a long-term relationshp, so honing touchpoints is critical.