

# 'We see ₹10,000 crore flowing into insurance sector within a year'

Raising foreign investment cap in insurance companies from 26% to 49% was imperative for the insurance industry to grow, according to **Tarun Chugh**, MD & CEO, PNB MetLife. In an interview with **Anurag Shah**, he said after insurance Bill around Rs 10,000 crore will flow in insurance sector in a year's time and many companies would be going for listing.

## What do you think about the insurance Bill and the expected change?

Two big things that happened are FDI clearance and another the Insurance Regulatory Authority of India becoming more powerful. This change is quite good. Firstly, if we look at it from the FDI perspective, till now foreign companies could only take 26% stake however now foreign money will flow in. Companies can

list. If you see, in last 1-2 years, insurance sector growth was not much. To my understanding, this Bill will positively impact the growth of insurance companies. After passing of the Bill, foreign money will flow in and many insurance companies will go for listing.

## Do you also plan to list PNB MetLife? Will your foreign partner increase stake?

It's been only 3-4 months and we are still determining the opportunity. Shareholders are in discussion. Right now there is nothing on listing front. With FDI, FII's, listing, around Rs 10,000 crore will flow in this sector in a year, and Rs 40,000-50,000 crore will flow in the next 8-10 years. However, this will vary from company to company.

## Going forward, what changes are expected in the sector?



**Q & A**  
**Tarun Chugh**

MetLife has been around for 150 years and PNB for 120 years. Whereas insurance sector has come up in last 15 years only in India and still in infancy. In my view, new products, customer segments, new and innovative marketing and sales techniques

will bring sector closer to the customer -- all of this will undergo significant change. Globally, there have been many changes. For instance, products are directly sold online in China and Japan. In Korea, sales happen through gaming. This type of innovative is not yet available in India. In my view, through FDI we will also learn these new techniques, online sales will pick up. In countries like Japan, Malaysia, people buy riders a lot. This has not even started in India yet.

## So what are the plans at PNB MetLife?

We have entered the e-commerce space recently. We did it a bit differently and launched a health plan, and now we have introduced a term plan. We have done another research on type of term products that customers prefer. In our research in smaller cities and metros, 91% people asked for

term insurance that offer flexibility as per life stage. The product that we have designed is called MetLife Mera Term Plan. This has a lot of flexibility. In normal term plan, customers know that it's a term insurance and in case of any eventuality/incident they will get a lumpsum amount. In this case, one gets lumpsum money which gets spent. Now customers want option for lumpsum and option to get monthly income for 10-15 years. Some people asked for spouse cover option. Some people asked for monthly income option that is linked to children's growth or you can call it a student cover. In this case, one gets cover till the time your child attains 21 year age. So, every individual has his/her own unique requirement and every individual at his/her at a different life stage. Single partner has different requirement, nuclear family

has different needs. This shows us that every individual has different requirement. Considering this, we have launched Mera Term Plan. We have taken all these insights from our customer research.

## There is a new trend of bancassurance in the sector. How will you sell?

For bancassurance, we have many partners like PNB, J&K Bank and Karnataka Bank. About 60% of our business comes through these banks. Our agent advisors network is quite strong plus we have started direct online sales. We analysed that our existing customers, our policy to our existing customer ratio is 1:1. Customers have varied needs like health, children, etc. We are reaching out to our existing customer base through online, calls or through meetings.