

We see online health insurance sales changing with benefit-based products: PNB MetLife chief

The insurer bites the digital bullet, offers online health insurance product

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PNB MetLife India recently forayed into the health insurance segment with a product that covers 35 critical illnesses for a period of 10 years. A key feature of MetLife Major Illness Premium Back Cover is that one can get the premium back if the insured doesn't fall ill.

Also, the product is benefit-based, not indemnity-based, which means a person gets the complete amount if diagnosed with a disease. The amount can be used for hospital bills, travel bills, income loss for that period and other expenses.

The life insurer plans to use this new health insurance product to spearhead its online channel sales. *BusinessLine* caught up with Tarun Chugh, Managing Director and Chief Executive Officer, PNB MetLife, to understand the strategy to go online and build this sales channel. Edited excerpts from an interview:

Why has the company decided to get into online channel for sales?

We need to be where our customers are and we find that the urban audience prefers to engage

with companies on a digital platform. Even in a category like insurance, we have seen success where customers are buying simple term plans through company websites. The online channel is a cost-effective medium and allows customers to research and purchase simple products from the comfort of their home or office.

With increasing internet penetration, especially among young consumers, it is imperative for insurers to leverage technology and educate the young population about the benefits of insurance at an early stage of their careers.

Why a health insurance product and not a term plan or another ULIP product?

We are planning a complete portfolio of online insurance solutions, from term, to retirement, etc. These products are awaiting approvals. We will be sharing details shortly. Hence, our first launch is MetLife Major Illness Premium Back Cover.

The health insurance pie is very small, while the need is significant as treatments are very costly. More than the disease, it is the

cost of treatment that takes a toll on the financial health of a family. According to NSSO (National Sample Survey Organisation), 40 per cent of the people hospitalised have either had to borrow money or sell assets to cover their medical expenses. Hence, we are foraying into this category and launching the online version shortly.

In India, the online channel is yet to pick up, especially for health policies. So, why venture into this channel?

Market dynamics are changing. While online health insurance sales are nowhere close to term, we see this changing in the near future with simple benefit-based products. With a hassle-free application process, we foresee good take-up of our new plan.

With increasing internet penetration, especially among young consumers, it is imperative for insurers to leverage technology and educate the young population about the benefits of insurance at an early stage of their careers.

TARUN CHUGH
MD & CEO, PNB MetLife

How do you plan to popularise the online channel given that more than half the buyers do not search online before buying health insurance?

Incidentally, there are studies that show that insurance buyers do research online but purchase offline. To popularise our product and increase awareness for benefit-based plans, we have taken to social media with a focused campaign.

Soon, there will be a 360 degree campaign covering above-the-line and below-the-line channels to further penetrate the market. As a start, we are passing on the distribution cost in the form of a 5 per cent year-on-year rebate on the annual premium to customers.

How do you plan to address frequent areas of customer concerns, such as safety of online financial transactions?

We have tied up with an RBI-approved payment platform for online premium collection. With the boom of e-commerce portals, consumers have also evolved and are not hesitant in making online financial transactions.

