

“Growth in online space will be highest among all segments”



Tarun Chugh

MD and CEO,
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Interacting with customers throughout the policy tenure and using data analytics to recommend the right kind of products will be key to success for the industry. Tarun Chugh, MD and CEO, PNB MetLife, tells

Preeti Kulkarni
in an interview.

How have customer preferences changed over the last one year?

Ulips did very well last year. In future you will see an increasing number of customers buying online. I feel there is a lot yet to happen in this space. Earlier, customers would buy products after discussing with advisers. Now, they first check on the Internet even if they are buying through the agent. What is happening now is just the tip of the iceberg. It's not that the business through this route will touch thousands of crore in three months, but I believe growth in the online space will be highest among all segments.

What is the segment you are focusing on?
Ours is a balanced approach. We are doing well in both the traditional and Ulip segments. Our big focus is going to be on risk and health.

What is your current product mix?

Ulips account for 38%, pure term, including group, is at 8-10% and the rest is traditional.

Do you expect the share of term insurance to grow with the launch of your new term life product?

We expect the combined share of term and health insurance (return of premium critical illness cover) to hit 18% this year. Our banking partners are happy with the health product. Almost 30% of sales in the last two months happened through the health plan. Since its launch in May, this product has comprised 20-25% of policies sold. It is designed based on our learnings from the China market. The young population wants to see something coming their way during their lifetime—if there is something that takes care of both health and returns.

What is the rationale behind the launch of your new term plan?

We have done a lot of research on what customers want. Customers said they wanted flexible product that takes into account various life stages, situations etc. The needs differ—there are single parents, those who married late, those who wish to buy term cover only to cover loans, some want a cover that will be in force till the child's education is completed and so on. This means you have to provide them a lot of options. We have kept the focus on claims. How do you want it to be paid—inflation-linked, income-linked, maximum benefit to children till they turn 21 and so on. A lot of learning came out from our research and we've put it all in there.

How has the regulations space changed in the last one year?

A lot of things have been happening. One aspect that stands out is IRDAI's push for dematerialisation of policies. It started a little late in the sector. Mutual funds and equities did it long back. However, it is good that we are doing it now. India is still one of the initial few markets doing it. The e-commerce regulations coming up are also very good. The cap on charges on policies has been good from customers' perspective. We are getting better and better and coming closer to customers. The other big thing is that for the first time in four years, IRDAI has all the members in place. The team is now complete. The new Insurance Act has really helped by giving more power to the regulator. However, you have to have the manpower to execute. Now the product approvals are quicker.

Life insurers have been seeking a level playing field in the health insurance segment. What are your demands?
The issue is under discussion. I would trust

the IRDAI to take a correct call. Since life insurers cannot offer a product with a tenure of less than five years, we have to factor this into the premiums. As general insurers can offer one-year renewable contracts we tend to get outpriced in the market. But I would rather leave it to the IRDAI.

What innovations can customers expect from the industry this year?

With the change in FDI and interest in India growing, I see a lot of us dipping its capabilities globally, taking those learning and putting it into place here. Usually, you see changes in products first. For instance, we bought the return-of-premium health product from China. Similarly, we are doing research on other health and pension products. You will see us coming out with something on pensions soon. This apart, the entire new channel on DMF (insurance marketing firms) is an innovative one. That will be an interesting innovation on distribution. Service innovation will come from listening to customers. Usually, you get to hear them only at the time of buying and renewal. We need to devise more and more ways of interacting with customers during the policy term. To back this up, we will require a lot of data analytics. Amazon is a good example—they recommend exactly the kind of books you would like to see. But the insurance industry typically does carpet bombing. However, now that we have a flexible product, we know what to showcase to which customer.

What steps have you taken to strengthen claims management?

We have introduced a concept called the MetCare Kit. The moment we get an intimation on claims, this kit is delivered to the customers physically. It contains the claim settlement form, documents, helpline numbers and so on. It cuts out a lot of back and forth in the process. The customer simply needs to complete the process and come to the branch once.

What measures have you put in place to curb mis-selling?

We call customers to confirm they have understood the product. In terms of complaints, PNB MetLife's complaints are among the least in the industry. Our banking partners are PSU (PNB) and community banks (J&K and Karnataka Banks) where branch managers know their customers closely and have an understanding of their capabilities. So, it is not so much of a concern.



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