

'Bajaj Allianz Life is pitching for multiple bank partners'

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Looking forward to the open architecture structure of bancassurance, says Anuj Agarwal

The new bancassurance architecture, which will allow banks to tie up with multiple insurers, will propel the new business premium collection for Bajaj Allianz Life Insurance, says Anuj Agarwal, MD and CEO. In an interview with *BusinessLine*, Agarwal explained that the company is focussing on building its own proprietary direct channel and expects it to contribute significantly to the business going forward. Excerpts:

While the life insurance industry has seen individual new business premium collection grow, Bajaj Allianz Life has seen it decline. What do you attribute this to?

If you look at the current fiscal, in terms of overall growth around 38 per cent has come from group business premium. The individual business premium collection has not seen much growth for the industry.

In individual premium collection, around 70 per cent of sales for the private sector is through the bancassurance channel. As an agency-led company, we are looking forward to the open architecture structure of bancassurance, which will commence in April.

What is your product mix currently?

For the period ending February, our mix is 52 per cent unit-linked insurance plans (ULIPs) in individual business and 48 per cent traditional products.

The new IRDAI regulations allow banks to tie up with up to three insurers. However, banks have not expressed interest in tying up with other insurers.

Overall, things are moving rapidly on the bancassurance front behind the scenes. We are pitching for multiple bank partners.

So while it may not make immediate sense for those banks which have their own life insurance companies to show interest as it is a part of their valuation, for banks that have not promoted life insurance companies, most of them would like to offer choice to the customer.

What is Bajaj Allianz Life focussing on at present?

We have been very active in the micro-insurance space and in the current fiscal we have covered 31 lakh lives.

We started our direct channel from July and we are seeing significant traction.

We want to build up our proprietary direct channel now and, going forward, it will be a substantial contributor to business.

The insurance regulator has made it clear that it wants insurers to bring down expenses. What impact will this have on the industry?

We believe it is a positive step from the customer's point of view. Last year, we brought down our overall expense ratio by 13 per cent and this year we want to reduce more than that.

In terms of total expenses, bancassurance-led insurance companies will have lower expenses given the structural advantage, and agency players will find it more difficult.

The regulator is planning to allow insurers to structure agency commissions. How do you expect this to pan out?

I feel there would be changes, but it's a bit early to comment.

The industry is also expecting another commission circular.

I expect to see companies trying to change the commission structure to come up with a significant value proposition for agents, as currently 50 per cent of the life insurance market consists of ULIPs where the agency commission is significantly lower. We feel that there might be slight reduction in the upfront agency commission for traditional products and overall commissions would get more levelled out.

Will Allianz raise stake in the company?

It's a shareholder question. The two shareholders are discussing it currently and we believe irrespective of the transaction, it will not impact our customers or distributors.

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