

# Will talk to PSBs for bancassurance tie-ups: Mayank Bathwal, CEO, Aditya Birla Health Insurance | Interview

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Mayank Bathwal

Opportunities to participate in Ayushman Bharat scheme can be an enabler of further growth for Aditya Birla Health Insurance, says CEO Mayank Bathwal. In an interview with Mithun Dasgupta, Bathwal says the company, a subsidiary of [Aditya Birla Capital](#), crossed three years of operation last month, and it would start talking to state-run banks for new bancassurance partnerships to add capacity. Excerpts:

Elaborate on the company's financial performance for the first half of the current financial year.

We completed the first half of this fiscal at Rs 315 crore of premium, which was a 78% year-on-year growth over the same period of last fiscal. Our retail business (individual health insurance) was at about 68% of our total business, we are well on track. Our aspiration is close to 75% of our total premium would be coming from retail premium. Our combined ratio, which is a measure of profitability, was at 180% during the first half of last fiscal, while this fiscal first half it was at 155%. That means we are trending right

towards the break even, because the combined ratio is coming down well. As we reach to 100% typically, we will clock a profit, which we are expecting in the last quarter of 2021-22. We cover close to 50 lakh lives, and I think that is very large number of customers that we have been able to cover through various offerings. The whole range of offerings is actually right from very small micro-size products to full range benefit products which can be very high ticket size. We have got the ability to sell all kind of products.

How big is the distribution reach?

About 10 banks, including large private sector banks like [HDFC Bank](#) and [Axis Bank](#), are currently our bancassurance partners. Axis Bank is our most recent partner, and we expect it to be a big provider of business growth in the future just like HDFC Bank has been doing. About 55-60% of our retail business comes from the bancassurance channel, which is the largest in the industry today. We got about 22,500 agents of our own and it is growing rapidly. Our agencies and bancassurance are growing, and we continue to build on our digital capabilities. We are doing a lot of work on rural side through microfinance companies who sell loans and we provide protection of products like hospital cash and personal accidents.

At the end of financial year 2021-22, you expect the company to break even. Where do you see your premium reaching at that time?

Normally, we expect our premium to be between `1,700 crore and `2,000 crore in that year. Hopefully, the number of customers should also be doubled from now.

Growth in individual health insurance segment is your focus area. Why are you not interested in group insurance segment? Is it the company's de-risking strategy?

Of course, it makes more business sense. But also we create more sticky relationship. Because in group insurance sometimes the problem is pricing. You go to a corporate and win a deal. Even if you have done well, someone will come and give a lower price. You may lose the deal next year. Retail is much better that way because customers will stick with us if I am doing the right thing as an insurance company. So, we prefer that model than fighting for price every year.

Apart from the retail business, what will be your growth drivers?

The growth can be done by two-three ways. We can add distribution capacity, we can make our current distribution capacity more productive because we have got large number of banks. Have we made full use of the capacity? The answer is no. That will drive growth. We can go to newer customer segments like we have just launched a product for senior citizens and another product on global health cover. For some of our products, we cover outpatient department spends as well. Now, we don't have a public sector bank as a bancassurance partner. As we have crossed three years of operation, we can now tie up with a state-run bank. We are hopeful that it can be added as capacity. Now, we will start talking to PSU banks for new bancassurance partnerships. Opportunities like Ayushman Bharat can be an enabler of growth for us.

As the company now becomes eligible to participate in Ayushman Bharat health insurance scheme after completing three years of operation, are you exploring the possibility of applying for the scheme? Do you have any region-wise specification in mind?

We can now explore. As the new request for proposals are coming (from state governments for implementation of the scheme), we will be eligible to apply now. We probably like to start small (number of states), because we are a young company. We explore every thing (state) initially. Because we have just become eligible, we are in the phase of finalising our view.

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