

New pension guidelines will boost innovative products

The regulatory changes in unit-linked insurance plans put the product on a level playing field vis-a-vis other comparable investment avenues. FE's Saikat Neogi, in an interview with Jayant Dua, managing director of Birla Sun Life Insurance, says new pension guidelines will give companies the increased flexibility to launch innovative products and help insurers build gainful corpus. Excerpts:

What kind of growth potential do you see in the pension space now that the Insurance Regulatory and Development Authority (Irda) has waived the guaranteed returns clause from unit-linked pension plans?

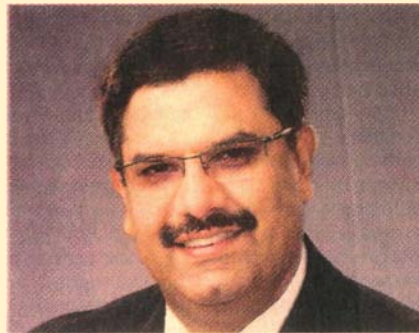
The provision to fix a guarantee on maturity and elimination of the minimum guarantee of 4.5% in unit-linked pension products should certainly help the products.

Pensions in the past have formed nearly 15-20% of new business for the industry. If the new guidelines come through, it will allow increased flexibility to launch innovative products in this

category and help insurers build a gainful corpus for their customers while providing better returns on new Ulips (unit-linked insurance plans) pension plans.

How do you look at bancassurance and how would it help in curbing mis-selling of products?

Bancassurance provides a platform with an established customer base and well developed infrastructure. Additionally, the branch network always allows good penetration, which is very important from the Indian market scenario, which is tremendously under-insured and under-penetrated. In fact, post the regulatory reforms, the channel has caught the attention of most industry insiders as it helps infuse further efficiencies in the distribution model. Bancassurance has grown to be a sizeable channel of distribution for Birla Sun Life Insurance and is one of the largest non-bank-owned bancassurance channels in the life insurance industry in India. We will continue to enhance our bancassurance ca-



capacity by identifying opportunities for expanding and will get into a relationship that we believe can create value for both parties.

Will Ulips continue to be a strong product for your company and are you looking at any product innovation in Ulips?

The regulatory changes introduced last year

place Ulips in the consumer's consideration as a must-have in his personal investment portfolio and brings it at a level playing field vis-a-vis other comparable investment avenues. For us, Ulips will continue to be a strong product meeting customer needs. Also, there is a segment where people are more traditional in their expectation of returns. To cater these diverse needs it is important for us to have a balanced product basket.

During 2010-11, you made a profit for the first time on the back of high persistency. What would be your growth target in the current financial year?

The industry should get back to an average growth at approximately 15-18% from the second half of financial year 2012. In the last three months, our market share among private players has improved from 7-8.4%. We would focus on profitable growth by writing long-term quality business and customer management. We would like to see further improvement in efficiencies of distribution and back-office operations.

How are you revamping your distribution channels and what are the alternative channels you are focusing on to draw retail investors?

At Birla Sun Life Insurance, we continue to leverage a multidisciplinary distribution channel that should enable us to tap the market potential. We will look at enhancing our bancassurance capacity and leveraging tie-ups with brokers with a good track record of delivering growth.

Agency channel also continues to be more productive based on professionalisation programmes to create an industry-leading agency channel which focuses on consistency in sales practices, on-the-job learning experiences and focus on productivity.

What are the new products that you are planning to launch in the current financial year?

We will continue to add new products based on our market research and customer demand that largely help meet various life stage needs of our consumers. Health, pensions and wealth with protection will be the focus area, going forward.