

# SBI Life will Sell What Customers Want, Value & Margins will Follow

ET Q&A

SBI Life Insurance Company, the most valuable private

sector life insurance firm, sells products that are needed for protection as well as returns rather than tailoring policies that would improve its profitability. Chief executive **Mahesh Kumar Sharma** tells **Joel Rebello** the secret behind its fast growth is not just its parent SBI's bancassurance relationship, but also the agents and new-age fintechs. Edited excerpts:

**SBI Life's last quarter performance was probably the best by most metrics. Can investors expect it to be sustained?**

We launched a new product, Smart Platina Plus, which is an income product. You save for say eight to 10 years and then wait for one year and then after that every year you start getting income for say 20 years, 25 years, or 30 years, depending on the plan that you have. Apparently, there was a need felt for this product and we were able to sell well. Our other businesses also kept up. Margins were also high. If you look at

our past three, or four years, our margins are steadily going up quarter on quarter, almost every quarter.

**Now that almost all the top insurers are listed, how does that change the dynamics for you?**

Insurance coverage in India is very low on every index compared to China, and Malaysia. In India, traditionally, insurance was always linked with some kind of endowment policy where you put some money over a period of time. You are insured during this period, and then at the end of the period, you get something back. Then the private sector came in and started providing more types of products, like unit-linked and non-participating, but guaranteed products. Today we are not able to reach significant numbers of our population. Today, our 13th-month persistence is above 85%. Our internal aim is to take it to 90%. We will sell what the customer demands. If she feels the need for more protection, we sell more even if we are hit with many claims.

**Investors like your profitability. Is it sustainable?**



I don't look at the margin, I look at whether I am getting more customers. My embedded value, my value of new businesses has to grow but if customers are satisfied, and persistence is high, automatically value will grow. So, overall the basket is growing. Margins will vary from product to product. We have increased the repeat customers to 20% this year from 14%

to 15% last year and we want to increase that also.

**Bancassurance was the only way to grow. What has digitisation done to that theory?**

In spite of having a strong partnership with the biggest bank in India, we still have one of the biggest agency channels. These leads are directly sourced. That is the most important thing. We would like to partner with fintechs in terms of improving our processes. So, you know if somebody comes up with a good underwriting solution I would like to have that in my underwriting. About 40% of our proposals are auto-underwritten and would like to take that higher. In medical, for example, if somebody can come up with a solution, where I can programme an appointment for the customer immediately, at some place which suits him and the partner or the clinic or the hospital, I would grab it. I don't see a case in life insurance, where you can sell directly online, except when there is a group product.

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