

‘SBI Life sees shift to non-linked products amid equity volatility’

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Mithun Dasgupta
Kolkata

SBI Life Insurance anticipates a shift towards non-linked products by the customers, as in the last few months there have been some volatility and corrections on the equity side, says its Managing Director & CEO Amit Jhingran. The insurance company has revamped its product portfolio post the changes as directed by the IRDAI, especially regarding the surrender value in life insurance policies. The insurer does not foresee that a lot of customers will start surrendering their policies in the first year itself.

Excerpts:

What kind of products see higher traction in life insurance now?

Regarding our financial markets, the last three-four years have been very good for the equity market. People were getting very good returns and that was reflected in the sale of unit-linked insurance (ULIP) products. But, in the last few months, we have noticed some volatility and corrections on the equity side. So, we anticipate a shift towards non-linked products where the capital is assured.

Which products see good demand in non-linked space?

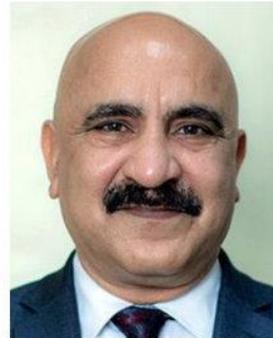
In India, insurance over the years has developed along with the savings component. Pure protection



Non-linked, guaranteed income products help accumulate capital and earn guaranteed returns, which the young can plan according to their life's milestones

AMIT JHINGRAN

Managing Director & CEO,
SBI Life Insurance



contribution to the total insurance market is on the lower side and people prefer insurance products that also provide them some kind of savings.

Over the years, India's demography has undergone immense change. With an average age of 29 years, we are one of the youngest nations.

These youngsters also have very different kinds of earnings as well as spending patterns, and their aspiration levels are different, they do not mind spending for their passions. So, along with such high aspirations and spending habits comes the need for future planning.

They are cautious and that, I would say, motivates them to have some kind of financial planning for the future. That is where the non-linked, guaranteed income products come in.

Here they not only accumulate capital, but also earn guaranteed returns, which they can plan according to their life's milestones. And to address the growing demand of such

an audience, we recently launched 'SBI Life Smart Platina Supreme,' a non-linked, non-participating life insurance savings plan that offers a mix of protection and guaranteed pay-outs, while accommodating flexibility to plan their future earnings and future income streams. That is how the market is also panning out.

How do you respond to changes in customer preferences?

We always work on customer insights. India has a very good growth rate, the income levels are also rising. The young people aspire to create assets.

They are not hesitating to take credit. We have a variety of financial products addressing the evolving consumer preferences for protection coupled with savings options for assured returns.

How often you re-look at product portfolio in changing economic as well as market dynamics?

Life product review is a

constant thing that evolves as per underlying consumer needs of the time. We have periodic reviews where we not only review the existing product portfolio to see where we are getting traction, but also look at products that are falling behind. That is one thing and then product planning for the future also, depending on the customer insights, market surveys, success or failures of other products in the market.

We keep introducing new products based on the evolving needs of the consumer or even withdraw products where the demand is going down.

What is the product pipeline at present?

We have entirely revamped our product portfolio post the changes as directed by the IRDAI, especially regarding the surrender value in life insurance policies. Since August, our entire product portfolio has changed as per the new regulation. We have come up with the new product, Smart Platina Supreme.

So far what has been the impact of revised surrender value norms on the company?

The industry players, including, SBI Life, were providing surrender value after two or three annualised premium payments.

The new guidelines say that even after one yearly premium payment, the surrender value should be provided. So now all insurance companies have accordingly tweaked their products.