

Interview | RM Vishakha, MD & CEO, IndiaFirst Life Insurance

'Promotors in no urgency to divest stake'

RM Vishakha is the new MD and CEO of IndiaFirst Life Insurance company, a joint venture between Bank of Baroda, Andhra Bank and Legal & General of United Kingdom. In an interview with Falaknaaz Syed, she says that the insurer is focussing on risk mitigation awareness such as increasing the customer base and scrutiny in high potential risk areas to control fraud in the recently launched Pradhan Mantri Jeevan Jyoti Bima Yojana. Excerpts:

■ With the FDI hiked to 49 per cent, is the foreign promoter Legal & General looking at increasing its stake in IndiaFirst Life Insurance?

Indian promotors are not in any urgency to divest their stake. So the promotors will evaluate all available options and then decide on the best option in the interest of the company and the shareholders. We are a board governed company and the decision will have to be approved by the board.

■ Insurers are complaining that the premium under Pradhan Mantri Jeevan Jyoti Bima Yojana is low and they cannot prudently underwrite it. What are you doing to control frauds in the scheme?

We have set a target of enrolling 25 lakh customers in three months ending August. Both the bank promotors selling the scheme would provide us with a safety net. When you enrol larger number of people, the base effect will take care of anti-selection. We should also look at the positive side, that is, creation



of insurance awareness. The government has sown the seeds of insurance awareness. This wave will pick up.

But we are focussing on risk mitigation awareness by increasing the base and by raising our scrutiny in high potential risk areas.

■ What are high potential risk areas?

There are certain geographies which are consid-

ered high risk areas by insurers. Here, you receive more than the average death claims, fake claims. So we are working together with our bank partners to do the first line of underwriting. New bank accounts being opened only to take this insurance scheme will have a greater scrutiny in acceptance.

■ But private banks and their insurance subsidiaries are more aggressive in offering the scheme than public sector banks?

The customer profile of a public sector bank is different from a private sector bank. Private banks mostly have younger customers and are not worried about their customer profile while most of our customers have age on their side.

Also, customers of our bank partners are spread across the length and breadth of the country and many of them maintain an average balance of less

than Rs 1000. So our underwriting is completely dependent on customer profile.

■ The draft bancassurance guidelines mandate banks to have multiple insurance tieups. How will this impact your business?

Allowing a bank to tieup with multiple insurance companies does not increase the choice for customers. It would disproportionately increase the work of banks.

Can Bank of Baroda or any other bank be forced to offer other banks home loan products? The answer is no. Then why should they be forced to sell other insurance companies products and bring down the business from their own subsidiary.

Also from a training perspective is it practical for a bank to provide training to its staff to sell multiple products.

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