

HDFC Standard Life targets 25% growth in new biz income

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Changing the operating model and at the same time maintaining growth rate are big challenges for the insurance industry, and while doing so, smaller companies might find the going tough, Mr Amitabh Chaudhry, CEO, HDFC Standard Life, told *Business Line*.

Since smaller companies might struggle to sustain from here on, "consolidation should happen; that's the way the industry would go... we will have to see in the next 18-24 months," he said.

While customers stand to gain in the wake of the new IRDA guidelines, insurance companies will have to cut costs to ensure overall capital requirements do not go up.

Though he said capital requirements for insurers will not go up right away, much would "depend on the products" the companies offer.

"We will have to cut costs, find ways and means to conserve capital and also retain revenues," said Mr Chaudhry.

Insurers will also have to



Mr Amitabh Chaudhry

aim for higher sales now, he added.

His company, which targets a 25 per cent growth year on year in terms of new business income this fiscal, hopes to maintain the growth rate, he added.

Last year, the company's new business income was Rs 2,560 crore, which he hoped would reach about Rs 3,200 crore this year, adding that the company was well on track as far as the first quarter of this fiscal was concerned.

Though customers were a little concerned in the beginning, the life insurance industry did see a good growth during the first quarter of this fiscal, "which wouldn't have happened if the customers con-

tinued to be hesitant," said Mr Chaudhry. As a fallout of the issue, customers want to know more, which is good for the industry, he added.

The industry, in the first quarter of this fiscal, grew by 61 per cent in weighted received premium (WRP), whereas it was 90 per cent for HDFC Standard Life, he pointed out. (WRP is calculated as 10 per cent) of single-premium policies plus cent per cent of regular premium policies.)

CAPITAL INFUSION

According to him, HDFC Standard Life plans to infuse capital of about Rs 300 crore-Rs 400 crore this year, of which the company has already added Rs 75 crore.

"We want to focus on the long-term story. We would continue to invest in the right areas such as new business channels, customer service and making our channels more productive. We will be rationalising our investment to ensure that we retain our strengths of distribution, reach and a strong sales force," said Mr Chaudhry of the company's expansion plans.