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Why PSB mergers are a windfall for Bajaj Allianz

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If there is one big beneficiary of the recent mega bank consolidation, it could well be private general insurer Bajaj Allianz General Insurance Company (BAGIC).

Thanks to its existing bancassurance partnership with three anchor banks — Punjab National Bank, Canara Bank and Union Bank of India — BAGIC has, from April 1, got increased reach of additional 10,000 bank branches from where its general insurance products could be sold.

"The mega bank consolidation of 10 banks into four large banks has come as a windfall for us in terms of enhanced distribution reach — additional 10,000 branches. We see this as a big opportunity. There will also be a sizeable amount of increase in access to additional customers (more than a million) with the merger," Alpana Singh, Head — Bancassurance-PSUs, RRBs and



Alpana Singh, Head — Bancassurance-PSUs, RRBs and Cooperative Banks, BAGIC

Cooperative Banks. BAGIC, told BusinessLine.

As these banks are public sector banks, the reach is to the remotest corners of the country. "We have a full suite of products that could be distributed through them." A bancassurance partnership is basically an insurance distribution, where the insurance company partners with banks to sell policies (life or non-life). While the bank earns a commission from the insurance company, the insurer gains from

increased market presence through the distribution network of the bank.

While PNB gobbled up Oriental Bank of Commerce (OBC) and United Bank of India, Union Bank of India took Corporation Bank and Andhra Bank under its fold. Syndicate Bank was amalgamated with Canara Bank and Allahabad Bank with Indian Bank.

Increased market share

Singh highlighted that at present (prior to the latest round of amalgamation), BAGIC's share in the general insurance business is more than 50 per cent across PNB, Canara Bank and Union Bank of India. "With more banks coming under the fold of these three anchor banks, we are very confident that we will gain market share from access to new branches and customers," she said. If one were to include private banks, cooperative banks

and regional rural banks and credit societies, BAGIC has distribution partnership with nearly 200 banking institutions. Bajaj Allianz General Insurance has been an early adopter of digital integration in its processes, which has helped provide the requisite customer service even during these difficult times of the pandemic crisis.

"Instant services are provided to customers for policy issuance or claims or renewals through our digital channels such as websites, individual API integration with banks, availability of QR codes, apps, social media handles, SMS, WhatsApp services, and customer care numbers. We have all these digital channels available, which we customise based on the requirements of the bank and customers. Besides this, we will continue to innovate and launch products based on the needs of customers," Singh said.