

Everybody's Welcome

If Bajaj Allianz iGain III Insurance Plan stands out among the crowd, hand it to its online buying feature. The affordable cost structure and its action-packed show in recent months have just added to the glow. Investors wary of taking risks can't ask for something better

SKANDITA AGRAWAL
ET INTELLIGENCE GROUP

BAJAJ ALLIANZ iGain III Insurance Plan is an online unit-linked insurance scheme (ULIP). Online buying provides an opportunity of better returns as it lowers costs due to absence of agents. iGain III allows an investment as little as ₹15,000. The main drawback of the plan is its low death cover.

COST STRUCTURE: iGain III has an economical cost structure as it can be bought online. The scheme's premium allocation charge is 2% per annum and from the sixth year, it becomes nil. However, it has high underwriting risks and a mortality charge.

BENEFITS: The online transaction facility makes the scheme easy to access. Also, it has an in-built accidental death benefit and allows flexibility in changing the sum assured and premium payment frequency.

PERFORMANCE: The scheme offers two portfolio strategies. One is Investor Selectable Portfolio Strategy where policyholders manage portfolio themselves by investing in funds offered. Another one is the Wheel of Life where the portfolio is managed professionally based on the policyholder's age. The scheme offers seven investment options with varying asset allocations.

All funds of iGain III have outperformed their respective benchmarks with robust margins. The Equity Growth Fund has generated a 12.4% return against 0.9% of benchmark

Premium Allocation Charges (PAC)	Year	% of AP
	1-5	2
	6+	0
Fund Management Charges*	0.95% - 1.35% pa	
Policy Administration Charges**	₹384 pa	

*From the 6th year these charges inflate by 5% every year;
**varies in proportion to equity exposure of fund
AP= Annual Premium

SOURCE: COMPANY WEBSITE

Nifty. The Accelerator Midcap Fund II generated 6.6% when CNX midcap index declined 3.6%. The Asset Allocation Fund, which is a balanced fund, has generated 7.8% against 2.6% of its benchmark. Even debt funds which have generated over 8% returns are much higher than the 6-6.5% generated by debt funds of other insurance companies.

ULIP REVIEW

PORTFOLIO: Bajaj Allianz's portfolio is no different from any other insurance company. However, a few tactical measures have helped the funds outperform their benchmarks. When the market looked overpriced, the fund house promptly exited from equities and took over 25% cash calls. This has helped them retain profits. At present, its portfolio has around 11-13% cash holding. Also, the fund manager has avoided high-beta sectors like metals and infrastructure. Consistency in stock holding is another factor that helped the

company. A few stocks that the company has been holding on to for a while include Reliance, Infosys, ICI-CI Bank, ITC, Larsen & Toubro and so on. Its fund manager is bullish on fast-moving consumer goods, healthcare, financial, and technology sectors.

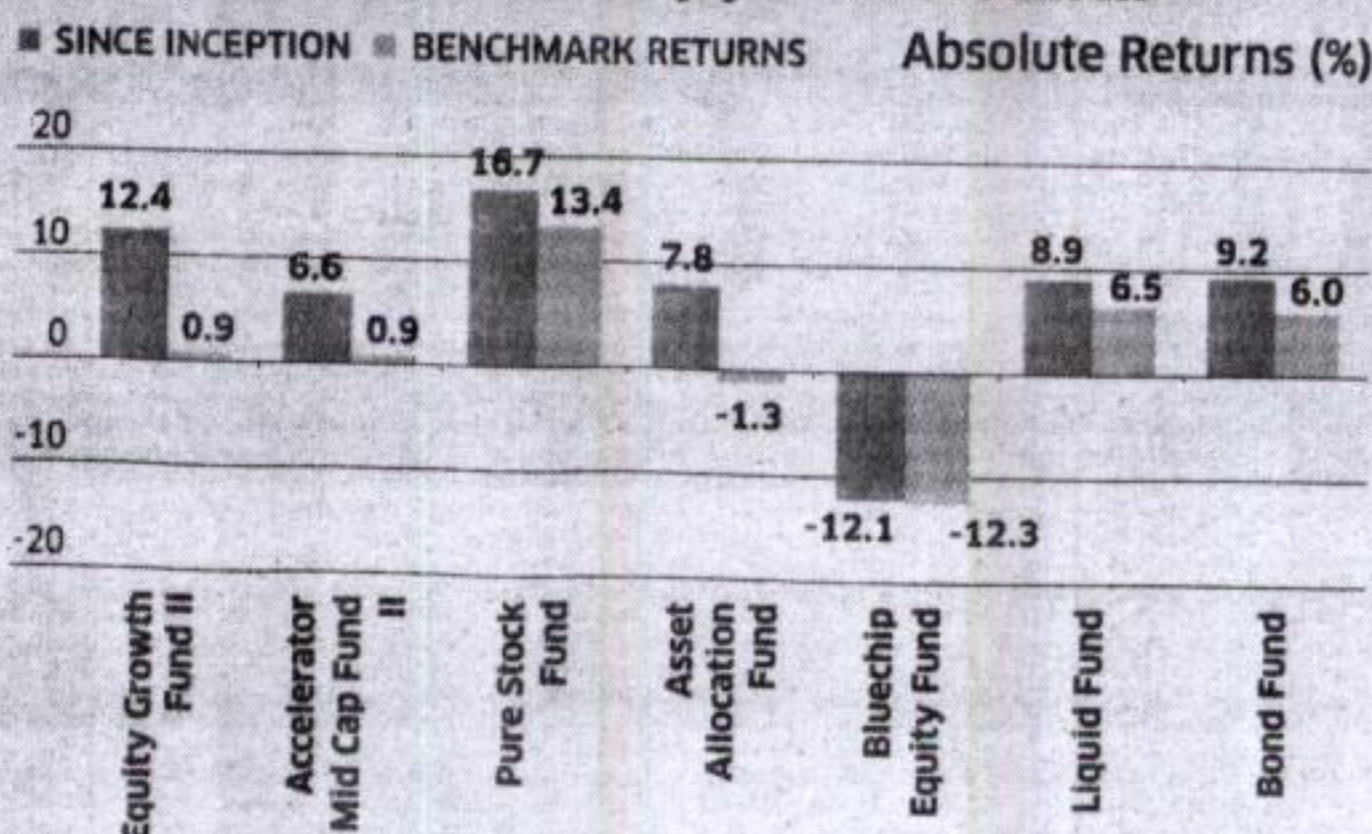
DEATH/MATURITY BENEFIT: Upon maturity, the policyholder receives the amount accumulated in the fund whereas in the case of death, an amount

higher than the sum assured will be received. Take, for instance, a 30-year-old person who invests ₹15,000 per annum in the Equity Growth Fund for 15 years. Assuming sum assured equivalent to 10 times the annual premium, the total sum assured receivable, in case of any eventuality, would be ₹1.5 lakh. At the end of 15 years, assuming the rate of return of 6% and 10%, the fund value shall be ₹313,643 and ₹442,204, respectively, receivable at maturity.

OUR VIEW: Bajaj Allianz iGain III has a competent edge over its peers due to online purchase facility. However, the scheme is more of an investment product than insurance as the death benefit available under the scheme is very low. Bajaj Allianz has a sound portfolio that justifies commendable performance of most of its funds. For risk-averse investors, performance of its debt funds — liquid and bond funds — has been very encouraging.

skandita.agrawal@timesgroup.com

Investment Options of Bajaj Allianz iGain III



Source: Company Website

Sectoral Exposure

Average % split of sectors across the funds of Bajaj Allianz iGain III

