

HOW BIG IS YOUR COVER?

HIGHEST COVER OFFERED PER POLICY

A life insurance policy is meant to replace the income of the policyholder. This is why you must have sufficient insurance that not only takes care of your future expenses but also current liabilities. The study looked at the average cover offered by insurance policies sold in 2010-11.

WHAT IT MEANS FOR YOU

The extent of the cover depends on the type of policy you buy. Pure term plans can provide sufficient cover at a low price. Take a cover of at least 5-6 times your annual income. If there are loans, you may need additional cover.

₹1.93 lakh
INDUSTRY AVERAGE

₹10.24 lakh
Aegon Religare

₹6.63 lakh
IDBI Federal

₹6.41 lakh
Kotak Mahindra Old Mutual

₹6.39 lakh
Canara HSBC OBC Life

₹4.82 lakh
MetLife

Size does matter when you buy life insurance. Not of the company, but of the insurance cover offered by the policy. The bigger the cover, the better it is for the buyer. A study conducted by **Rupeetalk.com** for **ET Wealth** says that in 2010-11, the average cover per policy was ₹1.93 lakh. While buying life insurance, cover size is not the only parameter you should consider. The percentage of claims settled or the speed at which these are settled should also be taken into account. Go through some of the findings of the study to know the type of policies various insurance companies focused on last year.

TEXT: BABAR ZAIDI
GRAPHIC: CHANDER

WHAT IT MEANS FOR YOU

Fewer pending claims means the insurer is responsive. It's best to buy from companies with a low ratio of pending claims.

FASTEST IN SETTLING CLAIMS

Don't look at the claims figures in isolation. If a claim is made within two years, the insurer probes the cause of the death in detail, which could take up to six months. This is why we looked at the percentage of claims pending beyond this six-month period.

COMPANY	% of claims pending for more than six months
Aegon Religare	Nil
DLF Pramerica	Nil
Bharti AXA Life	Nil
Met Life	0.52
Max New York	0.91
INDUSTRY AVERAGE	12.25

METHODOLOGY & SOURCES

Rupeetalk.com has based the study on the first year's premium data for individual policies sold during 2010-11.

Some companies have not finalised their entire year's data. For such insurers, only the data for April-December 2010 has been used.

The ranking has been done on the basis of arithmetical averages. For the average insurance cover per policy, Rupeetalk.com divided the total sum assured of all new, individual policies by the number of policies. The cover per ₹1,000 premium was derived by dividing the total sum assured by the premium and multiplying by 1,000.

The claims data is based on the total claims carried forward from the previous year as well as the new ones raised in 2010-11. For companies whose data is available for nine months, only that period has been included in the study. Only death claims have been included for companies which did not disclose data for all claims.

—Satkam Divya, Business head, Rupeetalk.com

HIGHEST COVER OFFERED PER ₹1,000 PREMIUM

Are you paying too much for your insurance cover? The study looks at how much insurance cover was offered per ₹1,000 of the premium. A caveat: some companies may have focused on a particular age group, which may have skewed the results.

₹36,738
Aegon Religare

₹19,291
Birla Sun Life

₹18,230
Future Generali Life

₹18,112
Aviva

₹17,190
Kotak Mahindra Old Mutual

₹11,416
INDUSTRY AVERAGE

WHAT IT MEANS FOR YOU

If you have the right type of policy, the insurance premium will not be very high. Find out how much cover you get by using this formula.

$$\frac{\text{Insurance cover}}{\text{Annual premium}} \times 1,000 = \text{Your figure}$$

HIGHEST % OF CLAIMS SETTLED

You may have chosen the best policy, but it will come to a nought if the claim is rejected. In 2010-11, almost 14% of the claims ended in the trash basket. This could have been for a variety of reasons, but the fact is that the families were deprived of the financial support they were banking upon.

WHAT IT MEANS FOR YOU

A high % of settled claims indicates operational stability while a low ratio hints at poor underwriting norms. Keep this in mind when you go shopping for insurance.

99.58%
Max New York

99.31%
Tata AIG

98.89%
HDFC Life

97.89%
Bajaj Allianz

97.53%
ING Vysya

85.77%
INDUSTRY AVERAGE

HOW INSURERS SCORED

Find out how your life insurance company scored on the four parameters used in the study.

INSURANCE COMPANY	Aegon Religare	Aviva	Bajaj Allianz	Bharti AXA Life	Birla Sun Life	Canara HSBC OBC Life	DLF Pramerica	Future Generali Life	HDFC Life	ICICI Prudential	IDBI Federal	India First	ING Vysya	Kotak Mahindra Old Mutual	LIC	Max New York	Met Life	Reliance Life	Sahara Life	SBI Life	Shriram Life	Star Union Dal-Ichi	Tata AIG	INDUSTRY AVERAGE
AVERAGE COVER PER POLICY (₹ LAKH)	10.24	3.31	2.27	2.85	3.15	6.39	3.02	2.38	3.5	2.75	6.62	1.59	2.39	6.41	1.44	2.91	4.82	1.31	1.51	3.4	1.42	2.73	2.86	1.93
COVER PER ₹1,000 PREMIUM (₹)	36,738	18,112	13,526	15,361	19,291	10,198	15,057	18,230	8,316	6,840	16,581	3,751	10,062	17,190	12,759	12,291	13,752	9,359.19	16,593.43	6,867.5	3,559.87	4,528.69	14,217.25	11,416.17
CLAIMS SETTLED (%)	51.85	97.32	97.89	94.04	95.21	76.97	51.22	71.47	98.89	94.38	73.38	80.92	97.53	88.15	96.56	99.58	83.6	95.43	92.24	94.61	55.69	86.67	99.31	85.77
CLAIMS OVER 6 MONTHS (%)	0	7.83	7.65	0	57.14	11.43	0	22.73	13.27	18.28	3.33	NA	52.66	16.3	3.87	0.91	0.52	7.76	7.3	5.19	21.03	8.2	4.17	11.72