



Best Performing Insurers

Covid-19 has managed to boost the awareness and penetration of insurance, giving a leg-up to the industry.



Illustration By **Amit Sharma**

1

Covid Shot For Life Insurance

Top insurers cash in with faster claim settlements, new plans and product innovations in a pandemic-stricken year.

COVID-19 HAS led to higher awareness around the need for financial protection. More and more people are now buying policies to secure their dependents' future. According to a Fortune India-Secure-Now listing, Max Life Insurance was ranked No. 1 as the company managed to settle all death and maturity claims within a month, followed by Bajaj Allianz Life, which has been introducing new plans almost every year, and HDFC Life Insurance Company, which continues with its product innovations. "From dedicated teams to leveraging tech we ensure we do all to provide the nominee of our customer a simple and sure-shot solution for processing their claims," says Tarun Chugh, MD & CEO, Bajaj Allianz Life Insurance.

While buying life insurance, the most important consideration should be to choose the right amount of cover. The coverage amount must be enough to support one's dependents. "Ideally, term insurance should be able to take care of any liabilities you may have, such as a home or a business loan, and leave enough for your family. Typically, any earning member with dependents should have a total individual term plan up to 10-20 times of the annual income keeping in mind the assets and liabilities in hand," says Adhil Shetty, CEO, BankBazaar.com.

"It is quite crucial that the policyholder's family gets the sum assured as



"Consistent growth over five years in claims paid ratio underlines our commitment towards upholding customer trust. An all-time high individual death claims paid ratio of 99% in FY21 reiterates our focus on innovation amidst Covid."

Prashant Tripathy

MD and CEO, Max Life Insurance

Top Life Insurers

RANK	INSURER	PAID CLAIMS RATE - DEATH CLAIMS	DEATH CLAIMS SETTLEMENT (WITHIN 30 DAYS)	MATURITY CLAIMS SETTLEMENT (WITHIN 30 DAYS)
1	Max Life Insurance	99%	100%	100%
2	Bajaj Allianz Life Insurance	99%	96%	95%
3	HDFC Life Insurance	100%	92%	93%

SOURCE: SECURENOW

it can be a make-or-break situation for them since the family will depend on this money in future," says Naval Goel, founder and CEO, PolicyX.com.

"Consistent growth over five years in claims paid ratio underlines our commitment towards upholding customer trust. An all-time high individual death claims paid ratio of 99% in FY21 reiterates our focus on bringing agility and innovation amidst the pandemic," says Prashant Tripathy, MD and CEO, Max Life Insurance.

"Using the latest in technology, we ensure superior service to our customers," adds Suresh Badami, executive

director, HDFC Life.

Post Covid, especially in the wake of the rising threat of Omicron, large re-insurance companies — which provide financial protection to insurance companies — are likely to increase their charges as well. The increase may have a cascading effect on retail customers as companies have announced plans to charge more in premiums beginning 2022. Higher premiums may, however, bring in the much-needed relief and some profits for life insurers, currently reeling under constant death settlement claims due to Covid-19.

— Abeer Ray



2

Pandemic Aids Growth, Wider Adoption Of Health Insurance

Demand rises for short-term covers: top health insurers settle majority of honoured claims within 30 days.

THE PANDEMIC underscored the importance of a health policy like never before. But besides the cover amount and premium charges, investors also need to look at the claims settlement rate. Bajaj Allianz General Insurance Company tops this year's ranking for its paid claims settlement rate of 90% — 97% of the claims were settled within 30 days. It was followed by ICICI Lombard General Insurance and Care Health. Both ICICI Lombard and Care Health Insurance settled all honoured claims within 30 days, against the industry average of 82%.

"Covid-19 accelerated the topline

growth in health insurance, driven by a combination of factors," says Avinash Singh, senior research analyst, Emkay Global Financial Services. An increase in the number of people opting for health insurance, demand for short-term Covid health covers and increased claim costs have resulted in strong growth in premiums, he adds.

With social distancing becoming the norm, companies have taken to digital like never before. "We made our processes simpler for customers, especially the buying and claims journey, by integrating and enabling digital assets... Cashless claims were settled within an hour of turnaround time," says T.A. Ramalingam, chief technical officer, Bajaj Allianz General Insurance.

Bajaj Allianz allows cashless treatment in over 6,500 network hospitals, while ICICI Lombard has a network of over 4,500 hospitals pan-India and Care Health Insurance over 16,500.

Innovation has also been key. "We recently launched a 100% cashless OPD solution — BeFit — serviced through our IL TakeCare app. We were among the first to launch pandemic-relevant feature of home care cover for customers in 2020," says Sanjay Datta, chief, underwriting, claims and reinsurance, ICICI Lombard.

"Care" has been the guiding principle for our customer-centric initiatives — from our product bouquet to digital/app-driven service interfaces

100%

Rise in health insurance premiums for senior citizens in certain cases post Covid.

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Sanjay Datta

Chief, underwriting, claims & reinsurance, ICICI Lombard

Top Health Insurers

RANK	INSURER	PAID CLAIMS SETTLEMENT RATE	CLAIMS SETTLEMENT RATE (WITHIN 30 DAYS)
1	Bajaj Allianz General Insurance	90%	97%
2	ICICI Lombard General Insurance	86%	100%
3	Care Health Insurance	90%	100%

SOURCE: SECURINOW

that ensure seamless product utilisation by consumers," Anuj Gulati, MD and CEO, Care Health Insurance.

Health insurance premiums, meanwhile, have jumped 10-15% for the middle-aged, on an average. In some cases, premiums have even doubled for senior citizens.

Such premiums allow a tax benefit of up to ₹25,000. An additional ₹25,000 deduction (₹50,000 in case of senior citizens) is available on payment of premiums for parents' insurance.

— Abeer Ray

3

Equity ULIPs Beat Inflation

Unit-linked insurance plans fetch higher returns compared to fixed deposits, debt funds, NSC and PPF.

INVESTORS COMPARE

Unit-Linked Investment Plans (ULIPs) are based on their returns more than anything else. ULIPs are long-term market-linked products that invest in various funds. HDFC Discovery Fund has delivered the best performance among equity funds, with Morningstar Risk Adjusted Returns [MRAR] of 77.15 and 19.25% in one and three years, respectively. Tata AIA Life Multi Cap and Tata AIA Life-Top 200 funds have bagged the next two ranks, offering inflation-beating returns to investors.

HDFC Discovery, a mid-cap fund managed by Nishit Dholakia, has outperformed its benchmark Nifty MidCap 100 by 15 percentage points, with an annualised return of 28.75% since its launch. Tata AIA Life Multi Cap Fund generated 22% returns since inception vs 13.28% by its benchmark index, and Tata AIA Top 200 Fund, which aims to invest in BSE 200 companies, has beaten its benchmark by 3 percentage points since launch.

"We invest in firms with opportunity to benefit from earnings growth and valuation re-rating. We filter stocks based on visibility of long-term growth, credible management and growth at reasonable price valuation methodology to deliver the best risk-adjusted returns," says Prasun Gajri, chief investment officer, HDFC Life.

Top Equity ULIP Funds

RANK	FUND	MORNINGSTAR RISK-ADJUSTED RETURN (1YR)	MORNINGSTAR RISK-ADJUSTED RETURN (3YR)
1	HDFC Life-Discovery Fund	77.15%	19.25%
2	Tata AIA Life Multi Cap Fund	65.08%	20.25%
3	Tata AIA Life-Top 200	62.91%	19.04%

RETURNS AS ON OCTOBER 31, 2021. RETURNS TAKEN FROM MORNINGSTAR INDIA AND COMPILED BY SECUREXO.



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Prasun Gajri, chief investment officer, HDFC Life

"Tata AIA Life Multi Cap Fund follows a bottom-up approach to portfolio construction... Since ULIPs are used to fund long-term life goals, we can stay invested in quality stocks across cycles," says Harshad Patil, executive vice president and chief investment officer, Tata AIA Life Insurance.

"Returns ranging from 8% to 10% should be considered decent. One must look at ULIPs as an investment option that can beat inflation and bring along higher returns than FDs, debt funds, NSC and PPF," says Raj Khosla, founder and managing director, MyMoneyMantra.com.

HDFC Discovery holds 94% of

its portfolio in equities, out of which 16.48% is invested in financial services, followed by pharmaceuticals [8.24%] and chemical products [7.85%]. Tata AIA Multicap Fund and Tata AIA Life-Top200 Fund hold 97.52% and 97.74%, respectively, in equities. Both funds are heavily invested in financial service activities except insurance and pension, with one-fourth of their equity portfolio in the sector.

Premiums paid towards ULIP investments are eligible for tax deduction under Section 80C of the I-T Act. Besides, ULIP holders also gain from tax benefits on maturity amount under Section 10(10D). — Abeer Ray



4

Nominal Premiums: The USP Of Term Plans

A must-have in financial portfolio, underpricing has been key to their adoption.

THERE IS NO BETTER product than a term insurance plan to take care of the financial needs of dependents after the demise of the bread winner. The USP of term plans is that they charge nominal premiums. Among the leading ones, Bajaj Allianz Life Insurance charges annual premiums ranging from ₹11,976 to ₹39,167 for a ₹1-crore cover, depending on the policyholder's age [between 30 and 50 years]. ICICI Prudential Life's Iprotect Smart plan Insurance charges ₹19,075 and ₹49,674 yearly from 30-year-old and 50-year-old policyholders, respectively. HDFC Life Click2Protect Life plan requires a 30-year-old policyholder to pay ₹15,051 annually for a ₹1-crore cover and ₹59,878 for a ₹5-crore cover.

The premiums, however, are set to see a spike soon. Some insurance companies have, in fact, already increased premiums amid high mortality due to Covid-19. "The 25-30% jump is on the back of rising reinsurance rates due to the pandemic-driven higher death rate," says C.S. Sudheer, founder and CEO, Suvision Holdings. Notably, once purchased, the premium remains fixed



"Customers look at the strength of the company offering such a cover, its claim paying ability and product features, among others."

Tarun Chugh

MD and CEO, Bajaj Allianz Life Insurance

for the entire tenure of the term plan, and a hike does not impact the outgo for the policyholder, adds Sudheer.

The best ones dominate in terms of claims settlement as well. HDFC Life Insurance has a 100% death claims settlement rate, with 92% settled within 30 days. Bajaj Allianz Life Insurance follows with a death claim settlement rate of 99% and ICICI Pru Life Insurance with 97%.

"For FY21, the average time taken to settle a genuine death claim was just 1.4 days," says Amit Palta, chief distribution officer, ICICI Prudential Life Insurance. "Our All-in-One term insurance plan IProtect Smart provides cover against 34 critical illnesses, with the premium remaining unchanged for 30 years," he adds.

"HDFC Life Click 2 Protect Life offers comprehensive benefits. Income Plus option serves as a means of regular income along with the benefit of life cover," says Srinivasan Parthasarathy, chief actuary, HDFC Life Insurance.

Payment of premiums towards term insurance allows a deduction under Section 80C. Also, death benefits are fully exempt from tax under Section 10(10D).

— Abeer Ray

Top Term Insurance Plans

INSURER	PRODUCT	YEARLY PREMIUM FOR ₹1-CR SUM ASSURED			YEARLY PREMIUM FOR ₹5-CR SUM ASSURED		
		30-YR	40-YR	50-YR	30-YR	40-YR	50-YR
Bajaj Allianz Life Insurance	Smart Protect Plan	11,976	21,010	39,167	55,578	99,999	1,90,588
ICICI Prudential Life Insurance	Iprotect Smart	19,075	29,499	49,674	67,148	1,08,057	1,89,429
HDFC Life Insurance	Click2 Protect Life	15,051	27,197	49,811	59,878	1,08,295	2,02,079

ANNUAL PREMIUM IN ₹ INCLUDES GST FOR A NON-SMOKER MALE. POLICY TERM: UPTO 75 YEARS. SOURCE: SECURENOW



Buy Life Cover Of 10 Times Annual Income

By **Vibha Padalkar**, CEO, HDFC Life



▶ THE PANDEMIC changed things drastically for individuals and organisations globally. Habits, expectations and needs changed, which forced organisations to make customer convenience the core of their strategy. Over the last 18 months, consumer behaviour has changed sharply with online gaining popularity for all financial products.

We conducted a study—Life Freedom Index (LFI)—focusing on the situation prevailing during the pandemic. LFI assessed the state of financial freedom of urban Indian consumers, their awareness about products, adequacy of financial planning and their current state of financial freedom. Nielsen conducted the study in July 2021 across 14 cities, covering almost 2,000 consumers.

The interesting insights were:

Consumers seem less confident about financial preparedness.

Metros and nuclear families are more hit, while smaller cities and joint families have been more stable.

Financial health has become priority—people seem worried about growth, jobs and piling of debt due to loss of income.

Covid-19 has brought about a transformation in engagement of the customer with life insurance driving high product familiarity and preference.

These findings bring out the impact of a few habits that have long prevailed – lack of insurance awareness, not purchasing adequate cover, not preparing for an eventuality such as loss of income or life.

The importance of insurance

Customers are now showing increased interest in life insurance. Health insurance has also gained greater significance as people have realised that a health emergency can mean a financial setback for the family. While this has been a reality for those experiencing the financial impact of cancer or cardiac ailments, a large portion of the population faced this due to Covid-19.

Adequate life insurance enables families to overcome the financial impact of losing the breadwinner, but many did not foresee this. Now, individuals are purchasing life insurance for the first time; and existing customers are revisiting the cover amount to ensure adequate safety for loved ones.

Liabilities such as loans and major expenses such as child's education and marriage cannot be ignored while planning for financial emergencies. Inflation impacts quality of living with time. The thumb rule of buying life cover of at least 10 times the annual income should not be overlooked.

Secure yourself

Job losses hit working population hard during the pandemic. As an employee, you are eligible for several benefits from your employer. This includes

People are worried about growth, jobs and piling of debt due to income loss

health insurance for you and dependants, group term insurance, health check-ups, etc. Loss of employment would mean losing out on these. While this phase could be temporary, it could have a long-term impact wherein you may end up depleting savings or borrowing or even selling assets accumulated over time.

India's millennial customer base is going through a demographic transition. Over half of the population is under 25 and India is likely to have the world's largest workforce by 2027, with a billion people between 15 and 64 years. This is a vast opportunity.

The buying behaviour of millennials is different. They use various avenues for investments other than banks and are willing to experiment and purchase products at a younger age.

The need for customisable and more personalised products is higher among millennials. Standard one-size-fits-all products are a passé as they are clear about needs. They are open to sharing data and information about themselves and expect the service provider to offer greater customisation to them—including financial products.

2021 has been a year of transition. There have been efforts by government, large organisations, small businesses and customers to change the status quo and bounce back towards a more promising and secure future. India, with a young population, has greater optimism among businesses and customers. As we recover from the pandemic, we need a secure future. This can be done by starting early and staying disciplined towards your long-term goal with life insurance. ■