

Cheap covers for the rich

Business Standard; January 31, 2010

Life insurers are aggressively targeting HNIs. A look at some of the products on offer

The growing number of high networth individuals (HNIs) has caught the attention of insurance companies. And they have started targeting this segment more aggressively.

Take an example of Birla Sun Life Insurance Company. The insurer has launched a term plan that caters exclusively to HNIs. Called High Networth Term Plan, the minimum cover one can avail is Rs 50 lakh. ICICI Prudential Life Insurance, too, has a similar product with a minimum cover of Rs 25 lakh.

Others, who don't have specific products, have started giving hefty discounts to customers. IDBI Fortis Life Insurance, for instance, offers discounts of up to 35 per cent to the customers who buy cover of more than Rs 20 lakh. Bajaj Allianz Life Insurance has also started special services for HNIs. As per a 2009 report from Merrill Lynch Wealth Management and Capgemini, the number of HNIs is going to treble by 2018 and add whopping \$4 trillion (Rs 180 lakh crore) to their wealth.

"The combined wealth of Asia Pacific's HNIs is estimated to grow at 8.8 per cent each year till 2018, faster than the global average of 7.1 per cent, said the report.

"Customers in this segment have specific needs. They require quality of service and are price sensitive too," said Fabien Jeudy, chief actuarial officer at Birla Sun Life Insurance Company.

Definition of HNI: By convention, HNIs are classified by their investible surplus. Insurance companies classify them, based on the premium paid. A customer is an HNI if he/she takes a term cover of Rs 25 lakh or more. For Birla Sun Life Insurance Company, a customer that buys a policy of more than Rs 50 lakh falls in the HNI category.

For unit-linked insurance plans (Ulips), an HNI is someone who pays an annual premium of Rs 1 lakh or more. In products that have guaranteed returns, HNI is someone who pays yearly premium of Rs 50,000.

INSURANCE

CHEAP COVERS FOR THE RICH

LIFE INSURERS ARE AGGRESSIVELY TARGETING HNIs. A LOOK AT SOME OF THE PRODUCTS ON OFFER

Company	Annual Premium (Rs)
Anglo Birla Life Insurance Term	16,900
Birla Sun Life Insurance High Networth Term Plan	24,600
ICICI Prudential Life Insurance Pure Protect Elite	29,373
IDBI Fortis Life Insurance	39,565
Bajaj Allianz Life Insurance Term Plans	44,770

*Prices for a cover of Rs 1 crore for a 15-year term for a 40-year-old male (non-smoker). Source: Companies



Comparative premiums

Chief actuarial officer at Birla Sun Life Insurance Company. **Definition of HNI:** By convention, HNIs are classified by their investible surplus. Insurance companies classify them, based on the premium paid. A customer is an HNI if he/she takes a term cover of Rs 25 lakh or more. For Birla Sun Life Insurance Company, a customer that buys a policy of more than Rs 50 lakh falls in the HNI category. For unit-linked insurance plans (Ulips), an HNI is someone who pays an annual premium of Rs 1 lakh or more. In products that have guaranteed returns, HNI is someone who pays yearly premium of Rs 50,000. "As many businessmen split income within the family for taxation purpose, we cannot look at income alone to classify a person as an HNI," said Pranav Mishra, senior vice president, head products and sales, ICICI Prudential Life Insurance. **Pricing:** The main feature of these term plans is that they provide cheaper cover compared to other existing products. A healthy 40-year-old male (non-smoker) seeking Rs 1 crore for 15-year term can get the policy for Rs 24,600 a year from Birla Sun Life Insurance under High Networth Term Plan. ICICI Prudential Life Insurance offers the same policy for Rs 29,373. For other companies, the premium for the same user would range from Rs 35,000 to 50,000. Angon Reliance's 1-term plan is an exception. For the above-mentioned profile, the company would cover the individual for Rs 16,900. **Segmentation and medical:** Some insurance firms have further segmented the customers based on gender and tobacco usage. The policy is cheaper for a woman. Non-smokers, too, enjoy the benefit of lower premiums. At the same time, the medical tests are extremely stringent. The companies test for around 13 illnesses through blood test. There are other medical tests, too, to study blood pressure and heart condition. The health check-up may also include fitness test, for instance running on treadmill, depending on the age and health of the applicant. The premiums increase if the customer does not meet the required standard. **Scope of coverage:** The sum assured in these plans are at the discretion of the insurer. Income is the primary criterion. The customer can take sum assured of five-seven times his salary, only. For Rs 50 lakh cover, the income should be in the range of Rs 7.5-10 lakh. "If the person can produce enough documents showing liability in excess of the income, the sum assured can be increased," said Jeudy. An example is someone with an ongoing home loan. Such a person would have higher liability and, hence, can avail a bigger sum assured. **Services:** The advantage of higher sum assured is that HNIs can get everything at their doorstep - even the pathologist that would conduct medical tests. Most companies conduct medical tests at the customer's home unless a fitness test is required. Other services include a relationship manager, priority issuance, faster processing and free premium collection.

TINESH BHASIN

The growing number of high networth individuals (HNIs) has caught the attention of insurance companies. And they have started targeting this segment more aggressively. Take an example of Birla Sun Life Insurance Company. The insurer has launched a term plan that caters exclusively to HNIs. Called High Networth Term Plan, the minimum cover one can avail is Rs 50 lakh. ICICI Prudential Life Insurance, too, has a similar product with a minimum cover of Rs 25 lakh. Ones, who don't have specific products, have started giving hefty discounts to customers. IDBI Fortis Life Insurance, for instance, offers discounts of up to 35 per cent to the customers who buy cover of more than Rs 20 lakh. Bajaj Allianz Life Insurance has also started special services for HNIs. As per a 2009 report from Merrill Lynch Wealth Management and Capgemini, the number of HNIs is going to treble by 2018 and add whopping \$4 trillion (Rs 180 lakh crore) to their wealth. The combined wealth of Asia Pacific's HNIs is estimated to grow at 8.8 per cent each year till 2018, faster than the global average of 7.1 per cent, said the report. "Customers in this segment have specific needs. They require quality of service and are price sensitive too," said Fabien Jeudy, chief actu-

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