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## Planning to buy insurance this year?

Wait till these are refiled as it will give you added benefits

If you are planning to buy an insurance policy this year -either life or health - you should hold the purchase until the products are refiled. The Insurance Regulatory and Development Authority (Irda) has given insurers time till June 30,2013 and September 30,2013 to re-file their group and individual products, respectively.

Insurers are doing the necessary paperwork and com-piling products so as to meet the refiling deadlines. By refiling products, the insurance regulator wants to create a common platform for all life and non-life insurance products. In the interim, most life and non-life products could go missing after their respective refiling deadlines. Insurance experts say, it generally takes about two weeks to file a product. On an average, insurers have 15-20 products in their basket, which will need to undergo the refiling process. Hence, many products will not be avail-able for sale. Many insurers will send their best-selling products first for re-filing, so that at all points in time, some prod-ucts are available for sale.

Refiling is vital because many insur-ance products are more than a decade old, do not comply with the new prod-uct design and need to be in sync with customers' needs.

For instance, in health insurance, after the products are refiled, these can be renewed for lifetime. Products will also give cumulative bonus and com-panies can no longer refuse to issue policies to senior citizens. Cumulative bonus works like a 'no-claim bonus', where the insurer will automatically have to increase your sum assured by a certain percentage if you have had a claim-free year. The percentage will differ from insurer to insur-er. Currently, very few insurers offer such incentives. However, once the products are standardised and refiled, all health products will uniformly offer these facilities. Product renewability and products offered to senior citi-zens will, however, depend on the person's health and insurers will price the product accordingly.

Anuj Gulati, managing director (MD) and chief execu-tive officer (CEO) of Religare Health Insurance, says, "Some insurers charge a loading on the premiums if the insured has made a claim. This loading will not be allowed once the products are refiled. Additionally, standardisation in claim formats will bring in transparency benefiting the policyholders."

In case of life insurance, all unit-linked insurance poli-cies and traditional products, including endowment and money back policies will have to undergo the refiling process. Hence, it again makes sense to wait for the refiled products.

According to the refiling norms, all life products will now uniformly have a sum assured that will be 10 times the premium paid. This, in turn, means a higher sum assured, which will meet the tax deduction requirements.

Refiled life products are also likely to offer lower commissions and higher surrender value. P Nandagopal, MD and CEO of IndiaFirst Life Insurance, says, "Due to lower commissions, some insurers may plan to reduce the charges on traditional products as well."

For instance, if you have chosen a premium paying term of 10 and five years, the commissions charged will not exceed 30 and 10 per cent, respectively, says A S Narayanan, chief distribution officer at Bajaj Allianz Life Insurance.

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