

PRIVATE INSURANCE A Decade After

No Private Matter

Why private life insurers are struggling to find their groove even after a decade in the business. By ANAND ADHIKARI



Major life insurers and their market shares

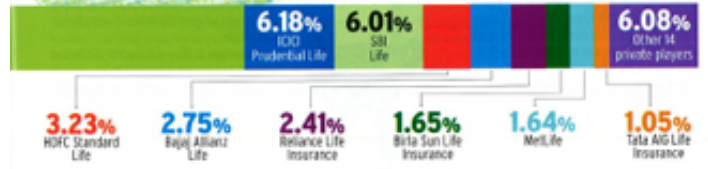
69% Life Insurance Corporation

Figures for 2010-11 (first-year premium)
Source: IRDA

Interview:
J. HARI NARAYAN
Chairman,
IRDA
in 96



In a casual chat with a personal banker at her bank branch in early 2009, single mother Krutika Raghunath first learnt about unit-linked insurance plans, or ULIPs. "You have to pay ₹45,000 per annum for three years," he explained. Not convinced, especially as she already had a 'money back' policy from Life Insurance Corporation, or LIC, the 45-year-old working professional promised to get back soon. On Raghunath's next visit to the neighbouring bank in a Mumbai suburb, she got an irresistible offer from the young aggressive banker. "You pay ₹15,000 per annum for three years and get a minimum ₹60,000 and a maximum of ₹80,000," he said smoothly, rolling out the stock market statistics of the just-gone boom period. The 20-year ULIP he was offering, with a three-year lock-in, also had a death cover of ₹1.5 lakh. Raghunath's remaining apprehension – the policy application didn't have the bank's name – was dismissed with a "they are our partners" rejoinder. She fell for the deal hook, line and sinker. Ironically the stock market risk in the plan was not mentioned to her. Soon enough, the markets began to slide, and ULIPs took a major beating. A few weeks ago, forced by rising expenses to make an early exit from her ULIP, Raghunath was horrified to see her investment value at ₹15,000. The young banker had left, and the new one explained: "The stock market is down."





RAJESH BELAN, Chairman of the Board

"We took a very rational call in mid-2004 to have a diversified product basket of ULIs as well as of fresh sea insurance products."

RAJESH BELAN, Chairman of the Board

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M.N. RAO, Managing Director

"We maintain a median position in our compensation packages at all levels and never go to any extreme level."

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