

Life insurance firms focus on guaranteed income products in post-Covid-19 world

Risk-averse customers keen to be shielded from market and interest rate volatility

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In the post Covid-19 world, life insurers are looking to ride on changed consumer preference to guaranteed income products. They have now realised that the masses, especially in interior India, have turned risk averse and want to be shielded from market and interest rate volatility, thereby favouring products that assure guaranteed income, according to industry players.

For instance, Canara HSBC Oriental Bank of Commerce Life Insurance, whose new business from guaranteed products for FY20 and April-December 2020 stood at healthy 35 per cent for both years, recently rolled out its fifth guaranteed product, Guaranteed Income4Life.

Regular income

It is a non-linked, non-par individual life insurance savings-cum-protection plan, which

not only offers an individual the opportunity to secure his/her life, but also allows one to have regular income to take care of both long-term and short-term financial goals, said Akshay Dhand, Appointed Actuary, Canara HSBC Oriental Bank of Commerce Life Insurance.

“Guaranteed Income4Life has been specially designed to offer life insurance coverage and benefits of a savings product under one umbrella. Over the last few years, customers have favoured guaranteed products. As insurers expand to tier-2 and tier-3 cities, there is a movement to guaranteed products and, therefore, insurers are now moving to such products,” said Dhand.

For life insurers, providing guaranteed products is the most risky one, and despite this they are ready to manage this risk and offer these products to customers, he said.

Most of the earlier variants of



guaranteed products that Canara HSBC Oriental Bank of Commerce Life Insurance were giving lump sum benefits (endowment or annual income).

“Our latest Guaranteed Income4Life focusses on income benefit much more and allows you to take income for short term, medium term or even life long. So, the key pitch is this is typical income product, where you can get income up to 99 years. The product has lot of flexibility too,” he said.

Sameer Joshi, Chief Agency Officer, Bajaj Allianz Life Insurance Council Co Ltd, said: “Guaranteed income products from life insurance companies bring in a financial certainty in terms of returns as they are not dependent on market movements. They are suitable for risk-averse individuals who are

looking for a guaranteed fixed rate of return throughout their investment tenure, irrespective of pandemics such as Covid-19 or volatility in markets. With these products, individuals can receive a fixed and assured regular income to continue with the same lifestyle. At the same time, they can also provide a back-up for their family's life goals through the life insurance cover available under the plan.”

'Have dual benefit'

Casparus Kromhout, MD and CEO, Shriram Life Insurance, said: “Non-linked, non-par individual life insurance plans have the dual benefit of life cover combined with savings. These traditional endowment plans provide a guaranteed return to the customer at the end of the policy term, thus making them well suited for risk-free financial planning for specific future goals. The combined life cover further helps secure the savings for the family. Thus, these plans have a good uptake, especially among customers who prefer to be risk averse.”