

'Buy insurance after need-based analysis'

Interview



Tarun Chugh
MANAGING DIRECTOR, PNB METLIFE

The perception of buying an insurance cover has undergone a sea-change in the last two decades, thanks to the increased cost of owning a home, especially in mega-cities that lead to increased anxiety levels amongst borrowers. Banks have been one of the key influencers in getting their customers look at death as the inevitable, especially when they are doling out huge cash in long term housing or education loans. Over the years, products too have matured to the life cycle needs of us mortals.

Tarun Chugh, managing director of PNB MetLife, in an exclusive interview with OP Thomas discusses various products available today for consumers and the way to go about picking the right mix. Excerpts:

What is the general outlook of investors when it comes to buying an insurance policy?

Today investors do understand the importance of purchasing an insurance policy. It is an important component in a person's financial plan that gives valuable protection as well as benefits of wealth creation which investors look for. Just to reiterate, life insurance is long-term investment and protection product and should be bought on a need-based analysis, life stage whether it is saving for retirement or child education or loan protection among others.

Do you think one needs to do some research before going for a product?

Life insurance product should be bought following a need-based analysis of your existing financial portfolio. Once the need gap is identified, then you can research for the product best suited to address your requirement. There are many web aggregators that provide comparisons in terms of features and pricing. You can also meet insurance agents of your shortlisted companies and get complete clarity on –policy term, premium payment term, life cover, maturity benefits and applicable charges. You can also check the fund performance of the companies in case you are planning to buy a ULIP.

What about products for kids?

Child plans from a life insurance company are the only products that ensure that the corpus planned for one's child's future is available whether the parent is around or not. Child plans, including Met Smart Child, typically come with a premium waiver benefit, which ensures that all pending premiums are paid into the policy fund upon the unfortunate demise of the

plans from an insurance company are available on ULIPs and traditional platforms and one can choose either depending on their risk appetite. Though these plans come with a capital guarantee now. One can also look at various other pension plans offered by the banks or mutual fund companies. However retirement plans from insurance companies are the only ones that come with a

vestor confidence which has encouraged investments in ULIPs. We believe that unit linked plans with equity exposure should be opted ideally by those customers, who have a high risk appetite and a long-term investment horizon.

Which is your best selling product?

Met Endowment Savings Plan – the plan provides you the benefit of systematic long-term savings while offering your family the protection. Through systematic savings, you can accumulate a corpus for your future goals. You have the flexibility of choosing your premium depending upon your ability to pay. This comprises of close to 30% of our business on a monthly basis.

How beneficial are on-line insurance policies to the buyer?

With increased awareness around protection products, on-line term plans have become a huge success with insurance buyers. Buying insurance online gives buyers the option to evaluate several plans before making a decision. There are web aggregators that provide comparative analysis on products. Online plans click well with a certain set of buyers who like to do their own research and they are also simpler and cheaper than offline policies.

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parent. We are shortly launching a child plan on the traditional platform too.

Please elaborate on schemes/products one should look at for retirement?

Retirement plans offered by life insurance companies offer the benefits of both insurance and investment. On survival of the policyholder, one third of the fund value is available for the policy holder and the rest is put into an annuity for regular monthly income. Retirement

life cover and additional tax benefits. To ensure a substantial corpus on retirement, it is advisable that one should start investing at the beginning of their career cycle.

What is your view on unit-linked insurance products?

With a steady government at the centre, the long term economic outlook of our country is perceived to be stable. The Indian equity market is well poised and is showing signs of renewed in-