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Insurance premiums go south

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Life insurance companies are wooing customers with online products with benefits that were hitherto unheard of and include not only lower premiums but an increase in the upper age limit.

“Premiums are going south,” said **Mani Kant, vice – president, India Insure Risk Management & Insurance Broking Services Pvt Ltd**, because of competition. There are 25 registered life insurance companies and they operate in the same market. So they have to reduce prices.

Edelweiss Tokio Life has come out with a product that gives the customer an option to select the term period up to the age of 80 years; the highest in the industry. Deepak Mittal, managing director and CEO, Edelweiss Tokio Life said, the product My Life+ “fulfils two needs — a need for longer term period and the choice of pay-out options — monthly, annual or a combination of both that best suits their families. It is competitively priced: a cover of Rs 1 crore is available to a 25 -year-old non-smoker male for a term of 25 years at an annual premium of just Rs 5,562. The entry point is before 58 years.

Earlier Kotak Life Insurance announced a product where for example the premium for a 35 year-old and policy tenure 30 years is Rs 11,236 per year for a life cover of Rs 1 crore and the maximum age upto which cover available was 75 years.

“Life insurance companies also use this term insurance as the entry strategy to get into the financial planning of any individual and only after selling term plan they try to offer additional products like child plan, retirement etc.,” said Mr Kant.

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