

COMPARATIVE STUDY OF INSURANCE POLICY

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ABSTRACT

Before 1956 many insurance companies were in the field of Life Insurance Business. But between 1956 to 1999 there was no alternative of LIC of India to insurance businesses. Recently after Insurance Regulating Development Authority (IRDA) act coming into existence some private companies are enter into this field. Due to this LIC of India will have to change in service rendered aspect and try to be more efficient.

In this article I have tried to compare some insurance plans which are recently treated as best plans in the market. From this one policy is covering the risk of policy holder only and another is for saving and getting some money during and after the time limit that is money back policy.

Keywords:

- 1.LIC - Life Insurance Policy
- 2.IRDA - Insurance Regulating Development Authority
- 3.HDFC – Housing Development Finance Corporation
- 4.ICICI – Industrial Credit and Investment Corporation of India
- 5.SBI - State Bank of India

INTRODUCTION:

During the last quarter of the financial year each person in service sector wants to save the income tax along with planning of insuring his life and some savings, so there must be a comparative study between some companies and their plans. Following are the two types of policies which are general in market.

TERM LIFE POLICY:

This policy covers risk only during the selected term period. If policyholder survives the term, the risk cover comes to an end. A term policy is designed to meet the needs of people who are initially unable to pay the larger premium required for a whole life or an endowment assurance policy. No surrender, loan or paid-up values are granted under these policies because reserves are not accumulated. On the usual term assurance plans, accident and/or disability benefits are not granted.

MONEY BACK POLICIES:

Unlike endowment insurance policies, where the survival benefits are payable at the end of the endowment period, money-back policies provide for periodic payments of partial survival benefits during the term of the policy, as long as the policyholder is alive. An important feature of this type of policies is that in the event of death at any time within the policy term, the death claim comprises the full sum assured, without deduction of any of the survival benefit amounts, which may have already been paid as money-back components. Similarly, the bonus is also calculated on the full sum assured.

COMPARATIVE STUDY:

In the market two policies that is Anmol Jeevan Policy from LIC of India and term plan from Birla sun life are better and provide same types of options to their customers, so their comparative study must be essential to all of us.

A. COMPARATIVE STUDY OF TERM INSURANCE POLICY OF DIFFERENT COMPANIES:

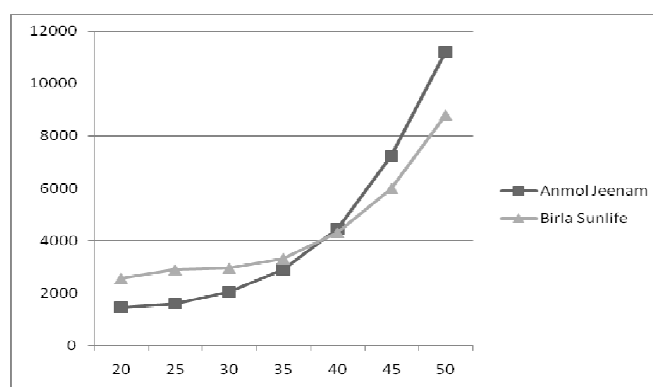
Following is the comparison of term Insurance Plans of different insurance companies

Consideration: Term 10years,

Sum Assured 10 lakhs

S N.	Age	Anmol Jeevan (LIC)	HDFC	Birla	Max	OM kotak	ICICI
1	20	1455	2460	2560	2000	2800	2278
2	25	1601	2620	2890	2110	3100	2327
3	30	2037	2820	2950	2280	3400	2504
4	35	2910	3050	3310	2920	4200	2925
5	40	4462	3790	4310	4160	5778	3601
6	45	7227	5520	5990	6370	8058	5336
7	50	11204	8320	8790	10000	12020	8197

(Note : figures in table shows amount of premium in rupees)



While studying all these policies two companies, Life Insurance Company of India and Birla sun life Insurance Company Ltd., provides better solution for term insurance so their comparison is important. Graph shows from

the age 20 to 40 years old LIC's Anmol Jeevan shows less premium than Birla sunlife, while from age group 40 to 50 Birla sunlife has low premium. So both policies are explained as under.

JEEVAN ANMOL POLICY FROM LIC OF INDIA (TABLE NO 164):

To keep a positive concept of thinking about future of our legal heir after death, that is for our nominees this policy is more suitable. This plan is most beneficial for taking risk of life in minimum premium. At the end of time period no amount is given to him. The main aim of this policy is for the safety of his life.

Benefits to Policy holder: During the policy, on death of policy holder, Insurance amount is given to nominees. At the end of policy period nothing is given to policy holder.

1. Rules and clauses for the policy:

- a. Age : minimum 18 years and Maximum 55 years
- b. Maturity : 65 years
- c. Time limit : Minimum 5 years and Maximum 25 years
- d. Insurance amount : Minimum 5,00,000/- and Maximum 24, 00,000/- (in times of 1, 00,000)
- e. Mode : Half yearly, Yearly, Single
- f. Medical : Should not be taken Non medical
- g. Back Dating : Allowable, without any interest

2. Loan : Not allowed

3. This policy is also considerable revival.

BIRLA SUN LIFE – TERM PLAN:

This plan has been designed for people who want to avail of the benefits of the life insurance at a low cost. It is a low premium pure risk coverage plan which takes care of policy holder and his dependents.

1. Benefits to Policy holder: During the policy, on death of policy holder, Insurance amount is given to nominees.
2. Rules and clauses for the policy :
 - a. Age : minimum 18 years and Maximum 55 years
 - b. Maturity : 70 years
 - c. Time limit : Minimum 5 years and Maximum 25 years
 - d. Insurance amount : Minimum 2,00,000/- and maximum 10,00,000/-
 - e. Mode : quarterly, half yearly, yearly, Single pay
 - f. Medical : yes

While studying both the policies, the comparison table shows all the important factors.

S N.	PARTICULAR	ANMOL JEEVAN I (164)	BIRLA TERM PLAN
1	Insurance Type	Term assurance Plan	Term assurance Plan
2	Age at Entry	Min. 18 Yrs, Max 55 Yrs	Min. 18 Yrs, Max 55 Yrs
3	Maximum Maturity age	60 Years	70 Years
4	Term	Min. 5 lac, Max 24 lac	Min. 2 lac, Max 10 lac
5	Sum Assured	Min. 5 Yrs, Max 25 Yrs	Min. 5 Yrs, Max 25 Yrs
6	Sum Assured Rebate	RP – Nil, Single Payment – 1% (above 25 lac)	Face value rebate for amount Rs 7 lac and above
7	Mode	Yearly, Half yearly, single payment	Yearly, Half yearly, Quarterly single payment
8	Mode rebate	Yearly 1 %	No
9	Medical	Yes	Yes
10	Loan	No	No
11	Grace Period	15 days	30 days
12	Revival	Yes allowed	Yes allowed
13	Maturity Benefit	Nil	Nil
14	Death Benefit	Sum assured is payable	Sum assured is payable
15	Riders	No	Accidental death, Critical Illness
16	Tax Benefit	Under sec 80(c) and 10 (10D) of IT act	Under sec 80(c) and 10 (10D) of ITact

B. COMPARISON BETWEEN MONEY BACK POLICIES OF DIFFERENT INSURANCE COMPANIES:

Money back policies are taken for getting fixed sum at regular interval during the policy life and predefined amount at the end of policy period for their old age and family. Policy holder is planning for different occasion in his life, such as children education, marriage, purchasing home etc.

Following are the companies in market provides money back insurance plan;

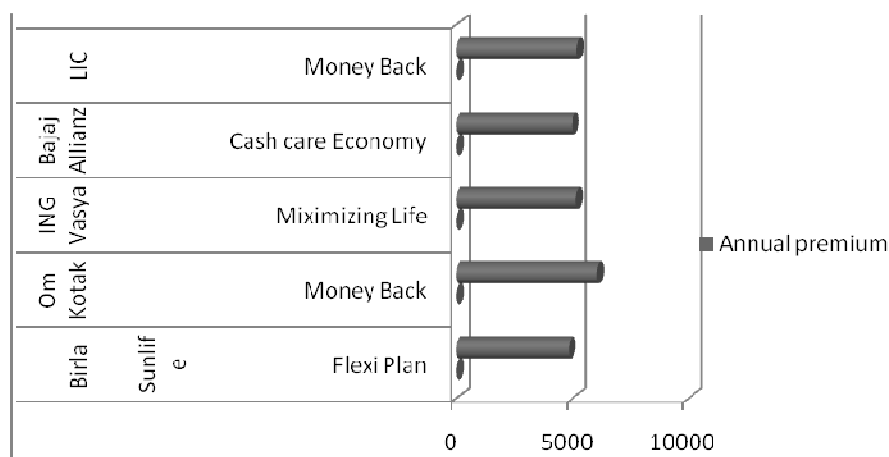
- A. Life Insurance Company of India - Money back 20 years (75), Money back 25 years (93), Jeevan Surbhi - 15 yrs (106), 20 yrs (107), 25 yrs (108), Bima Bachat (175), New Bima Gold (179), Jeevan Bharati (179).
- B. Om Kotak Mahindra - Kotak money back plan
- C. ICICI Prudential life Insurance - ICICI Prue. Cash Back
- D. HDFC standard life insurance company - HDFC Money Back
- E. Birla Sun Life Insurance Company Ltd., - Flexi money back plan
- F. Allianz Bajaj Life Insurance Company Ltd - Cash care
- G. Tata AIG Life Insurance Company Ltd.- Money saver Plan
- H. Max NewYork Life Insurance Company Ltd - No Policy
- I. ING Vasya Life Insurance Company Ltd – Maximizing life Money Back
- J. SBI Life Insurance Company Ltd. – Money Back Plan.

From these companies some are having better options in the money back type policies, so their comparison is considered for selecting beneficial money back policy.

Following table shows the details for the different companies money back policy in which basic assumption for study is taken same.

Sum assured : 1,00,000/- Age of policy holder : 30 Years Term:25 years

S N	Particulars	Birla Sunlife	Om Kotak	ING Vasya	Bajaj Allianz	LIC
		Flexi Plan	Money Back	Miximiz-ing Life	Cashcare Economy	Money Back
1	Sum Assured	100000	100000	100000	100000	100000
2	Age	30	30	30	30	30
3	Term (yrs)	25	25	24	25	25
4	Premium Term	25	25	24	25	25
5	Annual premium	4824	6040	5137	4957	5174
6	Total Premium	120600	151000	123288	123925	129350
7	Bonus	3 Inv.Options	Yes	Yes	Yes	Yes



As per study it clears that the LIC's Money Back provides better option as compare to other money Back policies.

CONCLUSION:

From all the above study it is clear that in Term Plan Life Insurance company of India has better option with the policy Jeevan Anmol. In case of Money Back Plan different companies are suitable in different situation that is according his future need and requirement of policy holder.

According to study L I C Act 1956 preamble, in 7th year of Republic of India Under chapter 7 all 37 policies to be guaranteed by the Central Government. So trust of all the public is more than all other companies.

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