

Good things happen
when **we talk**




Conversations

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jeevan suraksha ka
naya nazariya

Note from Mark



Dear Customer,

It gives me immense pleasure to bring to you the second edition of 'Conversations'- our newsletter created specifically with you in mind. 'Conversations' is the perfect platform for us to reach out and update you on our latest initiatives that aim to make your experience of engaging with us a pleasure.

Our endeavor is to continually grow our product offering to better address your financial need for protection, savings and investment. Our product portfolio is constantly changing in line with your evolving needs. The spotlight section for this quarter's newsletter covers the launch of one such product - Bharti AXA Life Monthly Income Plan. This plan is designed to provide you with income that supplements your primary source of income and empowers you to fulfill those little desires that we tend to put off to a later date. We also aim to demystify the traditional products for you this time, and provide the underlying rationale for such products.

We are a service driven company and the team is committed to providing you with best in class service benefits. Our 48-Hour ULIP Fund Release guarantee is a success story for us, and testimonials from our customers' kin are a testimony to that. It is these times when we truly feel proud to be part of a noble profession like Insurance.

We continue to keep your interests at the core of whatever we do. So please **contact us** with any queries or suggestions that you may have.

Regards

Mark Meehan

Chief Marketing and Operations Officer (CMOO)

Bharti AXA Life Insurance Company Ltd.

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During the month of June, we enhanced our product portfolio by introducing a new plan - **Bharti AXA Life Monthly Income Plan**. It provides customers with a guaranteed tax-free monthly income to ensure he always has enough to meet the growing needs of his family. This plan is the first regular monthly income product in our portfolio. It is in line with our brand positioning of 'Jeevan Suraksha ka Naya Nazariya' that has customer centricity and trust at its core.



Bharti AXA Life Monthly Income Plan

Every month comes with a new wish. Be it a laptop for your kid's birthday, a trip abroad for your wife, or a renovation for your home. You often postpone these desires in the pursuit of fulfilling immediate needs. We understand this, and bring to you a plan that guarantees you a second source of monthly income that enables you to fulfill those long pending wishes and desires. Brighten up your day with your loved ones' smile that makes life worth living.

Even in an adverse situation, if something unfortunate were to happen to you, you can ensure that your family maintains their standard of living.

Bharti AXA Life Monthly Income Plan is a limited premium payment traditional insurance plan ensuring a guaranteed monthly income that helps fulfill your loved ones' desires while protecting them in case of an unfortunate event.

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Key advantages of Bharti AXA Life Monthly Income Plan

1. **Guaranteed Monthly Income which is Tax Free[#]**

You start receiving Guaranteed Monthly Income after the completion of the Premium Payment Term, until Maturity, provided the policy is in force. This income is tax-free[#]. You have the flexibility to choose the Monthly Income you wish to receive, which decides your premium amount.

[#]Subject to the amount prevailing provisions of section 10(10D) of the Income-tax Act, 1961.

2. Family Income Support Benefit (Life Insurance Benefit): In case of the unfortunate death of the Life Insured, Monthly Income is

payable to the nominee from the next policy month onwards and continues for the next 8 or 15 years depending on the Policy Term option chosen at inception of the policy. This payout is made over and above the Monthly Income payouts made before the death of the Life Insured.

3. Potential Upside through Bonuses: You receive Annual Reversionary Bonus, if declared, on Maturity or death.

4. Tax benefits for premiums paid and benefits received, are as per the prevailing tax laws which are subject to changes.



Bharti AXA Life Insurance is only the name of the Company and Bharti AXA Life Monthly Income Plan is only the name of the life insurance product and does not in any way indicate the quality of the product. This is not a product brochure, for more details on risk factors, terms, exclusions and conditions, please read the product brochure before concluding a sale. Tax benefits are as per the Income Tax Act, 1961, and are subject to any amendments made thereto from time to time.

Life cover available in this product.

Bharti AXA Life Monthly Income Plan UIN: 130N046V01.

Product: Demystifying Traditional Insurance Plans

We understand that as a customer, you may have questions around Traditional Insurance Plans that you want answered before making a purchase decision. What are traditional savings plans? How do they work? Why should I invest in them? How will I benefit from them?

In this section, we have tried to answer these questions and simplify Traditional Insurance Plans for you. Traditional Insurance Plans primarily offer a combination of protection and savings benefits to customers. Popular Traditional Insurance Plans are the Endowment Insurance Plans and the Whole Life Insurance Plans. These plans broadly include features such as life insurance cover, guarantees, returns, safety and tax benefits. Traditional policies are considered risk-free, as they provide fixed returns in case of death or maturity of the policy. Investment guidelines given by the regulator (IRDA) also ensure safety of funds with a cap on equity investment for the underlying participating fund in which all monies are invested.

Here are some of the reasons that tell you how traditional savings insurance plans are beneficial for you:

1. Customer comes first: In participating plans the company can earn margins only when the customer earns margins and to that extent the interest of the company and the customer are aligned.

As per the insurance law, the company can retain only 1/10th of the profits with 9/10th of the profits being shared with the customers. This is known as the “90/10” rule* in the insurance industry. For example: If the company makes Rs 100 as

profits, Rs 90 has to be given to the customer first.

2. Investment risk is borne by the company instead of customer: In Unit Linked products the investment risk lies with the customer. On the other hand, in traditional participating products, this risk lies with the company. Traditional Insurance Plans are apt for customers who are risk averse and do not actively participate in managing the investment.

3. Easier to understand: Traditional participating plans offer in-built guaranteed benefits hence the 'give and get' equation is fairly simple to comprehend. The product

benefits are specified at the outset with lesser dependencies on external factors, making the product extremely simple to understand.

All in all, Traditional Insurance Plans are an ideal fit for the passive investors as they provide dual benefits of guaranteed returns and protection. If your investment objective is long term savings with safety and guaranteed returns, then Traditional Insurance Plans are the best investment product for you .



**As per IRDA (Distribution of Surplus) Regulations 2002*

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Service: Delivering the 48 hour fund-value release guarantee



At Bharti AXA Life, we understand that customers today look for real and relevant solutions that answer their needs. We believe in offering tangible evidence of meeting customer expectations.

The 48 Hour ULIP Fund Release innovation was one such initiative where we committed to **release the Fund Value component of the customer claim** (in case of Unit Linked Insurance Plans) **within 48 hours of intimation**. We backed this initiative with a service guarantee to exemplify our commitment to our customers- a 1% interest payment to the customer for every day of delay.

This service guarantee was an answer to a key customer concern – that of fears around bureaucracy delaying claim settlement and that his family members may never get the claim money in case something unfortunate were to happen to him.

Since the launch of this service guarantee, **480 claims have been paid on time**, out of the 481 claim intimations received. Most of the funds were released within 32 hours. There was only one case where the guarantee was

not met and interest at the rate of 1% per day was paid to the nominee.

Our claims feedback survey that is conducted after a claim is settled has achieved a **96% satisfaction level**.

We aspire to be the preferred life insurance partner for our customers and are exploring every opportunity to translate this commitment into tangible benefits for our customers.

Customer Speak

“I am very satisfied with Bharti AXA Life, especially the manner in which they managed my claim. I will certainly recommend it to my friends and relatives.”

- Mrs. Dalia Chakroborty, wife of late Mr. Subrata Chakroborty

“I can never forget the support and empathy that Bharti AXA Life extended to me in the difficult times after the death of my husband.”

- Mrs. Ramilaben Patel, wife of late Mr. Anilbhai Patel

“The guidance and personal support extended by Bharti AXA Life’s representatives during the claim process after the death of my husband is exceptional. In fact I have now joined Bharti AXA Life as an advisor.”

- Mrs. Neha Rami, wife of late Mr. Keyush Rami

“Bharti AXA Life’s service is commendable. I am very pleased and will recommend Bharti AXA Life.”

- Mr. S.Selvam, father of late Mr. S. Rajsekar

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Investments: Outlook for Equity Markets

In the previous quarter, we spoke about inflation concerns being center stage. The situation remains the same today and will continue to keep the markets under pressure. One of the main reasons is commodity prices, which even after a correction continue to remain at high levels. For eg., Brent crude is now at 113\$ (v/s 110\$) having hit a high of 126\$ in late Apr '11. This has caused the RBI to increase interest rates (repo rates) by 1% to 7.5%. The RBI is expected to increase them by another 0.25% to 0.50% during FY2012. High commodity prices and higher interest rates will impact consumption, capital investment and corporate profit margins. Already, RBI has had to downgrade its FY2012 GDP growth forecast to 8% from 8.5%.

Stock markets tend to be forward looking. They can fall even when newspaper headlines are positive, if the market senses that earnings have peaked. Valuations also play a key role. Expensive valuations can overcome even the most positive developments while cheap/reasonable valuations can provide a support even if the news flow is poor. The fact that Indian equities (S&P Nifty) remain steady (since our last news letter) in spite of high commodity prices, European debt crisis, earth quakes in Japan, continuing un-certainty in Middle east is indicative of reasonable valuations supporting the markets.

Since Sep '09, equities (S&P Nifty) have delivered a total return of 4%. While, equities may not have fallen, they have become relatively cheaper as corporate profit growth (up 35%)¹ has been strong. We have also under-performed global equity markets and have thus become cheaper compared to those markets².

Many investors have been cautious about Indian equities on account of high valuations and also because of a very strong rebound from Mar '09 lows (100% rise in 6 months). Flat returns from Indian equities, share price under-performance versus profit growth and returns from other markets has addressed above concerns to a large extent. The current situation thus represents an opportunity to gradually increase allocations to equities.

At Bharti AXA Life Insurance, we continue to emphasize a disciplined investment approach and prudent risk management policies for managing the money entrusted by our policy holders to us.

We present below the return of our funds (as of end May 2011), which has been calculated using the reported NAV's of the funds. The past performance is not indicative of future performance.

Fund Name	Fund Performance			Benchmark Since Inception*
	3 Months	12 Months	Since Inception*	
SAVE N GROW MONEY FUND	2.49%	6.06%	9%	8.48%
STEADY MONEY FUND	1.36%	4.02%	6.92%	5.86%
GROW MONEY PLUS	4.03%	7.92%	7.19%	6.37%
GROWTH OPPORTUNITIES PLUS	4.92%	8.14%	5.43%	2.97%

*The figures are CAGR returns and not absolute returns



¹Total profit for CNX 100 cos in Dec '10 qtr as compared to Sep '09 qtr was 35% higher (we have excluded state oil companies – ONGC, HPCL, BPCL).

²Since 1st Dec '10, Nifty is down 10% while S&P 500 (US) is up 9.6% i.e. Indian market has under-performed by 19.6.

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Knowledge & Insights

In our constant endeavor to understand consumer needs better, we regularly undertake local and global researches that aim to understand consumer needs, attitudes and behaviors towards the Insurance category. We then do our best to provide customized solutions that provide tangible answers to varied consumer expectations. Through Conversations this quarter, we intend to share our learning with you.



Why me?

Our study shows that the top reasons to invest in an insurance product are protection of family, securing child's future and providing for old age. Consumers now seem to view insurance as an objective-based investment instrument which addresses a specific need. This, combined with an increasing awareness of insurance has led to consumers increasingly buying Insurance. This finding is substantiated by the increased penetration levels for insurance.

Shy away from me?

Insurance is a long-term investment tool. When a consumer commits to a policy, he is looking at paying premiums over an extended period of time, which may raise concerns about the lack of liquidity. To add to this, consumers appear to have apprehensions regarding settlement of claims in case of an unfortunate event. At Bharti AXA Life, we identified this barrier and have decided to act. In September 2010, we launched a service innovation that guaranteed 'Release of ULIP Fund Value within 48 hours of claim intimation'

Buy me!

When evaluating an insurance company and its products, a consumer's top priorities include safety of their money, prompt and accurate response from the company representative and the rate of return they will receive from the product. A consumer gathers this information from the company's insurance agents and through word of mouth from his friends, family members, colleagues and so on. From a media point of view, consumers tend to get their information from TV followed by hoardings, newspapers and so on.

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You and Me!

When we were evaluating consumer behavior and trends, clear segments began to emerge basis the demographics, allocation of income, key reasons to invest and current investments held. The segments were as follows:

The first group to emerge was that of a **younger set** of consumers who have just started with their professional careers. Most of them are single with high household spends. They prefer to invest in equity-linked products that give them higher returns in line with their primary reason to invest. To add to this, their intent to purchase appears to be highest when considering traditional life insurance products.

The second group consists of relatively **affluent and evolved** consumers who tend to view insurance as objective-based investment products. They primarily invest to secure their children's future and build their savings for retirement. They are willing to take risks and expect higher returns from their investments. Their portfolio includes shares, mutual funds and life insurance products.

The third group of consumers can be characterized by their **conservative outlook** to investments. The group largely consists of consumers who are well educated and are married with children. They are averse to taking risks and thus prefer to invest in instruments that give guaranteed returns like fixed deposits, post office schemes, gold and traditional life insurance products.

The fourth group of consumers is primarily from a **lower income group** with occupational profiles including skilled workers, clerks, and so on. Their primary reason to investment is their child's marriage and building a home. Their current investments include post office schemes, fixed deposits and gold.

The fifth set is differentiated by their **sporadic behavior** towards purchasing investment products. They are from a similar income profile as the fourth group, however their occupation appears to be more business related than professional. When this set of consumers do invest, they consider instruments like Fixed Deposits and Life Insurance products. The child's future is high



on their list of priorities and is a key reason for investment.

As evident, various people have different methods and interests in investment basis their age & backgrounds. Our constant endeavor is to customize our solutions to fulfill the varied needs we come across basis a consumers' behaviors, attitudes and lifestages.

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