

Our view on life insurance

TAURUS MF INDEX

Benchmark indices of Taurus Bonanza Fund and Taurus Discovery Fund have been changed to BSE 100 and CNX Midcap Index, respectively, with immediate effect, Taurus Mutual Fund said in a notice on Friday. Earlier, BSE 200 was the performance benchmark of both the open-ended equity schemes. Other features of both schemes remain the same.

BIRLA SUN LIFE FMPs

Birla Sun Life Mutual Fund is planning to launch a one-year and a two-year fixed maturity plans by March-end. A Balasubramanian, chief investment officer at the fund house, said, "We have plans to launch one single indexation FMP and one double indexation FMP that will close before March. Once we finish the process of listing we will launch it."

SAHARA MF RECEIVES NOD

Sahara Mutual Fund has received Securities and Exchange Board of India's approval for launching Sahara Super 20 Fund and Sahara Star Value Fund. Papers for these open-ended equity schemes were filed with the regulator in November. Sahara Super 20 Fund, an open-ended growth scheme, seeks to primarily invest its corpus in equity and equity related securities of around 20 entities selected from top 100 companies based on market capitalisation.

FIDELITY DIVIDEND

Fidelity Mutual Fund has announced a second dividend of Rs 0.70 per unit (face value of Rs 10 per unit) in its open-ended gilt scheme, the Fidelity Flexi Gilt Fund, subject to availability of distributable surplus. All investors registered in the dividend option as on March 25, 2009 will be entitled to this dividend, which will be tax-free in the hands of the investors. On the ex-dividend date, the NAV of the dividend option will reduce in line with the amount of dividend declared and statutory levy (if applicable). Under the dividend reinvestment option, the dividend declared will be re-invested at the ex-dividend NAV.

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Don't be surprised if a man walks into to fix a direct-to-home (DTH) broadcast connection for your television set and hands over an insurance product brochure.

With the bancassurance channel drying up as public sector banks launch their own insurance companies, life insurers are using subsidiary sales channels to distribute their products.

Bharti AXA Life Insurance and Reliance Life Insurance Company are in talks with their group DTH arms, Airtel Digital TV and Big TV, respectively, to cross-sell insurance products. Both are already utilising the existing telecom networks, by deploying agents or employees at the franchisees, and intend to expand the reach further.

Nitish Asthana, senior vice-president - direct distribution & teleassurance at Bharti AXA Life Insurance, says, "We are exploring a combination with the Airtel Digital TV. It could be simple lead generation or empanelment of Digital TV as an agent. Wherever there is an opportunity to distribute, we are using the network."

Currently, Bharti AXA Life is distributing through Airtel and Bharti Teletech, which manufactures and distributes the Beetel brand of phones. "We are tapping walk-in customers at 500 of

Life insurers are using subsidiary sales channels as bancassurance dries up



the Airtel relationships centres or franchisees out of 600 total relationship centres present in 65-70 cities. On an average, there are 200 customers, who walk into a relationship centre each day. What is attractive for us is the face-to-face situation.

Asked whether the Big TV venture would be utilised to cross-sell, P Nandagopal, chief executive officer of Reliance Life Insurance, says, "We will be hap-

py to have leads. These are ideas. We are discussing with them."

Other group ventures such as Big Flicks, which offers DVDs, may also be used. "For promotion purposes, we will cross-sell through the group channels, where a customer base of more than 50 million is available. When it comes to the DVDs, the buyers are usually young, who start their journey and may need insurance," Nandagopal says.

pushed by other financial services, where the core product is not attractive due to the market slowdown.

Chugh says equity broking houses are showing more interest in cross-selling life insurance.

"We have tie-ups with ICICI Direct, India Infoline, Sharekhan, etc. Initially, sales through equity brokers were less than 2-3% of the sales via bancassurance, but now contribute 7-10% of the bancassurance sales. Equity houses have strong relationships with customers and they are leveraging on the relationships," Chugh adds.

Most insurers would be developing simpler product variants to be sold at such partnership networks wherein the sales process is short and can be completed in a single meeting.

"Even through bancassurance, we have realised that success levels are higher if the customer is convinced in the very first meeting. Currently the entire range of insurance products is sold at the franchisees. But we are developing simple over the counter products in both life and health protection exclusive for the Airtel channel to avoid the long-winding sales process," says Asthana of Bharti AXA.

Reliance Life Insurance too would create products to make the group distribution channel effective. This may be because of

the low sales seen at these existing wide group networks.

"Our employees are stationed at the Reliance Web Worlds. The percentage of sales generation is small right now, approximately 2%," says Nandagopal. For Airtel, only 12-15% is contributed by the teleassurance channel from the 90 million strong Airtel customer base."

But for some players, the over-the-counter product range already exists and is contributing significantly to the total sales. Take for instance Future Generali Life Insurance, which is selling simple insurance product range at Future group malls.

Jayant Khosla, managing director and chief executive officer of Future Generali India Life Insurance, says the slowdown hasn't had an impact on sales.

"The footfalls at malls have only increased. We have been selling more policies as well. Though the exact figures will be out by March 31, 2009, we sell approximately 25% of our total policies via mallassurance. We continue to use the mallassurance channel to sell."

Surprisingly, no other company is tapping the flows at malls. "I haven't heard of any other player selling it through the mall. So far we have no competition," says Khosla.

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Capital gains queries

I booked a flat by paying a part of the earnest money and a part of the purchase price to the developer on January 21, 2005. The next instalment of such earnest money and part of the purchase price was paid

by me on February 12, 2005. On February 16, 2005 the developer issued a letter of allotment in respect of the said flat to me. Thereafter, the developer entered into an agreement for sale on October 10, 2007 in respect of the said flat. The said agreement has been duly stamped and registered. Thereafter, without taking possession of the said flat, I have agreed to

transfer all the rights in the said flat on April 29, 2008 for a lump sum consideration. What are the tax implications of the above transactions with regard to capital gains tax?—Manoj

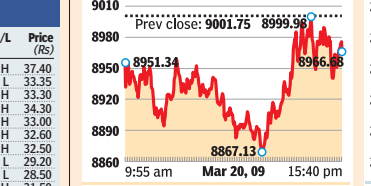
April 29, 2008. Thus the capital asset was held by you for more than 36 months and therefore the capital asset was a long-term capital asset. On sale of such booking right on April 29, 2008, therefore, you earned long-term capital gains.

period of three years from that date. One may take a view that booking a flat under construction tantamounts to construction of the flat. The flat would have to be held by you for a minimum period of three years. You should not purchase another residential house within a period of one year from that date and should not construct another residential house within a period of three years from that date.

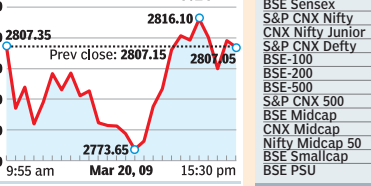
market clues

STOCKS ON CIRCUIT FILTER table with columns for Company, H/L, Price, % chg

BSE Sensex



INTRA-DAY MOVEMENT



brood indices

Table of broad indices including BSE Sensex, Nifty, and various sectoral indices.

sectoral indices

Table of sectoral indices such as Auto, IT, Telecom, and others.

top 5 gainers & losers

Table listing top 5 gainers and losers in the market.

TRENDS

Table showing trends for various sectors like IT, Telecom, and Auto.

Company LTP (Rs) % chg

Table of company LTP and percentage change.

Company LTP (Rs) % chg

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52-WEEK HIGH/LOW

Table showing 52-week high and low for various stocks.

TOP 20 MICRONS

Table listing top 20 micron companies.

TOP 20 MIDCAPS

Table listing top 20 midcap companies.

TOP 20 LARGE CAPS

Table listing top 20 large cap companies.

TOP 20 FUND RATIO

Table listing top 20 fund ratio companies.

TOP 20 P/E RATIO

Table listing top 20 P/E ratio companies.

DELIVERY SLIP OVER PREVIOUS DAY

Table showing delivery slip over previous day.

RISING VOLUME, RISING DELIVERY AND RISING PRICE

Table showing rising volume, rising delivery and rising price.

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Table showing rising volume, rising delivery and rising price.

RISING VOLUME, RISING DELIVERY AND RISING PRICE

Table showing rising volume, rising delivery and rising price.

RISING VOLUME, RISING DELIVERY AND FALLING PRICE

Table showing rising volume, rising delivery and falling price.

BULK DEALS ON BSE

Table showing bulk deals on BSE.

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