

# NIVESH CHINTAN SAMACHAR



## EVERY INDIVIDUAL HAS CERTAIN RISKS AND UNCERTAINTIES IN LIFE.

### THE BEST WAY TO TACKLE HEALTH RISKS IS TO PURCHASE A HEALTH INSURANCE COVER.



Health insurance is a coverage which will pay for your medical expenses incurred in case of hospitalisation or illness. The insurance will reimburse you for the expenses you incur for an injury, illness or it will pay the care provider directly. Apart from providing you with a much-needed financial backup, health insurance will also ensure that you get access to quality healthcare services across the country. There are several reasons to have a health insurance policy, and if you have a family, you could opt for a family health insurance plan to look after the medical needs of your loved ones.

#### Benefits of Health Insurance

- Financial security:** Medical costs in the country are rising dramatically, and in case of an emergency, you could end up spending all your savings on medical treatment. This could have a toll on your plans and could disrupt your financial budget. Indians tend to depend on their savings when a health emergency strikes, and if you have a health insurance plan in place, you will not have to break your bank in a medical emergency.
- Income tax benefit:** Any payment made towards the health insurance premium will be eligible for a tax deduction under section 80D of the Income Tax Act. Further, individuals who are above the age of 60 can claim a deduction of up to INR 25,000 for themselves and another INR 50,000 for insurance purchased for parents who are aged above 60.
- Pre- and post-hospitalization expenses:** A health insurance will not only cover your medical costs but will also cover the cost of OPD expenses as well as diagnostic tests. It will cover the pre- and post-hospitalization expenses for a stipulated period.
- Critical illness coverage:** If a critical illness hits you or any member of the family, you will end up incurring a huge amount for the treatment. When you buy a health insurance plan, you can opt for a critical illness cover which will pay you a fixed amount once you are diagnosed with an illness which is covered by the policy. You can use the regular health insurance to cover for the hospital bills, and the lump sum you receive from the critical illness cover can be used to fund other medical expenses.
- Additional benefits:** When you buy a health insurance policy, you will receive several additional benefits like ambulance coverage, coverage for a health checkup, vaccination expenses, coverage for daycare surgeries and more.

The importance of health insurance can never be exaggerated enough. Life is a roller coaster, and one disease can change your life within minutes. You not only need emotional strength to fight infections, but you also need to have financial stability and only a health insurance plan can provide you with the same. There are many types of health insurance plans available in the market. Carry out research and choose the one that is best for your needs.

**Disclaimer:** Insurance is a subject matter of solicitation

Source :[www.libertyinsurance.in/](http://www.libertyinsurance.in/)

# NOMINATION: A MUST-DO

While SEBI has provided fund investors an option to nominate or opt-out of nomination, having a nominee is highly desirable. SEBI has recently come out with a circular providing mutual fund investors with a choice to either provide nomination under their investments or opt-out of nomination altogether by signing a declaration form. While this will apply to investors subscribing to mutual funds from August this year, SEBI has given time till March 31, 2023 to AMC's to get the nomination details or the 'no-nominee' declaration from their existing investors as well. So, the rules will even apply retrospectively. Further, investments either without any nominees or without a 'no-nominee' declaration will be frozen. to mutual funds from August this year, SEBI has given time till March 31, 2023 to AMC's to get the nomination details or the 'no-nominee' declaration from their existing investors as well. So, the rules will even apply retrospectively. Further, investments either without any nominees or without a 'no-nominee' declaration will be frozen.



Nomination, in our opinion, is a very useful facility, so much so that one should consider it almost as a mandatory process. Not having nominations can push your beneficiaries in a loop of legal formalities before they can even claim the money in your absence. Thus, having a nominee greatly eases transmission. We highly recommend you to make use of this facility and put your nominations in place if they aren't already and do it prospectively as well.

In case you don't have nominations in your existing investments or you are unsure of whether your investments already have a nominee tagged or not, then it is likely that the AMC's will reach out to you.

Remember, it is extremely important that your hard-earned money reach the rightful claimants just in case something happens to you. So, don't think of nomination as a trivial thing, rather you must act on it.

Source : Value Research Learning

KEVAL NIVESH INTERMEDIARIES LLP IS AN AMFI-CERTIFIED MUTUAL FUND DISTRIBUTOR.

## Did you know #NiveshChintan

**Investors who have not updated PAN/PEKRN (PAN exempt KYC reference number) in their folios have to update the same latest by March 31, 2023.**

### In this regard, please note:

A

No investments (Systematic transactions, lumpsum, redemption) shall be permitted in such folios wherein PAN / PEKRN details are not available.

B

Such non-compliant Non-PAN and Non-PEKRN folios will be liable to be frozen from April 01, 2023.

C

Non-investor-initiated transactions such as dividend pay-out, if any, declared by the Mutual Fund schemes shall also be disallowed.

D

Unitholders whose folio(s) has/have been frozen due to the above requirement shall be able to (permitted to) lodge grievance or avail service request only after furnishing the above details.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISK. PLEASE READ THE OFFER DOCUMENT BEFORE INVESTING.

# TERM INSURANCE

The Insurance Regulatory Development Authority of India's (IRDAI) December 2019 annual report reveals a meagre 2.74% life insurance penetration in India.

Indians are underinsured because of limited awareness about life insurance policy benefits and how such plans work. But if your loved ones' livelihood depends upon your income, you must safeguard their financial security in your absence. And term life insurance is one of the best instruments to ensure your family never lacks financial resources.

Hence, you need to understand what is meant by term insurance and how it works.

## What is term insurance?

Term insurance is a pure protection life insurance policy. It provides coverage for a defined period in exchange for a specified premium amount.

In case of an unfortunate event during this time-frame, the insurer provides a guaranteed payout. It compensates your nominee for the loss of your income.

Affordability is a characteristic feature of term plans. Such plans do not include any investment component. The entire premium covers the mortality risk. Hence, term insurance provides sizable coverage at pocket-friendly rates. Thus, regardless of your budget, term insurance can cover your dependents' financial necessities after an eventuality.

## What is a term life insurance policy?

Your policy is the contract between you and the insurance provider in which you pledge to pay the required premium, and the insurer provides the benefits in case of a valid life claim from your beneficiary.

## What is the policy term?

The policy term is the duration of your life cover. If an untoward incident occurs within this period, your insurer pays the policy benefit to your nominee. You can choose your term plan's policy tenure as per your insurance needs.

## How does a Term Life Insurance Policy Work?

### 1. The agreement

A life insurance policy, including a term life insurance plan, is a legal agreement between you and the insurance company.



You, the person who pays for the coverage, are the policyholder. You can buy the coverage for yourself or another family member. The person whose life is insured is the life assured.

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As the owner, you have to pay the insurer a pre-decided premium. In addition, the insurer pays a fixed death benefit to your nominee if a contingency occurs while the policy is in force.

### 2. Filling out the proposal form

You need to disclose the following information in the term plan application form:

- medical history
- current health conditions
- lifestyle habits
- hobbies
- age
- annual income
- nature of your profession

Based on such data, the insurer assesses the probability of your family raising a life claim. Factors that can elevate the premium amount include:

- A higher age
- Unhealthy habits like smoking
- Risk-prone hobbies like skydiving
- Hazardous professions
- Chronic health problems

### 3. Assessing your requirements

- Decide your life cover: Your coverage should be enough to meet your dependents' current living expenses and future needs. Children's college fees, marriage, spouses' old-age needs, and pending liabilities are some of the factors to consider.

- Choose your policy term: Work out the duration for which your loved ones will need financial support. It can be the time left until your children complete college or your retirement.

- Pick a premium payment mode: Term plans insurance permit one-time payment of the entire premium. Or you can go for regular payments throughout the policy period or for a limited time-frame.

- Select the payout option: With a lump-sum payout, after repaying outstanding debts, your family can invest the rest. The returns can fund their living costs. However, if your family lacks financial know-how, you can opt for a combination of a lump-sum and a staggered payout. It ensures your loved ones never run out of funds.

- Look into riders: You can increase your base coverage with riders for a negligible rise in the premium. Such add-ons provide extra payouts, covering contingencies, such as deaths due to accidents.

### 4. Reviewing the premium quote

Based on your details, the insurer provides a premium quotation. Then, when you make the policy payment, you get coverage.

### 5. Covering increased insurance needs

Increasing term plans enhance your coverage at defined intervals, overcoming inflation. Some term plans also allow you to add to your life cover at your life's milestones when your obligations increase.

### 6. Assigning a nominee

You need to name the person who will receive your term plan's monetary benefits. It should be an immediate family member who will take care of your dependents.

Source :<https://www.tataaia.com/>

# Home Loan EMIs

## Set To Increase By 2-4%

### Post RBI Rate Hike, Say Experts



The interest rate on home loans is expected to increase as the Reserve Bank of India on Wednesday announced an increase of repo rate by 25 basis points to 6.5 %.

Repo rate is the rate at which the RBI lends money to commercial banks.

Now, banks will have to pay a higher interest to RBI on the loans they take from the central bank. It is expected that the banks will pass the rise to various loans given, including home loans.

For people who have taken loans or who are planning to take, may expect an increase in their EMIs to accommodate the rate hike.

The rate hike of 25 bps will make EMIs expensive by approximately 2-4%. Borrowers will either have to shell out extra money to repay their loans or will have to extend the loan tenure.

“If we take into consideration the current increase of 25 bps, the EMI for a 20-year home loan of Rs 70 lakh at 9.25 % was Rs 64,111. But when we factor in the 25 bps, the interest rate becomes 9.50 %, thereby increasing the EMI to Rs 65,249. The borrower of such a loan will have to pay an extra amount of Rs 1,138 each month,” Swaminathan said.

Swaminathan added that in the last three quarters, the repo rate has been increased by 250 basis points. So, the EMI for a 20-year home loan taken in May 2022 of Rs 70 lakh at 7 % was Rs 54,271.

“But when we factor in the 250-bps hike rate since May, the interest rate becomes 9.50 %, increasing the EMI to Rs 65,249. The borrower of such a loan will have to pay an extra amount of Rs 10, 978 each month.”

#### EMIs are set to get costlier. What should home loan borrowers do?

Saransh Trehan, Managing Director, Trehan Group, said, “Home loan rates will cross the level of 9% per annum. So far the demand in the housing sector remained unimpacted with past increase, but any further hike in interest rate will certainly put a break on the demand in the housing sector.”

#### Is increasing loan tenure or increasing loan EMI an option?

Ratan Chaudhary, Head, Home Loans, Paisabazaar, said, “Existing home loan borrowers can either opt for the EMI increase or tenure increase option, with the consent of the lender, as and when their home loan interest rates increase. Borrowers should note that opting for tenure increase option would result in higher interest cost than the EMI increase option.”

Existing home loan borrowers having adequate surpluses can prepay their home loans to reduce the impact of higher home loan rates. While doing so, they should preferably opt for the tenure reduction option to generate higher savings in interest cost.

Existing home loan borrowers who have made significant improvements in their credit profile after availing their existing home loans can exercise home loan balance transfer. Their improved credit profile may make them eligible to transfer their existing home loans to other lenders at much lower interest rates and thereby, reduce their total interest cost, Chaudhary added.

The RBI had raised the key lending rate by 35 basis points in December, after three straight 50 bps hikes, and had said its fight against inflation was not over yet.

Several banks hiked their repo-linked lending home loan rates post the rate hike announced by RBI in December.

Since May last year, the RBI has increased the short-term lending rate by 225 basis points to contain inflation, mostly driven by external factors, especially global supply chain disruption following the Russia-Ukraine war outbreak.

Source : www.news18.com

Fixed Deposit Rates as on 22nd Jan 2023																
Tenure in Months	PNB Housing				HDFC Sapphire / HDFC Home Finance				Bajaj Finance				Shriram Transport			
	Monthly	Quarterly	Half Yearly	Annual	Monthly	Quarterly	Half Yearly	Annual	Monthly	Quarterly	Half Yearly	Annual	Monthly	Quarterly	Half Yearly	Annual
12	6.78%	6.82%	6.88%	7.00%	6.60%	6.65%	6.70%	6.85%	6.93%	6.97%	7.03%	7.15%	7.06%	7.11%	7.17%	7.30%
15									7.07%	7.11%	7.17%	7.30%				
18									6.93%	6.97%	7.03%	7.15%	7.25%	7.30%	7.37%	7.50%
22									7.21%	7.25%	7.32%	7.45%				
24	6.57%	6.63%	6.69%	6.80%	7.05%	7.10%	7.15%	7.30%	7.25%	7.30%	7.36%	7.50%	7.48%	7.53%	7.60%	7.75%
30									7.16%	7.20%	7.27%	7.40%	7.72%	7.77%	7.85%	8.00%
33									7.44%	7.49%	7.56%	7.70%				
36	7.30%	7.34%	7.41%	7.55%	7.10%	7.15%	7.20%	7.35%	7.35%	7.39%	7.46%	7.60%	7.86%	7.92%	8.00%	8.15%
39									7.35%	7.39%	7.46%	7.60%				
42													7.90%	7.96%	8.04%	8.20%
44-45					7.35%	7.40%	7.45%	7.60%	7.58%	7.63%	7.70%	7.85%				
48	7.16%	7.20%	7.26%	7.40%	7.10%	7.15%	7.20%	7.35%	7.35%	7.30%	7.46%	7.60%	7.95%	8.01%	8.09%	8.25%
60	7.16%	7.20%	7.27%	7.40%	7.10%	7.15%	7.20%	7.35%	7.35%	7.39%	7.46%	7.60%	8.13%	8.19%	8.27%	8.45%
72	7.16%	7.20%	7.27%	7.40%												
84	7.16%	7.20%	7.27%	7.40%												
Extra 0.25%* pa for Senior Citizens													Extra 0.50%* pa for Senior Citizens			

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