

How to choose the best life insurance policy



FAHIM ISLAM

THOUGH we all hope for a stable future, we hardly can predict what lies in the future. Buying a life insurance is an important financial decision to make specially if you have dependants who might face financial hardship in your absence or due to any event that severely affects your income generation capability.

In this case, a life insurance can be a great protection tool to provide financial support. Given that there are many companies that offer life insurance policies, it is important to think about five key factors before buying a policy.

Expectation from your policy
Primary objective of life insurance is to provide protection against death, disability, sickness and/or accident of the insured person. The secondary objective is to provide savings to meet any future financial obligations.

However, the reality in Bangladesh is that most people mainly consider life insurance as a savings tool and give less or no focus on the protection element. Also, people tend to compare investment return of a life insurance product with a savings product offered by other financial institutions.

This is not a fair comparison as insurance companies need to make less risky investment that may not guarantee highest return in the market. If savings is your only focus then life insurance is not a good choice for you.

Finally, do not forget that your life insurance needs will be changing throughout the

years due to changes in major life events. It is cheaper to buy a policy when you are young and relatively healthy. The longer you wait, the greater the chance of something happening to you before getting an insurance coverage.

Amount of coverage
How much financial protection you need for future would vary based on your personal and financial conditions. You need to consider all the financial obligations like day-to-day expenses of dependants, outstanding debts and any other expenses that you can foresee.

Also consider the value of your liquid assets (cash in hand, savings etc.). As a rule of thumb, your financial obligations minus the value of liquid assets should be your desired life insurance coverage.

Now estimate whether you can afford desired life coverage with your current disposable income. The annual premium for life insurance should not exceed 10 percent to 15 percent of your total annual income.

Do not worry too much if it looks difficult to calculate because before buying you can easily reach out to an insurance planner (agent) who can assess your financial needs and serve you as a trusted adviser.

Type of product
The best suitable life insurance would depend on various factors, including affordability, current life stage, coverage period, coverage amount and types of benefits.

Basically, you need to think about the objectives you want to achieve through life insurance. For example, if you are at early forties and have a kid then you can go for a 10 to 20-year-long endowment policy that would give life coverage and maturity benefits.

You can also add living benefits like critical illness

coverage. The maturity amount can be utilised for kid's education, marriage or further investment. The critical illness coverage can protect you against major disease e.g. cancer, stroke, heart attack.

One important thing you should realise is that the insurance premium you would pay will be divided into 2 parts – protection and savings.

Usually if a policy has savings component then you can expect surrender value as per the specified schedule shared during policy issuance. In the first one to two years your policy may not have any surrender value and in the following years surrender value can be lower than the total premium paid.

This is usually the case everywhere in the world as

make you satisfied in terms of the receivable amount.

Company's reputation
Life insurance company sells a promise to protect your loved ones when you are not there. Hence, it is very important to ensure that a company has satisfactory reputation to keep the promises of meeting the financial obligations made to you. There are few things you can check.



So, the premium for providing protection will be treated as a consumable benefit and will not accumulate for maturity benefit. Once again, an insurance planner can help you to explain and suggest the best suitable product for you.

Surrender feature
Surrender means discontinuation or full cancelation of a life insurance policy. People usually surrender when the coverage is no longer required or face financial difficulty to continue the policy.

premium is the primary source of income for the company from which company needs to pay commissions, other acquisition and marketing costs, salary for employees, claims etc.

After covering those expenses, company cannot come up with an attractive surrender value in the initial years. In fact, associated costs for the company in the early durations may be higher than the premium received so far. So, surrendering the policy may not be a good idea and most likely it will not

For example, company's financial strength to meet future obligations (claims, maturity), number of years in operation and image in the market, customer services and corporate governance. You can also discuss with friends and family who have considerable insights to guide you.

The writer is a certified actuary from the Society of Actuaries, USA and currently working as a senior manager at MetLife Bangladesh. He can be reached at actuaryfahim@gmail.com.

India to invite bids from global coal miners before end of 2019

REUTERS, New Delhi

India plans to invite bids from global firms for the first time for coal mining blocks before end-2019, sources familiar with the matter said, a move that would end Coal India Ltd's near-monopoly for the fuel as the nation tries to cut imports.

Coal is among the top five commodities imported by India, one of the world's largest consumers of the fuel. Coal imports are surging after the government failed to open the industry to competition, despite having passed a liberalization policy 19 months ago.

The coal block auctions are intended to attract global miners such as Glencore PLC, BHP Group, Anglo American PLC and Peabody Energy Corp.

The government aims to allow companies with winning bids to begin development of the coal blocks - which hold proven reserves - by early 2020, the three sources said.

It is not clear when the government expects to see first output from the coal blocks. India's Ministry of Coal did not respond to a request for comment.

Total imports of thermal coal - used mainly for power generation - rose by about a third during the quarter ended June 30 to 56.23 million tonnes as compared with the same period last year, according to government data reviewed by Reuters.

Coal India and a small stated-owned company are the only firms currently allowed to mine and sell coal in India. India does allow some power, steel, cement and aluminium companies to mine coal for their own captive use.

India's annual coal demand rose to nearly a billion tonnes during the year to end-March 2019, and growing local consumption of the fuel from utilities and an expanding cement sector present an opportunity for miners.

But attracting foreign interest when India's overall economic growth is slowing and global investors are trying to move away from coal - because of risks to public image over one of the dirtiest fossil fuels - could be a challenge.

London-listed Rio Tinto has already sold out all its thermal coal mine exposure, for instance, and miners such as Glencore and BHP have said they also plan to cut exposure due to the concerns of shareholders over global warming.

The privatisation of India's coal sector, however, would also present opportunities to local mining conglomerates such as Adani Enterprises and Vedanta Ltd, which could help arrest rising imports.

"Any interest from Indian or Asian players would critically hinge on the nature of blocks offered, and also on any government efforts to reduce bureaucratic hurdles and improve infrastructure," said Satyadeep Jain, an independent global metals and mining equity consultant.

Indian steelmakers import a bulk of their coal needs due to scarce local production of coking coal, while coastal power producers are expected to continue depending on imports.

The government wants to cut all coal imports barring shipments by the coastal utilities and steelmakers, two of the sources said, adding that New Delhi wants to cut imports by at least 100 million tonnes over five years.

US lawmakers urge Trump to restore India's trade privileges



REUTERS/FILE

US Secretary of State Mike Pompeo holds flowers he received on arrival in New Delhi, India.

REUTERS, New Delhi

FORTY-FOUR members of the US Congress have urged President Donald Trump's trade representative to restore trade concessions to India, saying the withdrawal of the privilege had led to retaliatory tariffs from New Delhi which were hurting US industry.

In June, the United States ended its preferential trade treatment for India, removing it from the Generalized System of Preferences (GSP) program that allowed duty-free entry for up to \$5.6 billion worth of its annual exports to the United States.

The elimination of GSP brought higher retaliatory tariffs from New Delhi on 28 US products including almonds, apples and walnuts.

In the letter addressed to United State Trade Representative Robert Lighthizer and dated Sept. 17, the members of Congress said: "Just as US industries are harmed by lack of fair and reciprocal access to India's market, American companies and workers also are harmed by new tariffs due to the GSP termination."

A lot of American jobs depend on the trade between India and the United States, the US lawmakers said in the letter seen by Reuters. The letter comes days ahead of a meeting between Trump and Indian Prime Minister Narendra Modi.

After the Trump administration's decision to remove trade privileges from

Indian products under the GSP, US and Indian trade negotiators met in July. But they failed to make any major progress on the issue of tariffs and other protectionist measures imposed by both sides.

The two sides had resumed trade talks after Trump and Modi met on the sidelines of the G20 summit in June and agreed to seek to deepen the two countries' relationship.

Other than seeking the rollback of Indian tariffs imposed on agricultural products like almonds and apples, Washington has also expressed its concerns over India's tightening of regulations that have undermined major US e-commerce companies like Walmart's Flipkart and Amazon.

India is by far the largest buyer of US almonds, paying \$543 million for more than half of US almond exports in 2018, according to US Department of Agriculture. It is the second largest buyer of US apples, taking \$156 million worth in 2018.

On Sept. 22, Trump, who has repeatedly called out India for its high tariffs, will travel to Houston, Texas, to participate in an event with Modi and to "discuss ways to deepen their energy and trade relationship."

Modi will visit Houston to participate in an event called "Howdy Modi! Shared Dreams, Bright Futures," at the NRG Stadium which is expected to draw tens of thousands of people.

Hong Kong's summer of protests leaves economy bruised and battered

AFP, Hong Kong

AS pro-democracy protests grind on for a fourth month, Hong Kong has been left counting the cost, with the city's tourist industry battered and businesses forced to lay off staff as they struggle to stay afloat.

Images beamed around the world of black-clad demonstrators battling police in full riot gear on streets usually lined with shoppers have led travellers to shun the financial hub.

And with protesters and the government showing no signs of backing down, there are worries things will not improve any time soon.

August witnessed the biggest fall in overseas visitors since the SARS epidemic of 2003 claimed nearly 300 lives and unleashed widespread panic in the city, according to government data.

Among the worst-hit areas is Causeway Bay, a normally bustling commercial precinct home to a slate of luxury brands where last weekend shoppers and bystanders were caught up as police fired volleys of tear gas at masked youths.

A neighbourhood pharmacist, who asked to be identified only by his surname Chiu, told AFP the overseas customers who accounted for half his sales had slowed to a trickle since the protests began in June.

"The social atmosphere is not good," he said, adding that he has repeatedly had to shut his shop as tear gas canisters bounce down the street. Takings, he says, have tumbled 40-50 percent.

"Local customers also seem to buy less."

He said his business was faring worse than during 2014's Umbrella Movement, which saw the city grind to a standstill after a months-long blockade of busy roads.

Across Hong Kong, on-year tourist arrivals fell 40 percent in the last month, the city's financial secretary Paul Chan said, led by a collapse in visitors from the mainland -- by far the largest group.

Hotel occupancy rates are down around half and the retail and dining sectors have been severely impacted.

"It is worrying that so far there is no sign of improvement in the near future," Chan wrote in a blog post.

Adding to the problems for Hong Kong, the long-running crisis has coincided with weak global demand and the grinding China-US trade war.

Earlier this month Fitch downgraded the city's sovereign rating citing the protests.

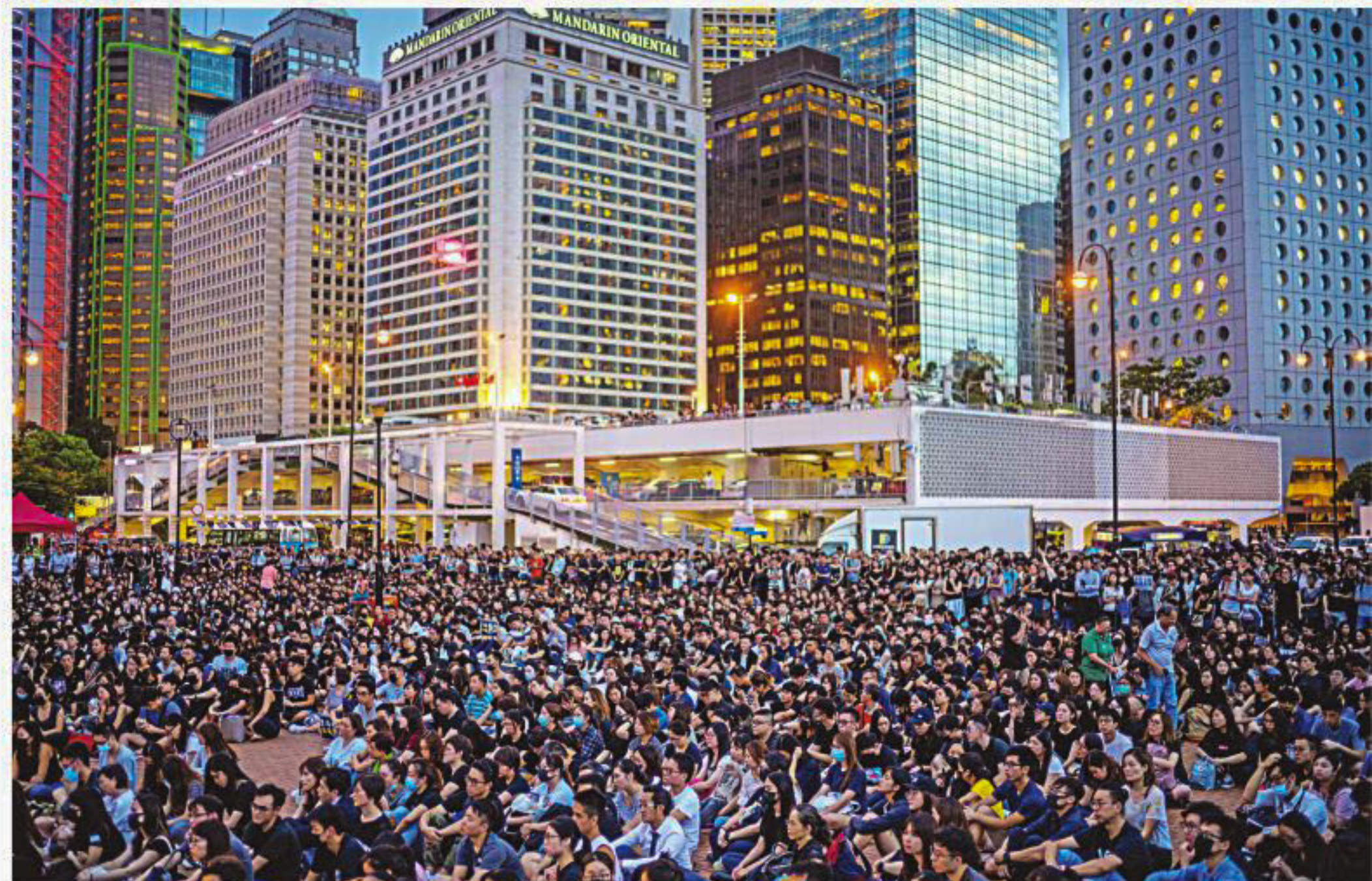
Seasonally adjusted, the economy contracted by 0.4 percent in the second quarter -- most of which came before the pro-democracy rallies began -- while Chan also reported a 5.7-percent yearly fall in overall exports in the first half.

No one is looking forward to third-quarter statistics.

Crucially, the number of visitors from mainland China has tumbled after several full-throated condemnations of demonstrators by Beijing, which has likened the unrest to "terrorism".

The number of mainland tour groups to the city plunged 90 percent on-year in the first 10 days of September, Travel Industry Council of Hong Kong spokeswoman Jessica Wan told AFP.

Hong Kong's flagship airline Cathay Pacific



AFP/FILE

The members of the territory's medical sector attend a protest at Edinburgh Place in Hong Kong, in the latest opposition to a planned extradition law that was quickly evolved into a wider movement for democratic reforms.

also reported an 11-percent yearly drop in passengers for August, when two occupations of the airport saw the blockade of departure gates and the cancellation of hundreds of flights.

The airport saw a 12.4-percent monthly drop in passengers -- some 850,000 fewer travellers.

Several other businesses told AFP their bottom lines had suffered through the long summer of discontent, sparked by a controversial extradition bill many fear would strengthen Beijing's control over the city and further erode its cherished freedoms.

Since June, when more than a million people marched through the city to protest the measure, the manager of a watch store said he had been forced to lay off half of his workforce.

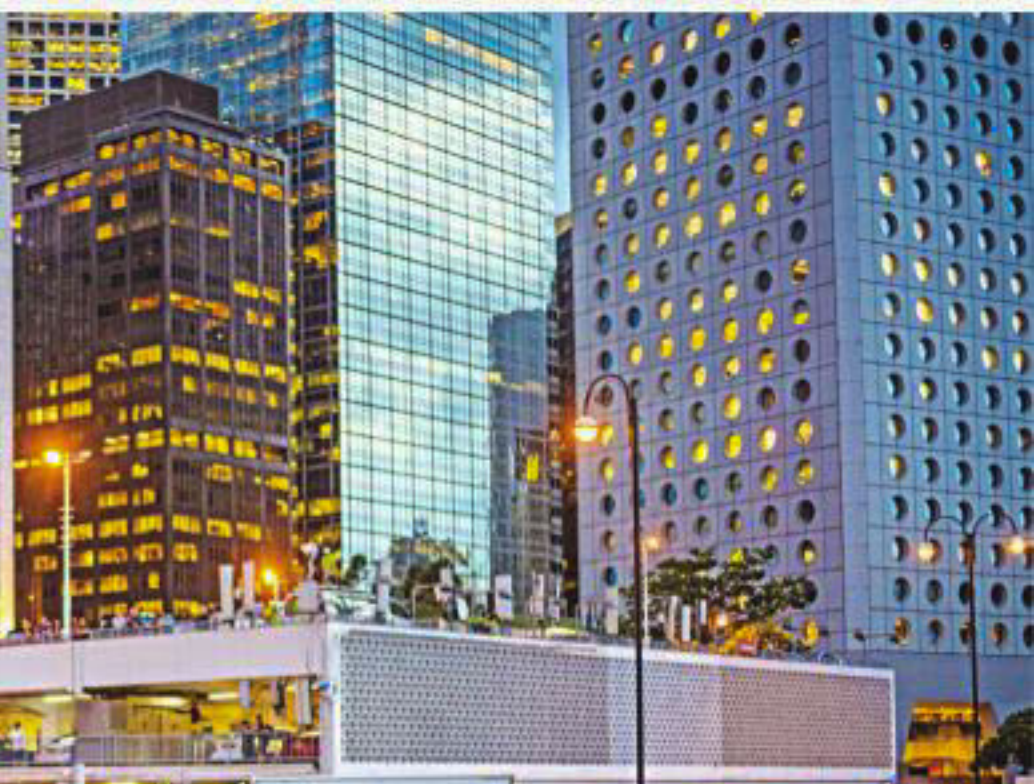
"You can see if you walk down the streets, several watch shops have been closed already,"

said the store's manager, surnamed Wong. "I'm pessimistic. I don't know if we can survive through the new year."

The protests tend to break out over the weekends -- the two days his shop is usually at its busiest.

On the other side of the harbour in Mongkok, businesses said they were regularly shutting their doors early to avoid melees outside.

The area around the neon-soaked retail precinct has seen escalating violence, with



AFP/FILE

demonstrators barricading main roads and vandalising the local subway station -- and officers responding with baton charges.

At one late-night outdoor market stall, a vendor selling imitation designer handbags said her takings were down five-fold from average sales at the start of the year.

With no end in sight, Chiu, the pharmacist, seemed to be torn between his sympathies for the protesters and protecting his livelihood.

"I don't support them damaging facilities, but I feel awful seeing them being beaten by police," he told AFP.

He said he and his staff had left supplies of water outside his shop for protesters during street rallies, knowing other stores had closed.

"I support the youngsters," he said. "But I also have a business to run."