

# TIRUPUR BRANCH OF SICASA

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# TIRUPUR BRANCH OF SICASA

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## **Dear Future CAs,**

As we step into a significant month for many of you, I want to extend my heartfelt encouragement and share some important updates and advice. The CA exam results for this month will be released soon. This is undoubtedly a time filled with anticipation and perhaps some anxiety. Remember, your hard work and dedication will pay off. Regardless of the outcome, take pride in the effort you've invested. If the results meet your expectations, celebrate your achievement and start planning your next steps. If they fall short, view this as a learning experience and an opportunity to improve. Stay resilient, seek guidance from mentors, and keep your focus on your long-term goals.



We are excited to announce some exceptional events planned for this month also. This event helps to enrich your knowledge, provide networking opportunities, and inspire innovative thinking. We sincerely request your presence and participation in these events. Engaging in these activities will not only broaden your understanding of the industry but also connect you with peers and professionals who can support your journey. As you navigate this crucial period, it is essential to stay focused by allocating specific study periods and using breaks effectively to recharge, maintaining a balance. Engage in continuous learning by attending seminars, workshops, and staying informed about industry trends to keep yourself ahead of the curve. Upholding the highest standards of ethics and integrity in all your endeavors is vital, as your reputation and credibility are invaluable. Additionally, actively participate in events and build connections through networking, which can open doors to new opportunities and insights.

In closing, I have full confidence in your abilities to achieve your dreams. With determination, perseverance, and a commitment to excellence, there's no limit to what you can accomplish. Stay focused on your goals, believe in yourself, and never lose sight of the incredible potential within you. Your future is bright, and I'm excited to see where your journey takes you.

## **Thanks and Regards**

CA Saravana Raja K,  
Chairman,  
Tirupur Branch of SICASA

## MUTUAL FUND- SWITCH IN AND SWITCH IN MERGER

*A mutual fund is a type of investment vehicle that pools money from many investors to invest in a diversified portfolio of stocks, bonds, or other securities. It allows individuals to invest in a variety of assets, spreading risk and potentially increasing returns.*

*Think of a mutual fund like a big basket that holds many different fruits (investments). By putting your money into the basket, you get a small piece of each fruit, without having to buy the whole fruit (investment) yourself. This way, you can benefit from the growth and income of many investments, while minimizing your risk.*

*Let us now have an introduction on switch in and switch in merger;*

### **SWITCH IN:**

*A Switch In is a process that allows investors to transfer their investments from one mutual fund scheme to another within the same mutual fund family.*

### **SWITCH IN MERGER:**

*A Switch In Merger is a specific type of merger where two mutual fund schemes combine, and investors' holdings in the merged scheme are automatically transferred to the continuing scheme, with no need for investors to take any action.*

### **SIMILARITIES:**

*Here are the common points between Switch In and Switch In Merger:*

- 1. Transfer of investment: Both involve transferring investments from one scheme to another.*
- 2. Change in scheme: Both result in a change in the investment scheme, either to a new scheme or a merged scheme.*
- 3. No disruption: Both Switch In and Switch In Merger are designed to be seamless, with no disruption to the investor's investment journey.*

### **KEY DIFFERENCES:**

*Here are the key differences between 'Switch In' and 'Switch In Merger'*

#### **1. Initiator:**

*The initiator of a Switch In is the investor, while the initiator of a Switch In Merger is the mutual fund house.*

#### **2. Trigger:**

*A Switch In is triggered by the investor, whereas a Switch In Merger is triggered by the mutual fund house.*

**3. Tax Implications:**

*Switch In can trigger capital gains tax (CGT), but Switch In Merger is a tax-neutral event.*

**4. Transfer:**

*In a Switch In, the investor transfers their investment from one scheme to another, while in a Switch In Merger, the mutual fund house transfers the investment.*

**5. Purpose:**

*The purpose of a Switch In is for the investor to change their investment strategy or asset allocation, while the purpose of a Switch In Merger is for the mutual fund house to consolidate schemes, reduce costs, or simplify their product offerings.*

**6. Frequency:**

*Switch In can be done frequently by the investor, but Switch In Merger is less frequent and typically done by the mutual fund house as needed.*

**7. Control:**

*The investor has control over the Switch In, while the mutual fund house has control over the Switch In Merger.*

**8. Investor Action:**

*The investor must initiate a Switch In, but no action is required by the investor for a Switch In Merger.*

*- S.Saumya*

*SR00767787*

# A STUDY ON THE INSURANCE POLICIES AND THEIR ROLE IN

## FINANCIAL RISK MANAGEMENT

### **INTRODUCTION:**

Insurance policies play a crucial role in risk management by providing a mechanism for individuals and organizations to transfer some of their financial risks to an insurance company. Here's how insurance policies function in risk management: **Risk Transfer:** Insurance policies allow individuals or businesses to transfer the financial burden of certain risks to an insurance company. In exchange for regular premium payments, the insurance company agrees to cover specific losses or liabilities outlined in the policy. This transfer of risk helps protect policyholders from the full financial impact of unexpected events. **Financial Protection:** Insurance policies provide a safety net against various types of risks, including property damage, liability claims, illness, accidents, and more. Depending on the type of policy, insurance can cover losses related to health, life, auto, home, business, and other areas. **Legal and Contractual Requirements:** Some insurance policies are required by law or contract. For example, auto insurance is mandatory in many places, and lenders often require mortgage insurance for home loans. These policies help ensure compliance with legal and contractual obligations. **Risk Diversification:** Insurance companies manage a broad range of policies covering different types of risks and a large number of policyholders. This allows them to diversify and pool risks, making it more affordable and predictable for individuals and businesses to manage their specific risks. **Premium Payments:** Policyholders pay regular premiums to the insurance company.

### **OBJECTIVES**

- ♣ To study about the risk management in life and health insurance policies.
- ♣ To study about the general insurance policy in India.
- ♣ To analysis the average claims of General Insurance of the Bajaj Company over the last 3 FY's.

### **RISK MANAGEMENT**

In layman's terms, risk management refers to identifying and controlling the risks associated with your actions. Risks can be related to assets, health, life, etc. Hence, staying emotionally and financially prepared for competently dealing with such risks becomes imperative.

One of the most preferred tools to manage such risks is life insurance. A top financial expert said, 'Life insurance is not an investment. It is a risk management tool to protect future income'. A life insurance policy provides substantial coverage to an insured person to effectively deal with such risk.

Here is a comprehensive guide on purchasing an insurance policy that can help you reduce various risks.

The two major risks that are common for all people include life risks and health risks. These risks usually demand a lot of money for proper management and can financially ruin people's lives. Apart from these, other risks can pose a monetary hurdle.

Here are some ways in which insurance policies can provide monetary coverage to the policyholder when they face any of the above risks:

### **Risk of Life**

This is mainly beneficial to the nominee when the policyholder passes away. It can also provide monetary support to the insured if they outlive the policy duration. An insurance policy can provide support in the following manner:

- *Securing your family's future:* By purchasing a life insurance policy, your family can stay financially protected after your demise.
- *Encouraging savings and investments:* Putting your money in insurance policies encourages you to save more. Also, there are several life insurance policies like ULIPs where a part of your premium is invested in various financial instruments. This can provide you with sumptuous returns and help in wealth creation.
- *Fulfilling financial goals:* Wondering how life insurance can fulfill financial goals? Life insurance policies like ULIPs allow you to withdraw money after the completion of the lock-in period to provide money.

### **Risk of Health**

It is mandatory for individuals to purchase a health insurance policy so that they will not have to worry about money when their condition is critical. Many insurers also offer cashless claim settlements so that policyholders can get treated at the right time.

- *Providing monetary support:* A health insurance policy can act as a cushion when the policyholder has to undergo an expensive treatment.
- *Offering additional protection:* You can purchase several riders along with your insurance policy for extended coverage.

### **TYPES OF INSURANCE:**

While there is a wide range of Insurance types available in the market, all of them can be broadly classified into two main categories:

#### **1. General Insurance**

#### **2. Life Insurance**

While Life Insurance provides you with financial coverage against your life, a General Insurance policy indemnifies you against any losses for your non-life assets.

Below is the further classification of the above two types of Insurance:

#### **1.General Insurance**

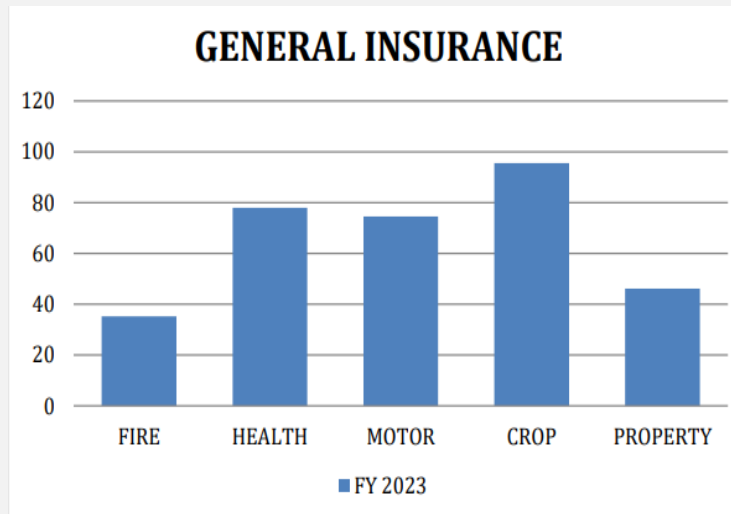
The major kinds of General Insurance Policies in India are:

- *Health Insurance*
- *Motor Insurance*

- Fire Insurance
- Property Insurance
- Crop Insurance
- Commercial Insurance

Table-1 Showing general insurance of Bajaj company in 2023.

GENERAL INSURANCE OF 2023	PERCENTAGE
FIRE INSURANCE	35.2
HEALTH INSURANCE	77.9
MOTOR INSURANCE	74.5
CROP INSURANCE	95.5
PROPERTY INSURANCE	46.1



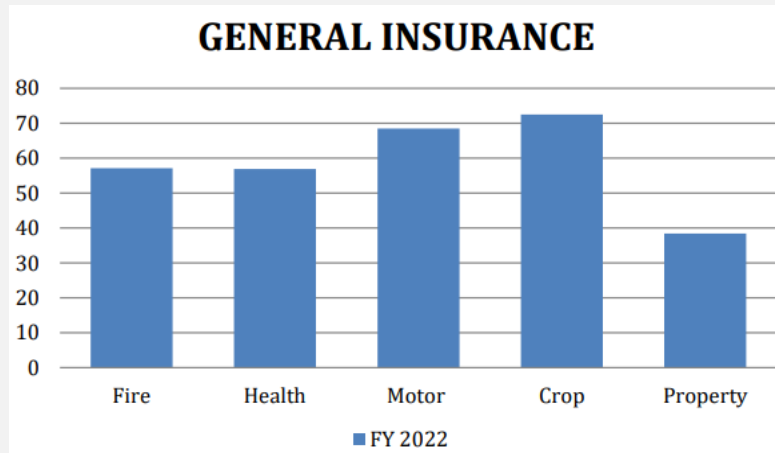
**INTERPERTATION:**

From the above graph crop insurance is highest with 95.5 when compared to the other insurances.

Table-2 Showing general insurance of Bajaj Company in 2022

GENERAL INSURANCE OF 2022	PERCENTAGE
FIRE INSURANCE	57.1
HEALTH INSURANCE	56.9
MOTOR INSURANCE	68.5
CROP INSURANCE	72.5
PROPERTY INSURANCE	38.4



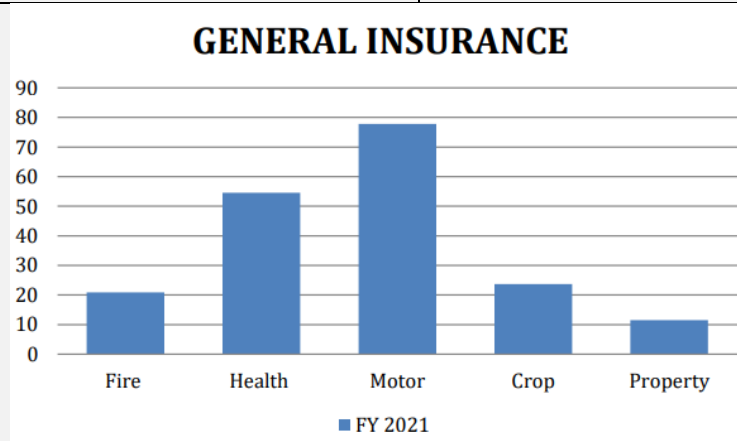


**INTERPERTATION :**

From the above graph crop insurance is highest with 72.5 when compared to the other insurances.

Table-3 Showing general insurance of Bajaj Company in 2021

GENERAL INSURANCE OF 2021	PERCENTAGE
FIRE INSURANCE	20.9
HEALTH INSURANCE	54.5
MOTOR INSURANCE	77.8
CROP INSURANCE	23.7
PROPERTY INSURANCE	11.5



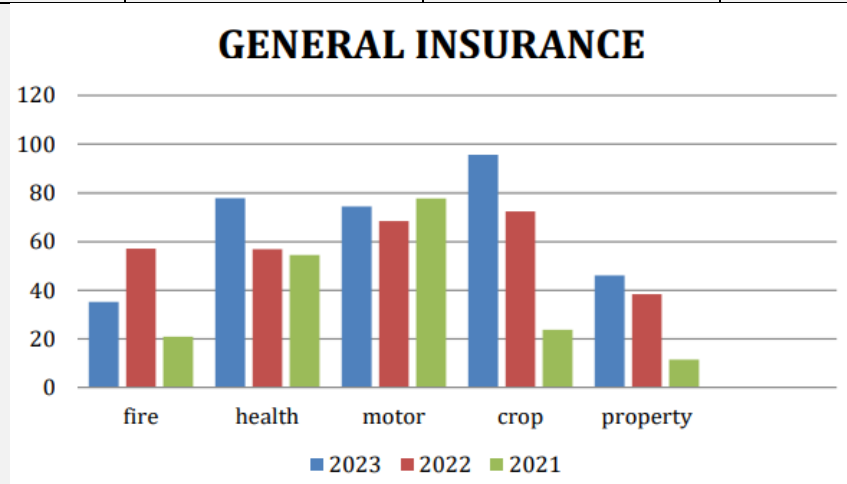
**INTERPERTATION:**

From the above graph motor insurance is highest with 77.8 when compared to the other insurances.

Table-4 Showing general insurance of Bajaj Company of 2023,2022,2021

GENERAL INSURANCE	Year 2023	Year 2022	Year 2021

FIRE INSURANCE	35.2	57.1	20.9
HEALTH INSURANCE	77.9	56.9	54.5
MOTOR INSURANCE	74.5	68.5	77.8
CROP INSURANCE	95.5	72.5	23.7
PROPERTY INSURANCE	46.1	38.4	11.5



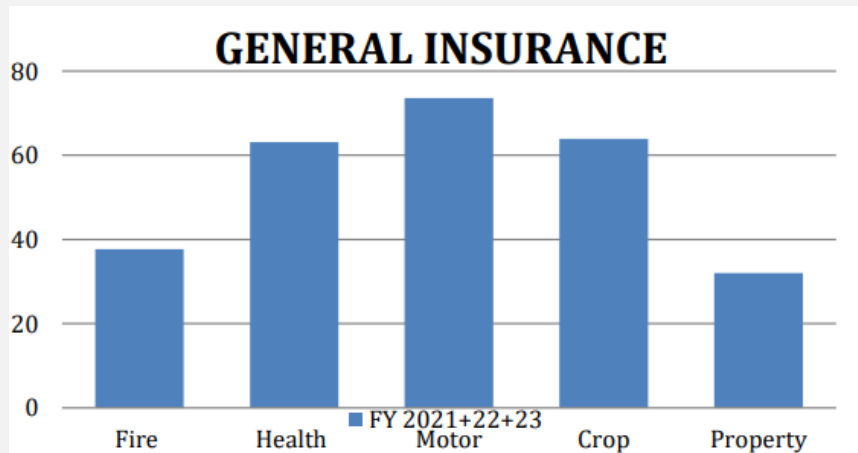
**INTERPERTATION:**

From the above graph crop insurance is highest in overall 3 years when compared to the other insurances.

Table Showing: Average claims of General Insurance of the Bajaj Company 3 FY's.

GENERAL INSURANCE OF 2021,22,23	PERCENTAGE
FIRE INSURANCE	37.7
HEALTH INSURANCE	63.1
MOTOR INSURANCE	73.6
CROP INSURANCE	63.9
PROPERTY INSURANCE	32

Graph Showing: Average claims of General Insurance of the Bajaj Company over the last 3 FY's.



**INTERPERTATION:**

From the above graph the average claims of General Insurance of the Bajaj Company over the last 3 FY's the motor insurance is highest with 73.6 when compared to the other insurances.

**2. Life Insurance**

The major kind of Life Insurance Policies in India are:

- Term Insurance
- Whole Life Insurance
- Endowment Policy
- Money Back Policy
- Pension Plan
- Unit Linked Insurance Plans
- Child Plans

Let's have an extensive look at all the above types of Insurance:

**Life Insurance**

Life Insurance provides financial coverage for the most uncertain part of human life: Life itself! Thus, it offers financial protection to the Life Assured's family in case of unfortunate events like the death or disability of the policyholder. In addition to the life coverage, some policies also provide a savings component and can be used as a prudent investment option. Below are the major types of Life Insurance policies in India:

1. Term Insurance:

Term Insurance is the most basic type of Life Insurance that provides Life Cover for a predetermined period called the 'term' of the policy. Since they do not offer any cash value, they are generally available at a much lower premium than other products for the same amount of coverage.

2. Whole Life Insurance:

Also known as Traditional Life Insurance, Whole Life Insurance provides coverage for the policyholder's entire life. Besides this life cover, they also have a savings component and accrue periodic bonuses.

3. Endowment Policy:

A perfect mix of Investment and Insurance, Endowment Plans provide Life Coverage and help build a corpus for major life goals. A portion of the premium goes towards Sum Assured while the other portion is invested in certain low-risk investments. In case of the policyholder's demise during the policy term, the Sum Assured is paid to the nominee. However, if the policyholder survives the term, they receive a maturity amount along with the accrued bonuses. Thus, Endowment Plans serve the dual purpose of Insurance and Investment.

4. Money Back Policy:

Money Back Policies are essentially the Endowment Plans only with the additional feature of payments at certain pre-defined intervals during the policy term. Additionally, on maturity, the maturity benefits are paid along with accrued bonuses.

5. Unit Linked Insurance Plans:

ULIPs provide Life Coverage and capital-building opportunities by investing in various market-related instruments and funds of varying risks. ULIPs have some underlying funds related to different asset classes like Equity, Hybrid and Debt funds where a certain portion of the premium is invested as per the policyholder's risk appetite.

#### **FINDINGS:**

- In risk of life the insurance policy can provide support in securing your family future or encouraging, savings and investments, fulfilling financial goals.
- In risk of heal the policy holder can get treated at the right time in providing monetary support offering additional protection.
- For the year 2023 crop insurance as the most of the clams that is 95.5%. • Crop insurance as more clams that is 72.5 in the financial year 2022.
- In the financial year 2021 among all general insurance motor insurance has the majority clam of 77.8%.
- The motor insurance has the highest average of 73.6% of the 3 FY's

**CONCLUSION:** By having the right insurance coverage, we can minimize the financial impact of such events and ensure that we're well taken care of. It's always a good idea to review your insurance needs regularly to make sure you have adequate coverage. Insurance policies play a crucial role in financial risk management. They provide protection against unexpected events and help mitigate potential financial losses. By transferring the risk to an insurance company, individuals and businesses can have peace of mind knowing that they are financially protected. In conclusion, insurance policies act as a safety net, offering financial security and stability in the face of uncertainties.

- Prakash Arivazhagan

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# PHOTO GALLERY



ORIENTATION PROGRAMME BATCH NO. 56 HELD FROM 05<sup>TH</sup> JUNE



ITT PROGRAMME BATCH NO. 85 HELD FROM 06<sup>TH</sup> JUNE



TALENT SEARCH COMPETITION CONDUCTED ON 06<sup>TH</sup> JUNE



HALF DAY WORKSHOP ON 08<sup>TH</sup> JUNE



HALF DAY SEMINAR ON 15<sup>TH</sup> JUNE



ITT PROGRAMME BATCH NO. 86 STARTED FROM 30<sup>TH</sup> JUNE