FAQ’S

Sectoral

BFSI – Fintech & Financial Services

1. What is a unit fund?

The allocated (invested) portions of the premiums after deducting for all the charges and premium for risk cover under all policies in a particular fund as chosen by the policyholders are pooled together to form a Unit fund.

2. How much of the premium is used to purchase units?

The full amount of premium paid is not allocated to purchase units. Insurers allot units on the portion of the premium remaining after providing for various charges, fees and deductions. However, the quantum of premium used to purchase units varies from product to product. The total monetary value of the units allocated is invariably less than the amount of premium paid because the charges are first deducted from the premium collected and the remaining amount is used for allocating units.

3. Would sale, purchase, acquisition or assignment of a secured debt constitute a transaction in money?

Sale, purchase, acquisition or assignment of a secured debt does not constitute a transaction in money; it is in the nature of a derivative and hence a security. For more information, click here.