



QUERY CORNER INSURANCE

**IF A HEALTH INSURANCE POLICYHOLDER
DIES, THE LEGAL HEIR RECEIVES THE CLAIM**



DEATH OF HEALTH INSURANCE POLICYHOLDER

Who will receive the claim amount under health insurance if the policyholder dies during treatment?

— NIHAAL BHUTANI

Generally, the nominee receives any claim amount in case of death. However, in case of health insurance, some companies do not ask for nominee's name in the proposal form and thus, pay such claims to the legal heir of the deceased.

CANCELLING A HEALTH INSURANCE POLICY

What happens if one cancels the health insurance policy? — ANJALI MEHTA

A health insurance policy can be cancelled during the period of coverage. The proportionate premium for the unused duration, after adjusting short-term insurance rates, is refunded by the insurance company. However, this is subject to no claims during the elapsed period.

LIFE INSURANCE FOR HOUSEWIVES

Is life insurance necessary for a housewife?

— SUMER RAUVANSHI

Though housewives do not work, they have financial value, in addition to the emotional one. Life insurance is all about replacing financial loss, so that life can go on as usual, in financial terms. Life Insurance for housewives can be taken, but not at the cost of replacing with that of the bread earner. Only after the main bread earner's insurance requirements have been suitably taken care of, one should insure the housewife.

TRANSFERRING LIFE INSURANCE POLICY

Can I transfer my ICICI Prudential policy to New Pension Scheme or any other scheme without losing the fund value? Please advise how to go about it. — Shammy

ICICI Prudential Forever Life policy is a traditional plan and not a unit-linked insurance plan (Ulip), as is being understood by you. Unlike a Ulip, this is not a plan where you can stop paying premiums after three years. Even though these plans can be surrendered after three years, the surrender value will be at a discount to the premiums paid. The plan will earn bonus and is suitable for continuation till the annuity vesting age (retirement age). It will earn debt-based returns unlike asset-based returns in case of unit-linked pension plans. Only pension plans bought after September 1, 2010 shall have a guaranteed return of 4.5% and not for the policies issued prior to that date. It is important to do due diligence before buying a policy and understanding the scope of coverage, risk and returns, features like liquidity etc so that you do not have to discontinue the policies before maturity.

TRADITIONAL LIFE INSURANCE PLANS

Despite paying an annual premium of ₹40,320, my life cover is only ₹4 lakh. Should I surrender my policies and get a new policy of ₹50 lakh? – ANANDI

It makes a lot of sense to increase your life insurance by buying term insurance. Religare Aegon iTerm & ICICI Prudential iProtect are amongst the cheapest online term insurance policies available. But it is meaningful to understand the policies that you have already invested your hard-earned money into. All the plans that you currently own are traditional plans offering either guaranteed additions or bonuses as declared by LIC every year. Jeevan Samridhi is a money-back plan that offers guaranteed addition as well as loyalty addition instead of participating in profits (bonus) of LIC. New Money Back provides for periodic payments of partial sum assured during the term of the policy. The basic bonus under this plan is slightly lower than the rate applicable to endowment plans. New Jeevan Suraksha is a personal pension plan participating in profits (bonuses) of LIC. The life insurance coverage in pension plans is an optional feature. The plans, like the above that participate in LIC's profits (bonus) or offer guaranteed additions, will attain a surrender value based on the number of premiums paid, the total term of the plan etc. These plans, offer you risk-free and debt-based returns, will generate lower or maybe negative returns if discontinued before maturity.



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