



QUERY CORNER INSURANCE

INVEST IN A RETIREMENT PLAN AS PER YOUR NEEDS AND NOT FOR I-T RELIEF



EXITING A PENSION SCHEME

I have opted for ING VYSYA Life insurance policy (Best Years Retirement Plan) for which an annual premium of ₹10,000 has to be paid for 10 years. The plan comes up for vesting on March 11, 2011. I had opted for this pension scheme which offered tax benefits on the investment for pension. As of now, the total amount accrued after payment of 10 premiums minus charges is approximately ₹59,000, according to ING Vysya life insurance company. I want to exit this scheme before the vesting date as after the expiry of the date an exit is not possible. I will compulsorily have to opt for pension. Any pension payout from 2011 on the accrued sum of ₹59,000 appears too minuscule. Should I exit the scheme or is there an alternative?

— KAUSALYA VIJAPURKAR

ING Vysya Life Insurance was registered on August 2, 2001. Your claim of having paid 10 yearly payments and the policy being due on March 11, 2011 seems to contain some inaccuracies. However, in pension plans issued prior to September 1, 2010, you have the option of exiting the scheme before the start of regular pension. But the amount so withdrawn is subject to addition to the taxable income of the current financial year. Therefore, you will have to pay tax on the amount so withdrawn. Another interesting observation is the low pension because of low accumulation at the time of vesting. This is not just the result of good or bad returns on the funds deployed. Even if the investments had generated 12% returns, the accumulated sum would have been ₹1.96 lakh only. The real issue here is the investment in the retirement fund. Your contribution to the retirement corpus should be based on the actual amount required at the time of retirement and not the income-tax relief you are entitled to on the same. I am sure you would have accumulated enough retirement corpus on your other investments to take care of your retirement needs.

RENEWING MEDICLAIM POLICIES

I had bought a joint medical claim in 2006 from New India Insurance for ₹8 lakh. The policy was renewed every year. But this year I forgot to renew the same. In September, I was told that the policy has expired and I have to buy a new one, which means losing benefits accumulated till date in the form of no-claim bonuses and waivers. I am ready to pay the penalty and continue with the same policy. But the company says that's not possible as I am 43 and all the accumulated benefits are no more with me. But all these years I made no claims. What should I do? — SANJAY BHARDWAJ

A health insurance policy should compulsorily be renewed before the expiry of the previous policy. However, a further grace period of 15 days can be given. But the insurance company shall not be liable for any claim arising out of ailment suffered or hospitalisation commencing in the interim period after expiry of the earlier policy and prior to date of commencement of subsequent policy.

COVER UNDER MEDICLAIM

Does mediclaim cover any expenses besides hospitalisation costs? If so, please let me know. — NAYAN

Health insurance covers the following expenses besides hospitalisation cost. Medical expenses incurred due to illness during the 30 days prior to hospitalisation and 60 days after the discharge from the hospital. Many day-care procedures that do not require the 24 hours hospitalisation are also covered. Expenses incurred on domiciliary treatment (subject to conditions), organ donor in case of a transplant, if any, and emergency ambulance is also covered. A point to note is before signing the dotted line do understand what the policy covers and what is excluded from the coverage.



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