



QUERY CORNER INSURANCE

UNDERSTAND THE PRODUCTS YOU WISH TO INVEST IN TO AVOID LOSSES LATER

SURRENDERING OLD POLICIES FOR CHEAPER ONES

I will turn 45 in February. I work in a PSU. I have a ₹1-lakh Jeevan Sathi Plan which I bought in 1999-2000. It's a 20-year plan with an annual premium ₹6,000. I also have one Bima Kiran policy for ₹3 lakh for the same duration and I pay an annual premium ₹4,000 for it. I intend to buy a term plan like Amulya Jeevan or ICICI iProtect which provide high cover for a low premium. Is it worthwhile to surrender the existing two policies considering that I have already paid the premium for 10 years? – VIRENDER KUMAR ANAND

It makes a lot of sense to increase your life insurance by buying term insurance. Religare Aegon iTerm and ICICI Prudential iProtect are amongst the cheapest on-line term insurance available. Amulya Jeevan is a product from LIC stable. But it is meaningful to understand the policies that you have already invested your hard-earned money into. Bima Kiran is the earliest form of term Insurance in the market and the premium rates have come down significantly since then. Jeevan Saathi is a joint life plan for husband and wife. It is always prudent to understand the products in which you wish to invest to avoid taking undue losses by surrendering the plans before maturity. The plans like above, which participate in LIC's profits (bonus) or offer guaranteed addition, will attain surrender value based on the number of premiums paid, total term of the plan etc.

NO TAX RELIEF ON PAYING PREMIUM FOR BROTHER

I want to buy a life insurance policy in my brother's name. The premium will be paid by me. Is it possible to avail of the tax benefit under Section 80C? – PRIYA-DARSHAN BEHERA

Premium paid by you for insuring the life of your brother, parents (father/mother/both) or your in-laws is not eligible for deduction under Section 80C.

INSURANCE FOR FIRST JOBBERS

I am 25. I got my first job recently and I earn a take-home salary of ₹17,000. I am not insured with anyone. Should I go for Ulips or conventional insurance plan from LIC? Can you suggest a good insurance plan for me? — SAMIR ADIL

Ulips and conventional plans are quite different in their approach. Conventional plans provide safety against market fluctuations, Ulips provide returns based on market forces. You can earn better returns in Ulips over a longer term and have lots of flexibility as part of the plans. In conventional plans, the returns are basically debt-based and are stable. You should also buy an accident policy and a health insurance cover for yourself.

NEW MEDICLAIM POLICY FOR OLD PARENTS

My father is 70 and mother is 58. They have a Med-iclaim policy from National Insurance with a ₹2-lakh cover each. They have also accumulated no-claim bonus, amounting to ₹50,000 (father) and ₹67,000 for (mother). The policy is approximately 10 years old. They paid a premium of ₹16,670 in April 2010. Recently, we received an offer from Punjab National Bank in collaboration with Oriental Insurance for a group Mediclaim policy. The premium for a cover of ₹5,00,000 (family floater) is ₹6,705. Should I surrender the existing policy of my parents and go for the group policy from PNB? — A DUTTA

The policies offered by banks in collaboration with a general insurers are group Insurance policies made for their customers and employees. These policies are also renewable every year and the banks may change the arrangement with a particular insurance company at the time of renewal. In your case, considering the age of your parents, you should NOT in any case discontinue the present policy for any other new health insurance policy. You can, however, decide to increase your insurance cover by buying the new plan in addition to the existing health insurance.



AMIT SURI

CFP, AUM FINANCIAL PLANNERS

Our expert guides you in matters relating to insurance. Email to etqueryins@indiatimes.com