Q&A | QUERY CORNER
INSURANCE

DO NOT STOP PAYING PREMIUMS FOR YOUR LIFE POLICIES EVEN IF YOU ARE ILL

REVIVING A LAPSED ULIP

I have a Ulip with a private insurance company for a sum assured of ₹4 lakh for which I pay a premium of ₹20,000 per annum. I have paid three out of four premiums and was unable to pay the last due as I was not well and under complete rest. I have received a letter from the company stating that the policy has lapsed. What should I do to revive the policy? What will happen if I surrender the policy? How much will be my loss? —VIKRAM

Premium payments for your life insurance policies should not stop at any time, more so when you were not well. Even if you were not able to pay up the premiums, you should opt for a premium holiday and cover continuance option. Under this option, you would have been covered despite not paying the premiums. Now, you can revive your policy by paying the due premium along with the revival formalities of your insurance company. However, if you decide to surrender the policy, you will get the current fund value minus any surrender charges under the policy.

TOPPING UP LIFE COVER WITH HLLP

I am 26. I have taken a ₹20-lakh home loan from SBI. I have a Ulip, and a 25-year Birla Sun Life Dream Plan Policy (with an annual premium of ₹20,000 and a death benefit of ₹45 lakh). I plan to repay my home loan in the next 5-7 years, as my present monthly income is over ₹40,000 and I expect a hike soon. Since I have a sufficiently big life cover, do I still need a home loan protection plan (HLLP)? If yes, then should I go for a term plan or an HLPP? —VIVEK AGRAWAL

You have a life cover of ₹45 lakh and a housing loan of ₹20 lakh. This leaves you with a net cover of ₹25 lakh. You should buy an additional term insurance to cover your family in case of your death. Further, I am sure by the time you would have paid your housing loan, the value of your own life would have gone up and so would your life insurance requirement. You would not have to discontinue an old policy or buy a new cover at the time.

INSURANCE CLAIM ON CAR

My driver had an accident while driving my car on December 4. The car was sent immediately to the dealer' showroom for insurance survey. As I was overseas at that time, I could not submit all the related documents to the insurance company. I arrived on December 8 and submitted the documents to them. Unfortunately, my insurance expired on the midnight of December 7. Though I have a copy of the notings made by the car dealer on December 4, the insurance company has denied the claim. Am I liable to receive the claims? — MURTUZA THANAWALA

If you had given the claim intimation to the insurance company, then they will consider the claim. However, if the claim has not been intimated to the insurance company, then the insurance company cannot consider your claim after the expiry of the insurance policy.

RENEWAL OF MEDICLAIM POLICY

I had read that the government had introduced a rule where a policyholder gets a 15 days' grace period to pay the premium of a mediclaim policy. Can an insurance company refuse to renew a mediclaim on the grounds that the renewal was late by a day or two? — SHAILESH M

Irda, vide its circular dated March 31, 2009, had clearly stated that all health insurance policies shall contain a clause that provides for a mechanism to condone delays in renewal of health insurance policies for up to 15 days. This is done so that the insured person is treated as continuously covered in terms of continuity benefits such as waiting periods and pre-existing diseases.

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