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INSURANCE

AMIT SURI

CFP, AUM FINANCIAL PLANNERS

▶ OUR EXPERT OFFERS TIPS ON THE BEST INSURANCE PRODUCTS AVAILABLE IN THE MARKET. EMAIL TO **etqueryins@indiatimes.com**

Q I was abroad for three years and did not pay premiums on my term plan for the last three years. Would my policy have lapsed? If it has lapsed, should I take a new policy from the same company? Will they offer me some discounts or will I be treated as a new customer?

RAMESH, DELHI

A This is very important for all to understand that you should pay your insurance premiums regularly and should never allow their insurance policies to lapse. In case of life insurance, if the policy gets lapsed it is revived by giving a declaration or by undergoing the medical tests. The same is treated as a fresh coverage and in case of death of the insured, the status of health as on the date of revival is considered as date of coverage for death claims. And in case the insured happens to have got any disease, the same is not considered favourably by the insurance company.
In case of a term insurance, one has to be even more careful because this is a pure risk-coverage plan. In the given circumstances, you should look for a new term insurance policy and compare premiums between these companies and buy one plan for you. No company will give you any discounts in any of these circumstances. One thing that is still good for you is that the premium rates for term plans of almost all insurance companies have reduced during these three years.

Q I had purchased 2,230 units of Senior Citizens' Unit Plan-1993 (SCUP) in 1998 when I was 48 years old, with the expectation to get the assured medical cover when I would turn 58, as provided under the scheme. However, I understand that UTI has since abrogated the scheme and the medical cover is not now granted to those who are yet to avail the benefits under the scheme. Is the procedure adopted by UTI legally valid? What is my course of action, given the circumstances?

MRS S MADHAVAN

A UTI-SCUP was introduced by the former Unit Trust of India in collaboration with New India Assurance Company to give medical cover for its unit holders after attaining 58 years of age. UTI has now scrapped the Senior Citizen Unit Scheme (UTI-SCUP) w.e.f. February 18, 2008. UTI MF had offered an alternative health cover plan from New India Assurance to unit holders more than 58 years of age. For unit holders who were more than 58, and whose insurance premium had been paid out of existing investments, there was no change and New India Assurance medical cover was continued. The alternative policy gave a special 30% discount on premium and provided a cover of Rs 1.5 lakh to UTI Senior Citizen Unit Scheme investors. Even though the procedure adopted by UTI is legal, this decision cannot be termed as in the interest of the investors. All investors less than 58 have been left on their own. You should immediately buy a suitable medical insurance for yourself.