Q&A QUERY CORNER
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 am 32 years old, married with dependant parents. I want to buy a term plan for 30 years of ₹40-50 lakh, since I plan to buy a home for ₹35 lakh. My annual income is ₹8.5 lakh. I seek your advice on these counts:
a) What are the best possible options for me?
b) Is it better to split amounts so that later I can add to the existing plans?
c) Can I add different riders or should I take riders together with the term plan?

AMIT JOSHI

A You can choose from LIC, ICICI Prudential, HDFC Standard & Aegone Religare iTerm plans. Splitting of term insurance has certain disadvantages such as forgoing premium discount for higher insurance amount, medical requirements for different companies at the time of purchase being different, etc. Again, the nominee will have to make claim with different companies separately. In case you need to increase the insurance cover at a later date, the same shall be a new proposal for the insurance company and shall be considered again as per your prevalent health and financial requirements. The premium shall also be higher with higher age.

Q I am a 25-year-old. I have started my job recently with a take-home salary of ₹17,000. I am not insured. Please advise me whether I should opt for Ulips or conventional insurance plan.

SAMIR ADIL

A Ulip's and conventional plans are quite different in their approach. Whereas conventional plans provide safety against market fluctuations, Ulip's provide returns based on market forces. You can expect to earn better returns in Ulip's in a longer term and have lots of flexibilities as part of these plans. Whereas in conventional plans, the returns are basically debt-based and are stable. You should also need to be buying an accident policy and a health insurance cover.

Q I am the single earning member of my family with an annual income of ₹6.5 lakh. I have taken an insurance cover of ₹2 lakh for self. In addition, I am the proposer for my two kids' policies for ₹1 lakh each and also paying premium for my wife's policy. Recently, I took a loan of ₹23 lakh for purchasing a home with the EMI period being 14 years. Please suggest (a) advisable insurance coverage, (b) a policy with minimum premium and maximum return - sum assured - in the event of a contingency.

DAS

A As a simple thumb rule, your coverage should be 8-10 times your annual income. Also make sure to add the amount of loans/ liabilities that you have. In the past too, you have been purchasing insurance coverage for your children and wife, whereas your own insurance coverage has been a minuscule ₹2 lakh. You should ensure that the life of the bread earner is adequately covered before buying life insurance for other non-earning members.