



QUERY CORNER INSURANCE

SURRENDER A POLICY ONLY AFTER SURRENDER CHARGES BECOME NIL



SURRENDER CHARGES FOR ULIP POLICIES

I had taken two Ulip policies with Bajaj Allianz — one on October 7 with an annual premium of ₹30,000 and the second, on November 9 with an annual premium of ₹36,000. I am really shocked to know that the charges would be around ₹8 lakh for both policies over a 25-year term. The insurance company said I can surrender these policies after a three-year lock-in but I will get a current fund value less 49% of the annual premium. I want your advice on whether I should surrender these policies after the lock-in and take a single premium-term insurance with the repayment of premium at maturity and invest the balance in a good ELSS, or should I continue my policy?

— RAJENDRA BHAVE

The majority of charges in this plan have already been incurred by you. If you surrender your policy now, you will pay a further hefty surrender charge. You should continue with the policy as of now, at least till these surrender charges become nil. From September 1 2010 onwards, some of the reforms that have been introduced in the Ulip plans ensure that the various charges are reduced in the benefit of policyholders.

GROUP INSURANCE SCHEME POST RETIREMENT

I am working in the private sector and will be retiring in around two years. I have two mediclaim policies under the group insurance scheme. An Oriental ₹1-lakh policy, the yearly premium for which is deducted from my salary and National Insurance's ₹3-lakh policy, the yearly premium for which is borne by the employer. After retirement, can I continue with both these policies? If yes, will I continue getting the benefit of lower premium under the group insurance? What are other alternatives available for me? —

NARENDRA

You cannot continue in the group insurance policy of the employer after retirement. However, if he provides you a letter stating the period of coverage with the insurance company under their group health insurance, the insurance company may provide you continuity benefits. Further, the new health insurance will be under individual plan and the premiums shall be as per the individual plans and not group health insurance.

RETURNING POLICY FOR DISCREPANCIES

In February 2010, I opted for a Tata AIG Invest Assure Flexi Plus policy for an annual premium of ₹24,000 with a term cover of ₹10 lakh and accidental term cover of ₹20 lakh. When I recently saw my statement, I found that my agent had changed the term cover amount to half of what I had asked for i.e., ₹5 lakh and ₹10 lakh, respectively. He said the term cover amount is decided by his company. I am sure he is bluffing. I would like to either complain to Irda or sue him and/or better still, give him the chance to make the necessary changes in my policy. What are the options available to me at this point? If I choose to discontinue the policy, can I get back the premium with interest as it was not my mistake? — CAROLINE

The policy bond is primarily the first document that you receive from the insurance company. The policy bond contains all details with regard to the scope, terms of policy, premium, frequency, duration and also the insurance coverage under the policy. In case you find any deficiency in the policy you can, as a right, return the policy under free-look period within 15 days of receipt of policy. Moreover, there is an underwriting department which decides the quantum of insurance on the basis of health and income parameters. But any change in the premium, insurance coverage or term, if decided by the underwriting team, is changed only by intimation and a written confirmation from you.

GRACE PERIOD FOR PAYING ULIP PREMIUMS

My wife had invest ₹50,000 in a Bajaj Allianz Ulip product last year in August, recommended by a known agent. But she missed the grace period for this as it is a regular-premium product. Is it possible to continue it or is there any chance of getting back the amount? — SONAM G

Generally, Ulip products offer a 15-day grace period to pay your premiums. Since it is overdue by only two months, your wife can deposit the premiums now and she will be allotted the units under Ulip Plan at the NAV on the date of deposit. If the premium gets overdue for more time, then she may be required to give a declaration of good health or may even have to undergo medical tests. As a practice, the premiums should, without fail, be paid on time lest the insurance cover gets invalidated.

FLOATER POLICIES OFFER HIGHER COVER FOR FAMILY

I am 37. My family includes my wife and two sons. I have a mediclaim policy for the past five years with New India Assurance, with an individual coverage of ₹1 lakh for each one of us. For additional cover, should I go for individual mediclaim policies or a family floater policy or should I continue with my existing policy? Which is the best mediclaim policy according to you? Should I take the recommended policy with a new company and continue with the New India Assurance existing policy? — AMARJEET SINGH

Family floater policy offers higher cover for all family members combined together at a lesser premium. If the same members go for a higher coverage individually, they will be paying a much higher premium. You should surely increase your health coverage to at least ₹3-5 lakh. In most of the policies once the children's age is more than 25 years, they will not be accepted as part of the parent's policy. However, companies like Max Bupa and Oriental Insurance accepts children even beyond 25 years of age as part of the policy.



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