

QA 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 53 and have total life insurance coverage of Rs 6 lakh. One of my insurance policy is getting matured next month. Should I go for another policy to increase my insurance coverage?

— SK SABLOK

A As your age and income advances, your insurance needs keep on increasing. You should add life insurance coverage on regular intervals so that you can keep yourself adequately covered till your financially productive years of life. Now, you need to calculate your insurance requirements in terms of amount and the number of years and accordingly buy a life insurance cover. You have three choices:

- 1) Ulip plans, which invest in market instruments like debt and equity, and the returns are dependent on the underlying chosen instruments
- 2) Traditional bonus-based plans, which invest as per Irda guidelines and gives you a debt kind of return
- 3) Term insurance plans, which are plain vanilla plans giving you higher insurance coverage with low cost premium.

Q I am 37 and wish to buy a 20-year term insurance plan of Rs 50 lakh. Please advise.

— ANURAG PRASAD

A ICICI Prudential Life offers Pure Protect Elite Plan wherein a 20-year term insurance at your age will cost you around Rs 13,900 + service tax. Besides this, there is Aegon Religare Term Plan, which can be bought only online

and will cost you the lowest — around Rs 8,000 + service tax. You can consider insuring yourself for 25 year term too. Though this will cost you a slightly higher amount, it will keep you covered till the age of 62.

Q I am a 27 and keen to know if it is worth investing in LIC's Jeevan Saral policy. I would like to know:
(a) Is their claim of insurance at 250 times premium realistic? In Jeevan Saral, the nominee will be paid the total of following three in case of demise of the policy holder.
 1) 250 times of monthly premium of the plan
 2) Total premium paid till then (less first year premium)
 3) Loyalty additions, if any
b) Are the returns guaranteed, like in a recurring deposit?
c) What are the returns in case the policy is surrendered early?

— MDS PRABU

A The returns are not guaranteed as such, but the same are not market-linked too. The money shall be invested as per the Irda norms, wherein the money is primarily invested in government securities comprising more than 50% and the balance in approved investments. You can expect a debt kind of return from this plan. The policy shall be deemed to have matured in case of early withdrawal or surrender anytime after five-year term. Unlike other traditional plans, there are no surrender charges in this plan.