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 have availed of a Rs 16-lakh home loan for 15 years. Is it necessary for me to insure the loan amount? If it is necessary, which type of cover should I go for?

SHASHIKANT PATIL

A Instead of saying that it is necessary, I would rather say that this should be the most important thing for you to do when taking on any such liability. Most of the time when a person is buying a home, besides a home loan, he would have sold off almost all or most of the other liquid/semi-liquid assets to buy that dream home. So now one is left with a liability, a home and may be some more illiquid assets. Just imagine, if the borrower dies, the family is left behind with the liability of paying the EMIs for the balance period with no or little income to support them. The choice is yours whether you want to buy a liability or an asset. My single and foremost advice is to buy adequate life insurance and make home an asset only, where you happily live forever.

Most housing finance companies and banks in arrangement with life insurance companies offer one-time payment life insurance coverage also, along with your home loan to cover your loan amount. Here you make a one-time insurance premium and you are covered for the number of years of loan repayment. These plans cost approximately Rs 2,200 single premium per lakh of sum insured for 15 years for a person aged around 35. It may also be possible to include this premium in the loan amount and repay as part of your regular instalments.

Q I read your short article on health insurance a couple of days ago and wanted your feedback on which is the most suitable health insurance policy for my father. He is 60 years and has diabetes, although it is under control. He wants to buy a policy for Rs 2 lakh and also top-up with United India super top-up plan. Can you please suggest a good policy for my dad? He has no issues to take medical test, if required?

N SRIVASTAVA

A You don't have too many options to choose for your parents' medical insurance. So, it is advisable to start your mediclaim policy at an early age and continue the same till your golden years. You have two options available for your parents viz:

(i) National Insurance Varistha mediclaim: Where they can be covered for Rs1-lakh mediclaim and another Rs 2 lakh exclusively for reimbursements of critical illnesses. Also, your father's diabetes can be covered by paying an additional 10% premium. Any other pre-existing disease will be covered after four years of continuation of the policy. And this will cost you approximately Rs16,000.

(ii) Star Health-Senior Citizens Red Carpet health insurance plan offers a coverage up to Rs 2 lakh. Pre-existing diseases are also covered from second year onwards. Premium for Rs 2-lakh cover is Rs 9,500 per person. I have already answered majority of your query in the previous answer. As for the United India top-up plan, this can be given to your father, but only up to 60 years with the medical tests.