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 own a 5-year old Santro, which I plan to sell and buy a bigger car. Fortunately, I have had no insurance claims on my car. Can I get a discount on premium on my new vehicle?

RAMESH

A You should not give your existing insurance policy to the buyer of your Santro. As per insurance rules, the same policy can be transferred to the new car you buy, provided the name of the buyer is the same. So suppose you enjoy a no-claim bonus of 25% on the old Santro, you will continue to enjoy the same percentage on the new car that you purchase.

Q I plan to shift from Mumbai to Bangalore. Will I have to pay a higher insurance premium for my Wagon R car in Bangalore?

AMRIT SHAH

A There are eight cities namely Delhi, Mumbai, Chennai, Kolkata, Bangalore, Ahmedabad, Pune and Hyderabad, which fall in A category. Here the premium charges are higher compared to other cities. Hence, if you plan to shift from Mumbai to Bangalore, you will not have to pay extra insurance premium for your car.

Q Please suggest an insurance plan other than term insurance in which I can get a maximum insurance by paying a comparatively less premium. I am 35-years old and can pay premium for the next 25 years.

SRIHARI PRASAD

A The cheapest way of insuring your life is through term insurance. Another good way of ensuring maximum coverage, but at somewhat more premium is buying a ULIP plan with maximum available insurance coverage, which can be up to 60 times of the premium being paid. In addition to the life insurance coverage, you will also be having an investment fund in these plans. There is an option to discontinue premiums after some time and continue with life coverage for the rest of the period under 'cover continuance' option. However, you should continue paying your premiums till maturity to earn a decent maturity benefit.

Q I am 28-years old and am investing Rs 110,000 annually to both my pension plan since two years. One pension plan is on a monthly payment mode while the other is on annual mode. Is this amount enough to get a good pension over a period of 20 years. Should I convert the annual plan to monthly mode, as both are equity based?

RAH SETH

A It makes a lot of sense to convert the annual mode to a monthly mode to further benefit from the value averaging on a regular equity savings. You can wait for another five years and take pension at 53 (term 25 years) instead of age 48 (term 20 years). The amount of pension available at 53 will be more than 1= times of the one available at 48, assuming a 10% return on investment for the deferment period.