

Why persisting with a life insurance plan is more rewarding

13th August, 2019, [Financial Express](#)

It is said that safety is the cheapest and the most convenient form of an insurance policy. A life insurance policy plays a vital role in your family's well-being. A term insurance policy does not offer you any cash-value benefit, but in case of any unfortunate event of death, the term policy offers the full sum assured to the beneficiaries, which is considerably high as compared to other life insurance plans.

Here are some facts that everyone needs to consider before opting for a life insurance policy.

Right time to buy term insurance

You might think of purchasing a term policy after a few years as some money could be accrued during the period. However, the fact is, as the age increases, the premium amount of the term insurance plans also increases. Furthermore, you are more exposed to illnesses with increasing age. This is why earlier the purchase happens, better the premium amount is.

Use the term premium calculator

While finalising the plan, using the term insurance calculator is always beneficial in order to determine the right quote. The insurance companies and aggregators offer term insurance calculators on their sites that help in analysing which plan suits you better.

Don't judge the plan by price

If you get to see a plan worth Rs 20 per day, and another one at Rs 6,500 per annum, ultimately, the lower price gets more attention. But going for the first one could cost more than the per annum plan. It is a marketing strategy which leads to more confusion and results in unnecessary spends. Many times, the amount shown while getting quotes increases after medical tests. Don't step back in such situations. The company always checks all the facts and determines the premium. This certainly reduces the chances of last moment claim rejection.

Choose a rider if you need it

Riders are available to provide additional protection to the term insurance policy. One can choose a suitable rider by analysing needs. If you are a frequent traveller, it is better to go with the accidental death benefit rider. However, understand that buying riders casually may increase the premium unnecessarily; so choose them wisely.

Disclose all the information

Always disclose information about any unhealthy habits to the insurance company. Many people try to hide smoking/drinking habits in order to lower down premiums. The premium calculation is entirely based on the critical information you provide. Hiding facts is nothing but breaching the contract, which may lead to claim rejection. Usually, the claim rejection ratio in the case of term insurance plans is very low. Disclosing family health history is also essential. Many diseases are hereditary, where you are also likely to adopt the same. The company considers probabilities and determines the premium amount.

Get adequate life coverage

Usually, term insurance offers the cover of Rs 1 crore, which seems to be a considerable amount. But bearing in mind the inflation and other aspects, choose the minimum cover of around Rs 1.5 crore and so on. The simple calculation is that the cover should be equal to 250 times the annual expenses if the tenure is 25 years. Complete all the essentials while submitting insurance application and filling out the form. Putting nominee name carefully is the most important. Making any mistake in the entire process may lead to claim rejection.

(Source: Tax Guru)