

Why Home Loan Insurance Matters?



The Indian housing market is going strong, and demand for home loans grew **26%** year-on-year in the first half of FY 2021-22^[1]. At the same time, the rate of default on home loans is also on the rise, with the default rate in the premium segment (loans over Rs. 75 lakh) being the highest at **3.01%**^[2].

The most common reason for default is the death of the borrower, leaving their family at risk of losing their home. This is where **home loan insurance** can protect your home and your family if something were to happen to you.

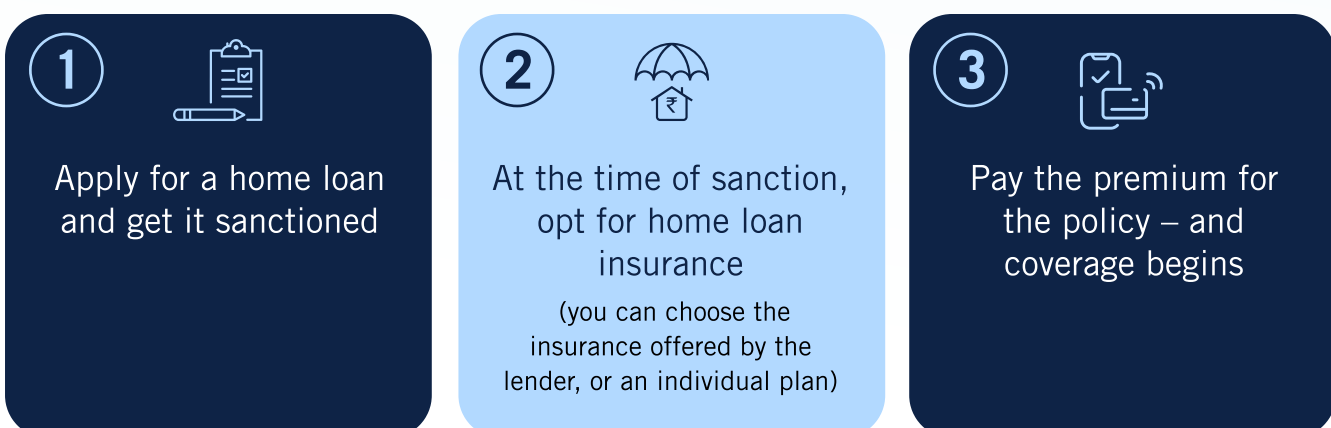
How it works

A home loan insurance policy pays off the outstanding loan balance if the borrower dies during the repayment tenure – thus avoiding the risk of home loan default.

- Assured Sum = Equal to the Loan Amount
- Insurance Tenure = Loan
- Tenure One-time Premium

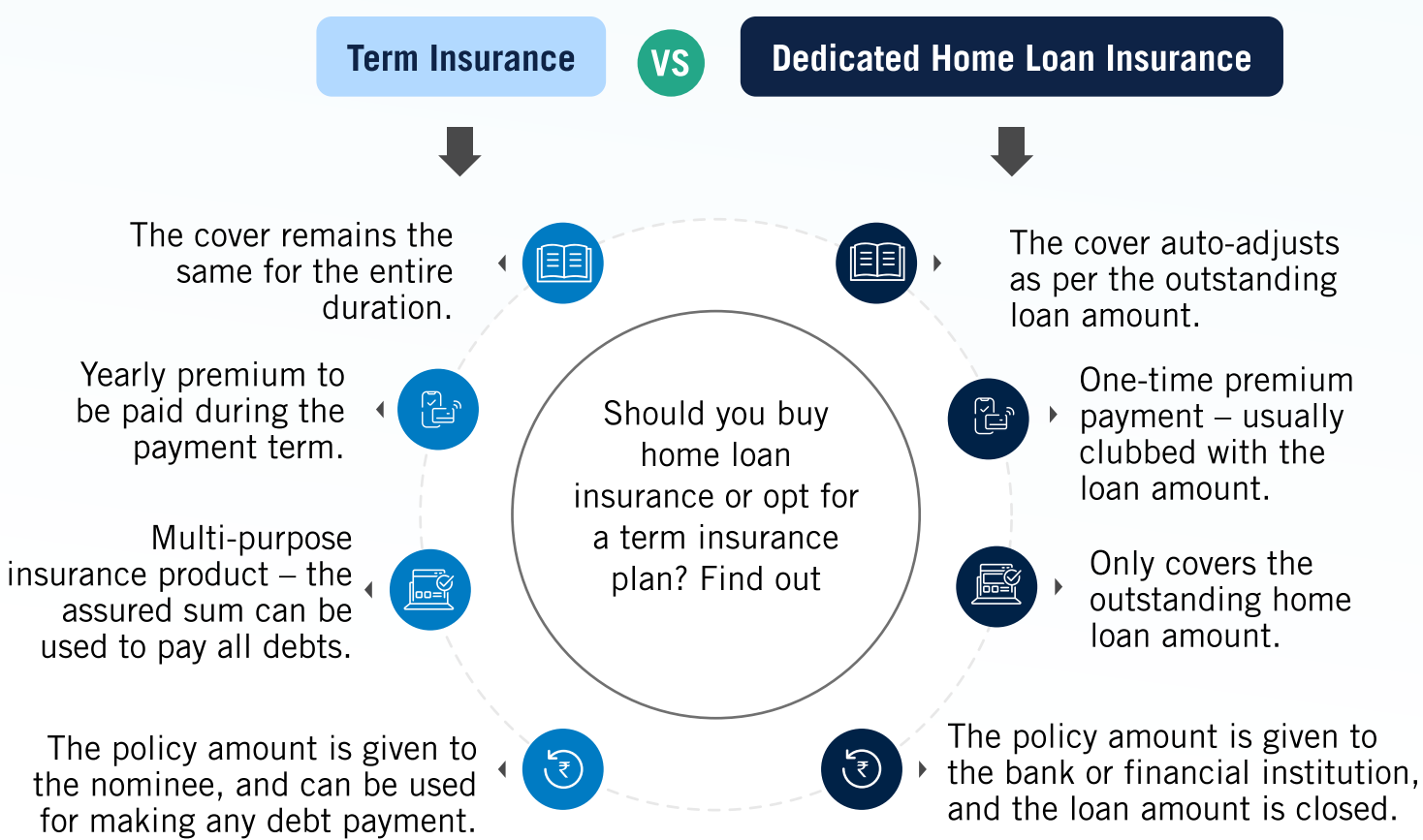


How to get it



Why should you insure your home loan?

- Ensures the loan burden does not fall on your family
- Keeps the house or property as an asset for your family
- Gives you complete peace of mind
- Enables Section 80C tax benefits of up to Rs. 1.5 lakh each year only if the borrower makes repayment



7-Point checklist to pick the right insurance policy

- Check the premium cost of the policy
- Check the term period
- Check the sum assured
- Check the total tax benefits
- Check add-ons
- Check the policy's inclusions and exclusions
- Check the insurer's credibility and reputation



Home loan insurance can help you protect your most important asset after your death. Give yourself the peace of mind of knowing that your home and your family will be secure, even if something were to happen to you.

Sources -1. <https://www.financialexpress.com/money/india-witnesses-a-42-surge-in-demand-for-balance-transfers-and-26-in-home-loans-in-h1-study/2315803/>
 2. <https://www.livemint.com/money/personal-finance/defaults-in-home-loan-segment-are-on-the-rise-11621513100579.html>