

How to Protect Yourself

In 2020, the Life Insurance Corporation of India issued 21.9 million individual policies, which is just 1.5% out of a population of 1.38 billion people^[1]. Overall India's life insurance penetration stood at 3.2% as of 2020^[2]. A large number of Indians still don't have insurance, and are missing out on a vital source of protection against emergencies and contingencies.



Know the types of life insurance

- Term Insurance**
 Offers protection for a set period of time. In the event of death or total and permanent disability (if covered), your dependants will be paid a benefit. In most cases, no benefit is payable if the person survives the term.
- Whole Life Insurance**
 Offers lifelong protection. This plan pays out a death benefit so you can be assured of financial protection for your family after your death. It could be an ideal way of creating an estate for your heirs.
- Endowment Policy**
 This is a savings-linked insurance policy with a specific maturity date. Should you suffer death or disability during the term period, the Sum Assured will be paid to your beneficiaries. If you survive the term, you receive the maturity proceeds on the policy.
- Money Back Plans**
 Under these plans, some part of the Sum Assured is returned to the insured person periodically as survival benefit. When the term expires, the balance amount is paid as maturity value. The life risk is covered for the entire Sum Assured during the term of the policy, regardless of the survival benefits paid.
- Children's Policy**
 Covers the life of the parent/child for the benefit of the child. Through such policies, parents can plan to receive funds when the child reaches various stages in life. Some insurers offer a waiver of premiums in case of the death of the parent/proposer during the term of the policy.
- Annuity Plan**
 Offers you a fixed income from your retirement corpus, like a pension. You can fund it initially with a lump sum or periodic payment and then receive pay-outs after the annuitisation period is over.
- Unit Linked Insurance Policy (ULIP)**
 All the plans listed above can be offered as 'ULIP' plans. ULIPs aim to deliver long-term returns as well as insurance, giving you a say in how your premium is invested. The premiums are deposited in both debt and equity funds. One part of the premium offers security through investment in lower-risk debt funds. The other part is invested in market-linked equity fund assets of your choice. You can switch between different funds during the policy period.

Why is life insurance required?

Life insurance provides immediate, non-taxable monetary relief to family and dependents, in the event of the demise of the insured person



The benefits of life insurance


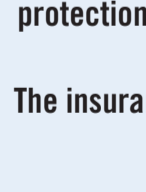

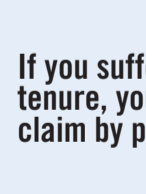

Tax benefits

The sum assured received upon maturity or surrender of a policy, or upon the policyholder's death, is tax-free, subject to certain conditions being met






It ensure that you have extra income when your earnings are reduced due to serious illness or accident

- Financial security**
 You can secure your family's finances and give yourself the peace of mind of knowing they'll be looked after
- Tax benefits**
 The sum assured received upon maturity or surrender of a policy, or upon the policyholder's death, is tax-free, subject to certain conditions being met
- Child's education**
 It will pay for your child's education and other needs to secure their future
- Extra income**
 It ensure that you have extra income when your earnings are reduced due to serious illness or accident

Want to get life insurance for yourself? It's simple.

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 You can choose a life insurance plan which provides maximum protection.
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 The insurance company will then select the policy.
- 
 Calculate the premium (payable by you every year) for the time duration you want. This duration is known as the tenure of the insurance policy.
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 If you suffer an untimely death before the end of tenure, your dependents can file for an insurance claim by providing the necessary proof.
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 If you survive the tenure period of the policy, you will receive the maturity amount at the end of the term. In case of term insurance, no benefit is usually payable if you survive the term.

Things to remember when buying life insurance

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 Plan your financial goal according to your age
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 Know all the charges and premiums of the insurance
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 Confirm the benefits and terms of the claim
- 
 Read the terms and conditions of the life insurance
- 
 Define the amount of life cover needed and the time duration

Consult a financial advisor for guidance on choosing the right insurance plan that suits your goal, for a secure financial future.

Sources: 1. <https://www.statista.com/statistics/655505/number-of-new-life-insurance-policies-india/>
 2. <https://www.zeebiz.com/personal-finance/news-economic-survey-2022-covid-brings-life-insurance-penetration-in-india-to-global-levels-industry-logs-rs-628731-crore-premium-income-in-fy21-177518>
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 6. https://www.policyholder.gov.in/what_life_insurance_to_buy.aspx

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