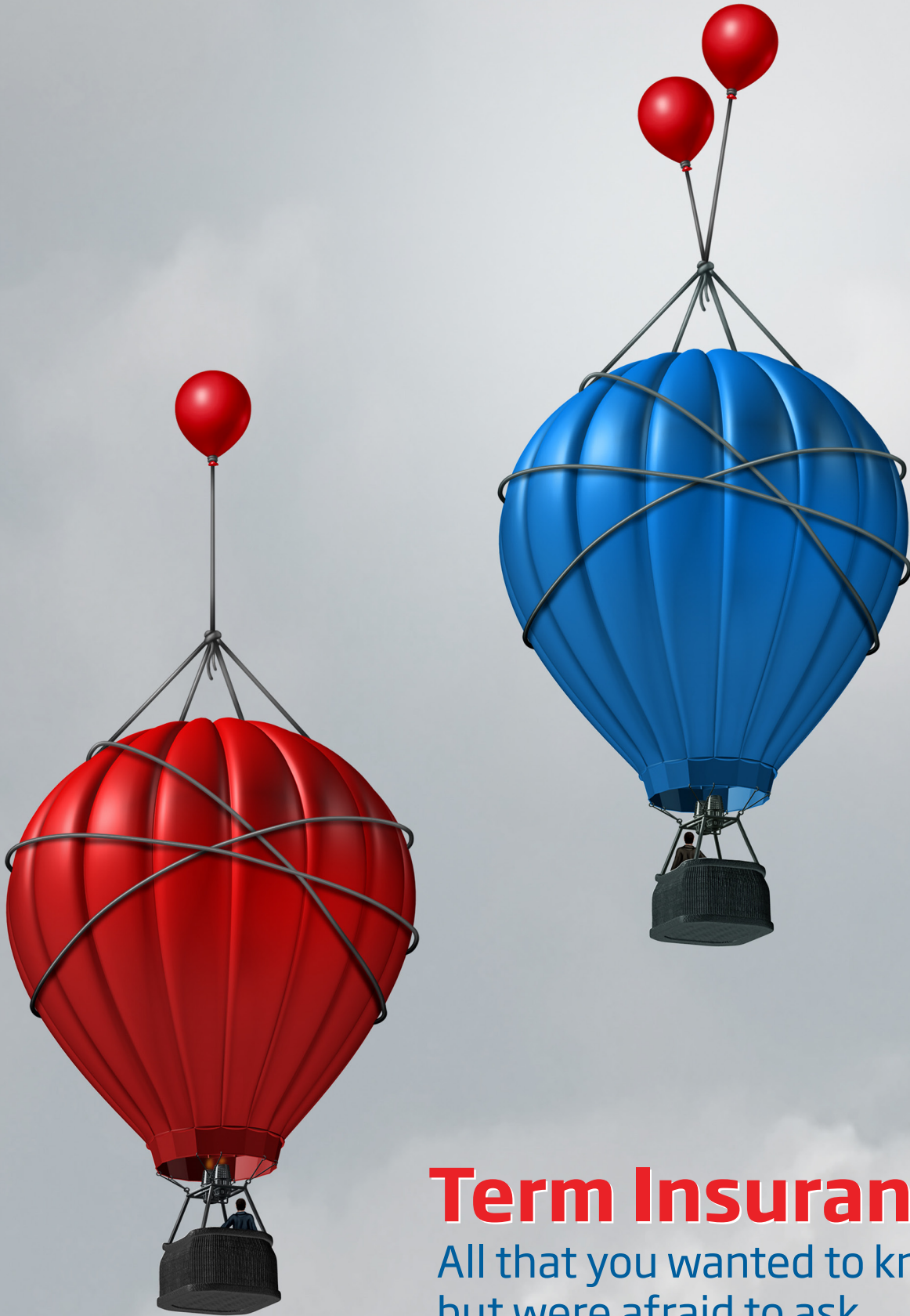


HDFC Life
Click2Protect 3D Plus

A non-linked, non-participating term insurance plan



Sar utha ke jyo!



Term Insurance

All that you wanted to know
but were afraid to ask

First, some questions for you



Do you feel that your family will be **financially secure**?



Are your savings enough to sustain your family if the earning member's **income stops**?



Will your family members be completely **free of liabilities**?

If your answer to any of these questions is **NO**.
Then please continue reading.



Here is a simple solution for you

Term Insurance is a life insurance policy that offers coverage for a fixed number of years - the “term” of the policy. If the insured individual dies when the policy is active, a death benefit is paid to the nominees of the insured individual. A basic variant of term insurance has no cash value which means, if the insured person survives the term of the policy, the policy does not return any value, with the exceptions of plans like Return on Premium etc.

You can purchase a term insurance policy which can provide a certain corpus to your dependents in event of your demise, they would be able to sustain the same lifestyle or pay off existing liabilities without compromising on their dreams thanks to the sum assured which they would receive from life insurance.



Why

must one purchase term insurance?

Term insurance acts like a financial blanket when the earning member is no more. Hence one must buy a term plan to ensure that the family doesn't have a setback financially while dealing with the loss of a loved one.



How

else will a term plan help you?

Don't we all like it when we have to pay very little for getting a lot in return? Purchasing term insurance is just like that. A term policy offers a large cover (For Example: A cover of Rs 1 crore) for a comparatively low premium (For Example: Rs 6500 per year). One can get a 30-year term insurance policy with annual premium remaining the same for whole period. In today's era of increasing living expenses, any individual would want to receive maximum risk cover. This is because, in event of the individual's untimely demise, a higher cover would enable his dependents to not compromise on living standards. And of course, you can also claim tax benefits on the premium you have paid.

How much term insurance do you think you need? To figure this out, you have to evaluate your age and income bracket, some of the examples below illustrate that:

Who should buy term insurance?



Ramesh (32, Male, Married)*

Ramesh, a 32-year-old man who works as a project manager in an IT firm. His wife, Manju, is 29 and also works in the IT industry. There is not a huge gap in the salaries they draw, and have a home loan to pay off. Both Ramesh and Manju have term insurance covers offered by their respective employers. This has convinced them that they do not need a term insurance. What they do not realize is that this term insurance is valid only until one is employed in the organization. Also, the cover offered by the office is usually not enough or adequate when something untoward happens.



Mihir (36, Male, Married, sole breadwinner)*

Mihir, a 36-year old man with two kids, is the sole breadwinner for his family. He should get a term insurance as both his kids and wife depend on him. Further, his father is due to retire next year and his in-laws are approaching their retirement age as well. Post-retirement, they would also be dependent on Mihir. As the number of dependents increase, Mihir will have to increase his cover as well.



Surekha, 35 and Ashwin (37, Married Couple)*

Surekha is a 35-year-old homemaker. She is married to Ashwin, 37, who is a Senior Designer with a design house. They have a 14-year-old child. Their child would be having quite a few milestones coming up which would require money. Right from getting admission into a college for graduation or planning to go abroad to pursue further studies. Therefore, purchasing a term insurance is a must for Ashwin as it would ensure that the child's upbringing and dreams can be fulfilled even if either of the parents experience an early demise.



Reshma (22, Female, Single)*

Reshma is a 22-year-old lady who has just started working. She is single and her parents do not depend on her currently but may depend on her in the future. She may also buy a house in the future and would need loan for it. If something happens to her in the meanwhile it is important that her parents are not burdened with responsibilities to take care of her expenses. She should consider getting a term insurance soon, as the premium she has to pay will rise with her age. After getting married, she would have the option to add her partner as a nominee.



HOW

to calculate the amount of insurance cover that you need?

Most people tend to pick a number out of thin air when deciding on the cover they need.

A simple rule of thumb is that the insurance cover must be ten to twenty times that of the insured individual's annual income. Which means if a person's annual income is Rs 10 lakhs, she must purchase an insurance plan that offers a cover of approximately 1.5 crore.

Sometimes, one looks at the premium that one is willing to pay and chooses whatever cover can be bought with that premium. This is not the right way to decide on the amount of cover you will need.

The correct way to decide on the sum insured is to look at your future expenditure with a rational mind.

This typically includes the following components →

1

Family expenditure to maintain the current standard of living

2

Loans and other debt that need to be repaid

3

Future expenditure that the family will have to make for important events like your child's wedding, education etc.

4

Any investments your family could make in the future

The sum insured should be the value that you arrive at after summing up these factors. Remember that you must make provision for inflation when estimating future expenses. This is because if it takes Rs. 1 lakh a month today to maintain your lifestyle, it will cost much more 10 years down the line. Alternatively, you can top-up your risk cover by 5-10% every year. This facility is available in many term plans.

Types of term plans

Term plans with many flexibilities and additional benefits are available aplenty. The most popular propositions/plans available in the market are described below. You can choose one based on your insurance needs.



Pure level term insurance plan

The simplest to understand is a pure term plan that pays out a fixed sum assured to the nominee in case of the death of the insured during the term of the policy. Such plans do not pay anything on survival of the insured till the end of the policy term. The premium of a pure term plan primarily depends on factors such as age of the insured, gender, whether the insured is a smoker, term of the policy, premium payment term and the sum assured. These are plain vanilla offerings within products and typically have the lowest premiums among all product options available.



Return of premium plans

Many customers cannot reconcile with the fact that pure term plans do not provide any monies back if they survive till the end of the policy term. For such customers, Return of Premium plan is quite attractive where in if the insured survives the policy term, total premiums paid under the plan (except taxes) are paid back. The sum assured is paid out to the nominee in case of death during the term. These kinds of plans are much costlier than Pure Term Plans as they promise a benefit on survival in addition to that on death.



Increasing sum assured plan

The exact opposite of a decreasing plan - in this plan the sum assured increases by a certain percentage, typically capped to a multiple of the original sum assured. The premiums are higher than a level plan as benefit amount increases with each passing year. Such plans are designed to increase cover along with increasing income levels of the customer. Many plans give an option at the time of purchase to increase sum assured each year without the need for further underwriting. Customer can pay higher premiums each year and avail the revised higher sum assured.



Term insurance plans with income benefit

Term insurance is typically taken for the purpose of income replacement. To make the product benefits match customer needs better, income benefit is offered wherein the nominee gets the desired sum assured in periodic installments. A part of the benefit is still offered as lump sum in some of these plans. A key benefit of the plan is that it is more tax efficient in the hands of the nominee than a lump sum-based plan. Typically, any lump sum assured will be invested in an interest-bearing financial instrument, and the periodic interest received could be taxable. Nominee also get an option to commute the future income payments at any point and get a lump sum instead which is equal to the present value of outstanding income benefit installments.

Add-ons to your term insurance

Additional benefits/risk covers might be built-in some term plans making them more comprehensive. A comprehensive term plan aims to cover the financial risks associated with death, disease and disability (3D). Some of these risk covers are in-built and some are offered as riders or add-ons by charging an additional premium. Some of the most popular riders or add-on covers are:



a) Accidental Death Benefit Rider: This rider pays an additional sum to the nominee, over and above the sum insured, in case the insured dies in an accident. Such plans are preferred by younger customers who perceive a higher threat of accident as a cause of death.



b) Critical Illness Cover: This cover pays a lump sum amount to the insured one diagnosis of any of the specified critical illnesses. This amount can be used as the insured sees fit and has no sub limits or conditions imposed. Critical illnesses can lead to massive medical expenditure which can far overshoot the cover available in mediclaim/indemnity-based plans. Hence, critical illness covers become truly a critical component of protection needs of an individual. Such plans are offered on accelerated or additional basis. In case of accelerated critical illness covers, part of the death benefit (sum assured) is paid in advance at the time of critical illness diagnosis and the rest is paid on death. Additional critical illness riders provide a critical illness sum assured independent of and without reducing the death benefit.



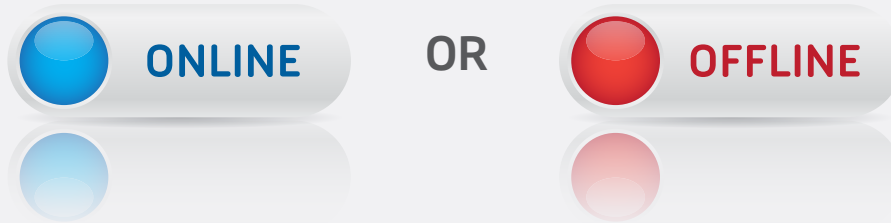
c) Waiver of premium: This rider waives off all the future premiums in case a covered condition such as disability or critical illness occurs. In such cases, the policy continues to be in force despite the premiums not being paid and death benefit is paid in case of unfortunate death during the term.

Complete Protection - Ring-fencing term insurance benefits through Married Women's Property Act (MWPA)

Another detail to check is if the policy has a provision for Married Woman's Property Act, 1874. This provision can be added to the policy to ensure that the sum insured under the policy is paid to a trust that only the wife or children of the insured can benefit from. This amount cannot be used to pay off any other creditors, relatives, or even be given away through a will.

HOW TO BUY TERM INSURANCE PLAN?

There are two ways to buy term insurance



Purchasing insurance online is an easy process. One should keep scanned copies of passport size photo, address proof, age proof, identity proof and income proof handy. It is important to be completely aware about the medical history of the person who is going to get insured. If the questions posed by the portal are answered incorrectly, this would have an impact while filing claims.



HERE ARE SOME BENEFITS OF PURCHASING TERM INSURANCE ONLINE



Cost savings for customer

The entire process of purchasing term insurance online is paperless. The distributor commission is also eliminated as customer is buying directly from the insurer online. This enables the insurer to offer you savings in the form of lower premiums

Ease of gathering information

Before purchasing an insurance policy, a prospective buyer can research about various insurers as well as their offerings. This is easily possible thanks to insurance aggregators. One can read various articles about different types of insurance products as well as scrutinize reviews offered by customers before finalizing the product and the insurer.

Ease of conducting transaction

One can complete the entire process of purchasing insurance – right from research to finally receiving the documents from the comfort of one's home or office.

Ease of taking decision

Now a days, leading insurers as well as aggregators pose intuitive and logic driven questions to a prospective buyer. On the basis of the answers, options are offered to the prospective buyer. This makes it extremely easy for an individual to choose the appropriate policy.

Servicing is done online

Most online insurers have a chat facility on their website to assist those who are not very comfortable with purchasing insurance online. Insurers also communicate with customers over email and social media. E-copies of documents are sent online which are stored in the customer's email id. This makes it simpler for customer to refer to policy details even if hard copies are misplaced.

Claim settlement status

Leading insurers have developed mobile applications to smoothen the claim settlement process. Customers can be kept intimated about claim settlement status through email and sms.



Let us check out the process to buy a policy online:

1. Go to the website of your chosen insurance provider. Select the plan that meets your requirements.
2. Provide the personal details asked for by the portal. These typically include:



Gender



Smoking habit



Date of Birth



Policy term



Sum insured



City of residence

3. On the basis of these details, the company would generate a quote for you. That is, it will let you know the annual/ monthly premium to be paid to get the insurance cover
4. If you get stuck on any of the steps, you can call the customer care for assistance. Most portals also have an option to chat with customer care executive without closing the form.
5. If you are happy with the quote, as the next step you will have to provide additional information the company needs for the policy document. These include:



Employment details



Nominee's name and address



Your address



Health details

6. Make the payment online through any of the available digital banking modes.
7. If you opt to not use e-verification, the insurance provider would give various options to submit the required documents including uploading scanned copy, door pickup, or even sharing a copy via Whatsapp.
8. A copy of the insurance policy will be emailed to your registered email id.



Dejargonifying term insurance

Coverage/Cover - The extent to which an insurance policy covers the insured individual.

For example - Consider an individual who purchases an insurance policy which offers cover of Rs 1 crore. If he passes away while still being protected under the insurance policy, his dependents would receive the cover of Rs 1 crore.

Premium - The insurance premium is the amount that is periodically paid by the insured party to the insurer.

Accidental Death Benefit - The additional benefit paid out in case the death occurs in an accident.

Annuity - Periodic payments made by the insurer to the nominee for a specified period or till survival.

Death Benefit - The amount that will be paid in the event of the death of the insured.

A TERM INSURANCE MADE FOR ME

HDFC Life Click2Protect 3D Plus is a term insurance plan that offers plan options to accommodate various scenarios.

Here are the **9 plan options** for you to pick from

6 Lumpsum Options

- **Life Option** - This plan offers entire sum assured as lump-sum on death of the policy holder or on diagnosis of Terminal Illness. Also, all future premiums are waived upon Total Permanent Disability due to an accident.
- **Extra Life Option** - In this plan, in addition to the life option benefits, your nominee will receive an additional sum assured in event of death due to an accident.
- **3D Life Option** - In addition to the benefits of life option, in this plan, you will receive waiver of future premiums not only on total permanent accidental disability but also on diagnosis of any of the 34 covered Critical Illness.
- **Life Long Protection Option** - This option protects you for entire life while you pay premiums only till the age of 75. The entire life protection is provided to you with all the benefits of the life option.
- **3D Life Long Protection Option** - In addition to the benefits under Life Long Protection Option, you will also receive waiver of future premiums upon diagnosis of any of the 34 covered Critical Illness. You pay premiums only till the age of 65 but stay covered for whole life.
- **Return of Premium Option** - This plan offers you the benefits of life option along with return of all your premiums paid on survival at the end of the policy term.

3 Lumpsum + Monthly Options

- **Income Option** - In this option, you can choose the term for either level or increasing monthly income depending on your requirement, to be received by your nominee to ensure continuous financial stability of the family. Along with this, you receive all the benefits of the life option.
- **Extra Life Income Option** - An extension to the income option, benefits include an additional Sum assured paid out on accidental death partly as Lumpsum and partly as income.
- **Income Replacement Option** - In this plan option, the nominee receives the income stream even in one's absence. In case of death or diagnosis of Terminal Illness, the nominee will receive 12 times the applicable monthly income as lumpsum as well as a level/increasing income for residual policy term. Apart from this, all future premiums are waived off in case of total permanent accidental disability.

Now that you know all about term insurance,
pick the most suitable option to **protect your family**.