



ASK MINT MONEY

Amitabh Chaudhry

MD & CEO, HDFC Standard Life Insurance Co. Ltd

Price, claim settlement history can help evaluate a term plan

I am 35 years old. I have more than seven life insurance policies with sums assured of ₹2-10 lakh. It has become difficult for me to manage all of them. Can I buy an insurance plan which allows me to pay a one-time premium so that I can enjoy life cover and get returns as well? Are such schemes costly?

—*Kaushik*

Seven policies can become difficult to manage. I would advise you to use the online service that most insurers offer; it will ease the premium payment process and help you track your policy regularly. This should make life easier for you. If you still find it difficult to manage all the policies, you may cancel some of the low-value policies after reviewing the policy document and understanding the surrender charges. If you have a financial adviser, I would suggest you consult him as well.

You can definitely invest in a single premium policy. For the problem you have on hand, single premium policy isn't the best solution.

Life insurance

I am 26 and want to secure my family. I can pay a premium of ₹15,000 per annum. Should I take a whole-life plan or opt for an online term plan. How can I find out about the claim settlement history of private insurers?

—*Aakash*

I wish to tell you that proper need analysis is critical to get a clear picture of what kind of money you should set aside for insurance. I would advise you to take a term plan at this stage. Pure term plans are cheaper compared with other life insurance plans as there is no element of savings and the premium charged is only for the risk cover (death benefit during the term of policy). Online term plans are relatively cheaper than open market (offline) plans, which are sold through distributors.

The price of the term plan, the sales experience, claim settlement history (normally published by the regulator and also

part of insurance companies' quarterly disclosures on respective websites) and the company brand name are the parameters you must evaluate. For your age, the premium for a pure term plan (online) would be about ₹6,000 for a sum assured of ₹50 lakh over 30 years. You may invest the balance amount.

I am 31 years old and my annual income is ₹8 lakh. I have a term plan of ₹50 lakh. My aim is to have a life cover of at least ₹1 crore. I am looking for pure term plans with low annual premiums and companies with a high payout ratio. Please advise.

—*Sachin*

Survey the term plans available in the market as most insurers revise their rates periodically. Some insurers have launched new online term plans that are attractively priced. The price of the term plan, the sales experience, claim settlement history and the brand name are the parameters you must evaluate.

Queries and views at mintmoney@livemint.com