

Some Dos And DON'Ts While Buying Life Insurance



■ Life insurance
tips

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A life insurance policy is an agreement between a life insured and an insurance company, in which the insurance company agrees to pay a certain amount of money called benefits either on the death of the life insured or after a set of period in exchange of premiums paid by the policyholder. Despite understanding the need of life insurance, people always find difficulties choosing the right products. This is one of those areas of personal finance that people most misunderstand. Generally, a life insurance policy is bought based on the needs and the investment potential of the policyholder. Hence, you choose to buy life insurance policy to protect your loved ones even after your lifetime, you should be extra careful while buying it. Here, I'll try to figure out the ways which will help you choose best suited policy for you at the lowest premium.

Here's a list of DOs and DON'Ts, while buying life insurance policy.

Dos,

- First of all, you should analyse thoroughly the core requirements of insurance, don't imitate anyone blindly.
- Make sure the agent, broker or the company is licenced by IRDA. Ask for the identity card/licence.
- Do extensive research with the help of aggregator in order to find right product in lower premium.
- Don't hesitate seeking advice from experts, receive pieces of advice from different sources, mull over each of them patiently.
- Review your policy on a regular basis and amend it, if the needs and circumstances change. For example, if, you get married, blessed with a baby, liabilities or loan increases or you change your occupation.
- Cover all your debts and outgoings, liabilities and loans, even outstanding amount of credit cards.
- Always read the fine print carefully, check for hidden costs.
- Always pay by cheque so that you can have record of your payment.
- Never make any payments to the agent, always to the insurance company.
- Try to buy policy online as there are chances that you will find it less expensive than the premium bought through an agent.
- As life insurance is meant to protect financially, it should be treated as such not as a tool for saving tax.
- Fill the proposal form carefully and personally. Before signing, discuss each and every point and make sure the information you furnished cannot be disputed during the claim. After signing the proposal form, you'll be responsible for its contents.
- As a record, keep a copy of the completely filled and signed proposal form.
- In case of Unit Linked Insurance Policies (**ULIPs**) ask for:
 - ✓ Various charges
 - ✓ Switching of funds
 - ✓ Fund options, *and*

Benefits, if

- Policy is discontinued
- Policy is surrendered
- Partial fund is withdrawn

DON'Ts:

- Don't let anyone else to fill proposal form.
- Don't sign a blank proposal form or leave any column blank.
- Don't buy policy with lesser cover just to make it cheaper. If the premium is unaffordable, buy it with a shorter term instead.
- Don't hide any information during the medical questionnaire/application, as this could lead to disputes at the time of a claim settlement.
- Don't miss or delay your premium payment, as the policy doesn't cover during the grace/lapse period.

I hope this will definitely help you picking best life insurance policy at an affordable premium. And, also keep you free from any disputes while making claim.

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