In the NEWS



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Reliance Life waives penalty and medical checks for policy revival

In what can be called a positive move for policyholders, Reliance Life Insurance Co. Ltd has offered to revive lapsed policies without levying a penalty or asking for fresh medical check-ups. According to the insurer, this effort will not only ease the process of revival for the policyholders but also bolster persistency, a key indicator to assess an insurer's financial health.

So if you are a policyholder of Reliance Life and have lapsed your policy in the last two years, here is your chance to revive that policy, but there is fineprint to be read. We help you decode what the offer really means and how will it benefit you. But first understand when does a policy lapse.

WHEN DOES A POLICY LAPSE?

Insurance plans can be broadly segregated into linked plans, such as unit-linked insurance policy (Ulips) and traditional plans. In case of a Ulip, if you don't pay premium up till the due date, you get a grace period of 30 days after which the policy is considered discontinued or lapsed. You have an outer limit of two years to revive lapsed policies.

In case of traditional plans also, you will get a grace period of 30 days after which the policy will lapse. Again you will typically have an outer limit of two years to revive the policy or if the policy is paid up, you could continue with the policy with reduced

benefits.

WHAT WILL RELIANCE LIFE DO?

In terms of the time limit, Reliance Life's offer doesn't excite because it does nothing exceptional—policies as it is have a revival period of two years. But what is worth noting is that the insurer will waive the penalty upon revival—

some insurers levy a penalty of about 10-12% on due premiums—and medical check-ups.

But the waiver of medical check-ups is not a blanket rule. The insurer will waive medical check-ups if you are below 49 years of age and have a healthy medical history at the time of buying the policy. In this case you will also not have to give any declaration of good health.

"Most insurers will ask for a declaration of good health. So if this declaration has been waived, then it is a positive step because it removes any subjectivity of claim payment," says Kapil Mehta, managing director and principal officer, SecureNow Insurance Broker Pvt. Ltd. Reliance Life has extended this offer only till 30 November, but term plans and health plans are excluded from this offer. If you wish to revive your policy, you should make use of this window.



