

In the News

Publication: **Financial Express** | Region: **Delhi** | Date: **03/04/2018** | Page No.: **13**

● YOUR QUERIES



Ashish Vohra

You cannot switch between products in life insurance

● **I had taken a term plan few years ago but now I think it is of no use as I will not get any money if I live longer. Can I switch it into a money back policy?**

—Mihir Mittal

The option to switch from one product to another is currently not available with the life insurance companies. However, the insured can choose to discontinue the term policy by not paying future premiums and buy a new money back policy. In such a case, the premium will be based on the current age of the insured which will be higher than the age at the

time of purchase of term policy. Also, the premium for money back will be higher in comparison to the term plan due to presence of savings component and the death coverage will be very low. For example, under a term plan, the

ratio of annual premium to death benefit for a 35 year old is roughly 1 : 1000 whereas in money back the ratio will roughly be 1:10. It is advisable to hold the term policy as it helps in maintaining the standard of living of the family in the unfortunate event of the death of the insured.



**LIFE
INSURANCE**

● **How can one take an insurance policy under the Married Women's Property Act and how is it beneficial?**

—K P Manoj

An insurance policy taken under Married Women's property act entitles the women to the claim the insurance pay-out with an assurance that no third-party can claim the same for repayment of any pending debts of the deceased. To take an insurance policy under MWPA, the proposer has to submit the MWP addendum along with the proposal form. It can only be opted at the time of policy purchase and the beneficiaries cannot be changed at a later date.

● **My friends have been advising me to buy life insurance only from LIC as it is a government company. Are private companies trustworthy if there is any claim?**

—Suresh Kumar

There are 23 private life insurers with a market share of more than 50% and a claim settlement ratio upward of 93%, which gives an assurance that all insurers be it private or public are acting in the interest of the policyholders. Also, the Indian life insurance industry is regulated by IRDAI (Insurance Regulatory and Development Authority of India) which has strict guidelines around minimum solvency capital that is to be maintained by an insurance company to ensure that the promise of benefit payment is fulfilled at any given point in time.

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