



360° **INSURANCE**

A Do-It-Yourself Audit Checklist

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Written & Compiled by

Pranav Chimulkar

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*Family is not an important thing,
it's everything.*

- Michael J Fox

Introduction

Most of us spend our lives working hard to build wealth, grow our savings, and provide for our families. We focus on the "offense"—the investments, the career growth, and the side hustles. But how much time do we spend on the "defense"?

In the world of personal finance, insurance is your defensive line. It is the shield that ensures a single medical emergency, an unexpected accident, or the loss of a breadwinner doesn't jeopardise the entire future of the family.

The problem isn't that people don't have insurance; it's that they have the wrong kind or not enough of it. Many Indians are "over-insured" with low-return investment policies but "under-protected" against actual life risks.

Over the years, you may have picked up a policy to save on taxes, another because a relative suggested it, and a third through your employer. But if you were to ask yourself, "In a crisis, will this actually be enough?" most people realize they aren't sure.

The 360° Insurance Audit Checklist is designed to move you from uncertainty to clarity. This isn't about buying more products; it's about ensuring that the money you are already spending is actually working to protect your family, your health, and your hard-earned assets.

By the end of this Do-It-Yourself audit, you will know exactly where your safety net is strong and, more importantly, exactly where the holes are that need plugging.

The Insurance Paradox – Protection vs. Pitfalls

Before we dive into the audit, we must address the "elephant in the room." Many investors view insurance as a "money-back trap" or a "black hole" where premiums disappear. This skepticism exists because, in the world of insurance, the true concept is often buried under sales traps.

The Core Concept: Risk Pooling

At its fundamental level, insurance is a beautiful, community-driven concept. It is the act of a large group of people pooling small amounts of money (premiums) to protect the few among them who might face a catastrophic loss. You aren't buying a "return"; you are buying the transfer of risk from your family's shoulders to a multi-billion dollar entity.

Why It's Not a Trap

Insurance is the only financial tool that provides an instant estate. The moment your first premium for a ₹1 Crore term plan is accepted, you have secured a ₹1 Crore legacy for your family. No other investment—not even the best-performing stock—can guarantee that kind of liquidity on Day 1.

The Real Traps (What to Watch Out For)

While the concept is sound, the products can be minefields. Here is how to spot the traps:

- The "Money-Back" Trap: Policies that promise to "give your money back with interest" usually offer returns lower than a savings account while providing negligible life cover. They fail at both, investing and protecting.
- The "Hidden Cap" Trap: Health insurance that looks cheap but limits your room rent or excludes "modern treatments." You end up saving ₹2,000 on premiums but lose ₹2 Lakhs during a claim.
- The "Tax-Saving" Trap: Buying a random policy in the last week of March just to save tax under Section 80C. This is the #1 cause of "zombie policies" that don't fit your life goals.

A true 360° audit

The Goal of this Audit

To help you stop "buying products" and start "acquiring protection." We want to strip away the traps and leave you with a lean, mean, fighting shield.

The Three Pillars of Risk

A true 360° audit looks at three distinct areas:

1. Life: Can my family maintain their lifestyle if I am not around?
2. Health: Can I afford the best medical care without depleting my savings?
3. Assets: Are my home, car, and income protected from accidents or liabilities?

How to Use This Book:

Keep your policy documents (or digital copies) ready. As you go through each page, use the checklists to identify "Gaps." A gap is a risk that is currently unmanaged.

Life Insurance & Income Replacement

The Human Life Value (HLV) Test

Your life insurance should not be a random number like ₹50 Lakhs. It should be based on your Human Life Value.

The Self-Audit Checklist:

- ☐ Is my total cover at least 10–15 times my annual income?
- ☐ Does my cover account for my outstanding home/education loans?
- ☐ Is this a Pure Term Plan? (If it's a ULIP or Endowment, your "protection" is likely inadequate and expensive)
- ☐ Have I disclosed all health habits (smoking, etc.) to avoid claim rejection?

Life Insurance – The Paperwork Audit

The best policy in the world is useless if your family can't claim it.

The Documentation Checklist:

- ☐ Nomination: Is the nominee name spelled correctly? Is it your current spouse/child? (Old policies often carry parents' names who may now be deceased).
- ☐ The "MWP" Act: If you are a married man, is your policy registered under the Married Women's Property Act? (This ensures the money goes only to your wife/kids, protecting it from creditors).
- ☐ Accessibility: Does your family know where the physical policy is or how to access the e-Insurance Account (eIA)?

Health Insurance – Your Wellness Shield

The Corporate Policy Fallacy

Relying solely on your employer's health insurance is a high-risk strategy. If you lose your job or change careers, you are left uncovered, often at an age where buying a new policy is expensive or impossible due to pre-existing diseases.

The "Standard" vs. "Sufficient" Audit:

In India, medical inflation is rising at 14-15% annually. A ₹5 Lakh cover that seemed enough five years ago is likely insufficient today for a major surgery in a Tier-1 city.

Health Insurance – Decoding the Fine Print

Don't wait for a hospital bill to realize you have "Out-of-Pocket" expenses.

The Fine Print Checklist:

- ☐ Room Rent Limits: Does my policy have a "1% of Sum Insured" cap? (If yes, you will end up paying a massive chunk of the total bill yourself).
- ☐ Co-payment: Am I forced to pay a percentage (e.g., 20%) of every claim?
- ☐ Restoration Benefit: Does my policy refill itself if I exhaust the limit in a single year?
- ☐ Waiting Periods: How many years until my pre-existing diseases (like BP or Diabetes) are covered?

Asset & Liability Protection

The Debt-Shield Audit

If you have a Home Loan, you have a liability. If something happens to you, the bank takes the house.

- ☐ Do I have Term Insurance specifically covering my loan amount?

The "Invisible" Essential: Personal Accident (PA) Cover

Life insurance pays if you die. Health insurance pays if you are sick. Who pays if you survive an accident but lose your ability to earn?

- ☐ Do I have a PA policy that covers "Permanent Total Disability"? (It's the cheapest policy you'll ever buy, but the most important for income protection).

The Master 360° Audit Table

Fill this out to see your total picture.

Risk Category	Policy Name	Sum Insured	Premium Date	Gap Identified?
Life Cover				
Health (Personal)				
Health (Employer)				
Personal Accident				
Critical Illness				

The "Red Flag" Finder

If you check YES to any of the following, your plan needs an immediate overhaul:

- ☐ My insurance is mixed with my investments (Endowment/ULIP).
- ☐ I have no personal health insurance outside of my job.
- ☐ I don't know who the nominee is on my oldest policy.
- ☐ My total life cover is less than 10x my annual salary.
- ☐ I have a home loan but no dedicated term cover for it.

The Logistics Audit

Kindness in Paperwork

- ☐ Consolidation: Are all my policies linked to one e-Insurance Account (eIA)?
- ☐ Contact Update: Does the insurance company have my current mobile number and email?
- ☐ Premium Automation: Are my premiums on "Auto-pay"? A lapsed policy is zero protection.
- ☐ The "Emergency File": Is there a single file (physical or digital) that my spouse knows how to access?

Conclusion & Next Steps

The Annual Review Cycle

A 360° Audit is not a one-time event. You should re-audit your plan whenever:

- You get a significant salary hike.
- You get married or have a child.
- You take on a new large debt (Home Loan).

Moving from Audit to Action

Knowing the gaps is the first step. Closing them is the second. Don't let another year pass with "leaks" in your financial shield.

Ready for a Professional Review?

If this audit revealed gaps you aren't sure how to fill, we can help. Let's build a protection plan that actually protects.

The Final Word

If this audit revealed gaps, whether it's a lack of a Pure Term plan, an inadequate health cover, or a missing nominee, do not let the "paralysis of analysis" stop you. The best time to fix a safety net was yesterday; the second best time is today.

Remember, an insurance policy is more than just a contract or a monthly premium. It is a letter of love to your future self and your family. It says that no matter what happens, their world will not collapse.

Thank you for taking the time to secure your and your family's future. You have moved from a place of "hoping for the best" to "preparing for the rest."

Learn more
www.chimulkar.com

