

Blog 4 – Term Plan

Benefits Of Term Life Insurance.....

Most people do recognize the value of property like house, car, valuables and other assets and protect their value through general insurance. However, they do not understand or want to understand that the same principal is applicable to life also. The value of life that is the income potential also has to be preserved so that the dependent family members are not adversely affected or put to harsh hardships in the eventuality of the unfortunate demise of the earning member. Logically all persons should take term plans first and protect income potential before any other saving plans. Another reason why we seldom think about taking a pure Term Insurance policy is that they do not have any survival benefits. To expect survival benefits is purely psychological and does not serve any practical purpose since the survival benefit is return of premium which considering the Present Value (PV) of future earning will hardly be sufficient to last for one month.

How much Life Insurance should one have?

The coverage should be at least 10 times your annual expenses to be able to maintain the same life style. If the net annual income is 5 Lacs then the coverage should be at least 50 Lacs.

Monthly Premium

The monthly premium for a **30 year Term Plan of ABC Company** is indicated in the table below.

Age	Sum Assured = 50 Lacs		Sum Assured = 1 Cr.	
	Non Smoker	Smoker	Non Smoker	Smoker
30	Rs. 808/-	Rs. 992/-	Rs. 1480/-	Rs. 1844/-
40	Rs. 1687/-	Rs. 2130/-	Rs. 3204/-	Rs. 4072/-