

# What types of death are covered by term insurance? Find out

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ILLUSTRATION: SHYAM KUMAR PRASAD

Here are some types of death that are covered by an insurance policy

Most people opt for life insurance covers so that in case of any unfortunate event, the dependents or the family members of the policyholder can be financially secure.

However, did you know about certain kind of deaths that are not covered under Term Insurance?

Term insurance plan acts as a savior in times of crises. It provides protection to the dependents of the deceased to tackle any adversities that may come upon them. Under

Term Insurance, in case of death of the policyholder, who in most cases is the breadwinner in the family, the benefit is paid to the nominee. The pay-out can be either in monthly installments, lump-sum amount, or both, which can be chosen while buying the term insurance policy.

Even though term plans give protection against untimely death, insurers classify such deaths into various categories, based on which deaths are covered or not covered, and the insurance company declines or pays the death benefit.

**Here are some types of death that are covered by an insurance policy:**

**Natural death** – Health-related or natural death is covered by term insurance plans. If the policyholder dies because of any medical condition or because of a disease eventually resulting in his/her death, the nominee then gets the insurance pay-out.

**Death due to Accident** – Death caused by an accident is covered under a term insurance plan. If the policyholder gets involved in a road accident which leads to sudden death or death in the hospital because of the accident, then the insurer will give the nominee the term insurance pay-out. However, if while driving the policyholder was intoxicated or was under the influence of any drug or was involved in a crime or was escaping after breaching any law, which led to the accidental death, then the claim will get rejected.

**Homicide** – In case the policyholder gets murdered and the insurer finds out that the beneficiary or the nominee was involved in the murdered, then the death benefit pay-out is rejected or withheld until such charges are dropped from the nominee.

**Suicide** – Up until now, if the policyholder committed suicide after 1 year of the start of the policy, only then the death benefit would have been given. The waiting period of some companies was even longer, such as 2 years for such claims.

However, the Insurance Regulatory and Development Authority of India (IRDAI) recently made some changes in the suicide clause from July 2019. In the case of non-linked policy, the nominee will receive at least 80 per cent of the total premiums paid till the date of death or the surrender value as on the date of death, whichever is higher, if the policyholder commits suicide within 12 months from the date of commencement of the policy or from the date of revival of the policy. Earlier, during the first year of policy

issuance, in case of the policyholder's death by suicide, there were no provisions for any pay-out or refund to the policyholder. The insurance company could have rejected any payment of claims to the nominee during this period.