

The Term Insurance Buying Guide underscores the significance of obtaining financial protection for loved ones through term insurance, a straightforward life insurance product that pays a predetermined sum to beneficiaries upon the insured's death. It highlights the advantages of term insurance, including high coverage at lower premiums compared to other insurance types, making it a cost-effective option. The guide advises individuals to assess their personal insurance needs based on life stages, particularly emphasizing that those with financial dependents should prioritize term insurance, recommending a coverage amount of 10-12 times their annual income and the selection of an appropriate payout option to ensure sufficient financial support for dependents.

The process of purchasing term insurance online is elaborated upon, with a recommendation to buy directly from insurance company websites to benefit from lower premiums due to the absence of agent commissions. Required documentation includes PAN, address proof, and health details, with a strong emphasis on full disclosure of health conditions to prevent claim denial. A notable feature of online purchases is the 30-day free-look period, allowing policyholders to cancel the policy if it does not meet their needs, with a refund of premiums minus certain expenses. Timely premium payments are crucial for keeping the policy active, with a grace period of 15-30 days for late payments; failure to pay within this period results in policy lapse without value. The guide also notes exclusions, such as the forfeiture of death benefits in cases of suicide within the first year of the policy, and mentions that premiums paid for term insurance are eligible for tax deductions under Sections 80C and 80D of the Income Tax Act.

When selecting a term insurance policy, the guide advises comparing different insurers based on claim settlement ratios and overall credibility, as well as considering the insurer's financial strength and longevity. It discusses the Married Women's Property (MWP) Act, which allows a married man to designate a policy for the benefit of his wife and children, ensuring that the proceeds are protected from creditors. The document also details various riders available with term insurance, such as the Accidental Death Benefit Rider, which provides an additional sum in case of accidental

death; the Critical Illness Cover, which pays a lump sum upon diagnosis of specified illnesses; and the Waiver of Premium, which allows the policyholder to skip future premiums after an accident while keeping the policy active.

In selecting a term plan, it is crucial to consider factors such as competitive pricing, policy term duration, availability of riders, the credibility of the insurance company, and its claim settlement ratio. The document advises against purchasing unnecessarily high coverage or extended policy terms and provides guidance on determining the appropriate amount of insurance by considering debts, future expenses, and living costs, adjusted for inflation, to create a realistic financial plan. It outlines different payout options available, including lump sum payment, monthly income, increasing monthly income, and a combination of both, catering to various financial management preferences. The guide concludes with practical tips for efficiently completing the online application process, emphasizing the importance of accurate disclosures regarding health and financial status to avoid policy forfeiture. Overall, it advocates for purchasing term insurance as a vital step for individuals with financial dependents, ensuring adequate coverage tailored to their specific needs.