Fundamental messages in

Financial Literacy

Insurance

Protect yourself and your loved ones

No one plans to get in an accident or become seriously ill. The chances of these things happening to you may be very small. So we may put off buying the insurance we need. But these things do happen. It's only when the event occurs that we realize that we may not be as well protected as we would wish. Insurance is a way to protect yourself and your loved ones from financial hardship in case losses occur.

Insurance is a contract

Insurance is a contract, called a policy, between you and an insurance provider, under which you can be compensated for certain losses. You pay a fee called a premium. In exchange, the insurance company agrees to pay you a certain amount of money if the event you are insured against happens during the term of the policy.

Before buying insurance

Before buying insurance, look at all the protections you currently have, privately or through your employer. Keep in mind that some types of insurance are very expensive and may not be worthwhile. Consult an insurance agent or broker to help you determine what types of insurance and levels of coverage are available, and then decide what is right for you.

Life insurance

Life insurance provides a financial payment to your beneficiary upon your death. When you buy a life insurance policy, you name a beneficiary, the person (or persons) who will receive the payment. The insurance company pays the amount of your insurance to the beneficiary after your death. Review your life insurance coverage when your life circumstances change such as getting married, having a baby or supporting your parents.

Health insurance

In the recent past the cost of treatment has increased many folds. A simple visit to a doctor now costs anywhere between 300 to 3000 rupees, depending on where you live. If your treatment requires you to stay in the hospital for few days, you will end up with a huge medical bill that can severely impact your savings. To avoid such financial shocks, we must insure ourselves. Every insurance company offers a medical insurance plan that covers basic medical care, including doctor visits and costs of hospitalization.

Shop around and compare

You can buy insurance from a licensed agent or broker who represents the insurance company. However before buying it is prudent to check whether their recommended insurance company is registered with the insurance sector regulator, IRDAI. It is also beneficial to compare both the coverage and prices of similar insurance policies offered by various companies.
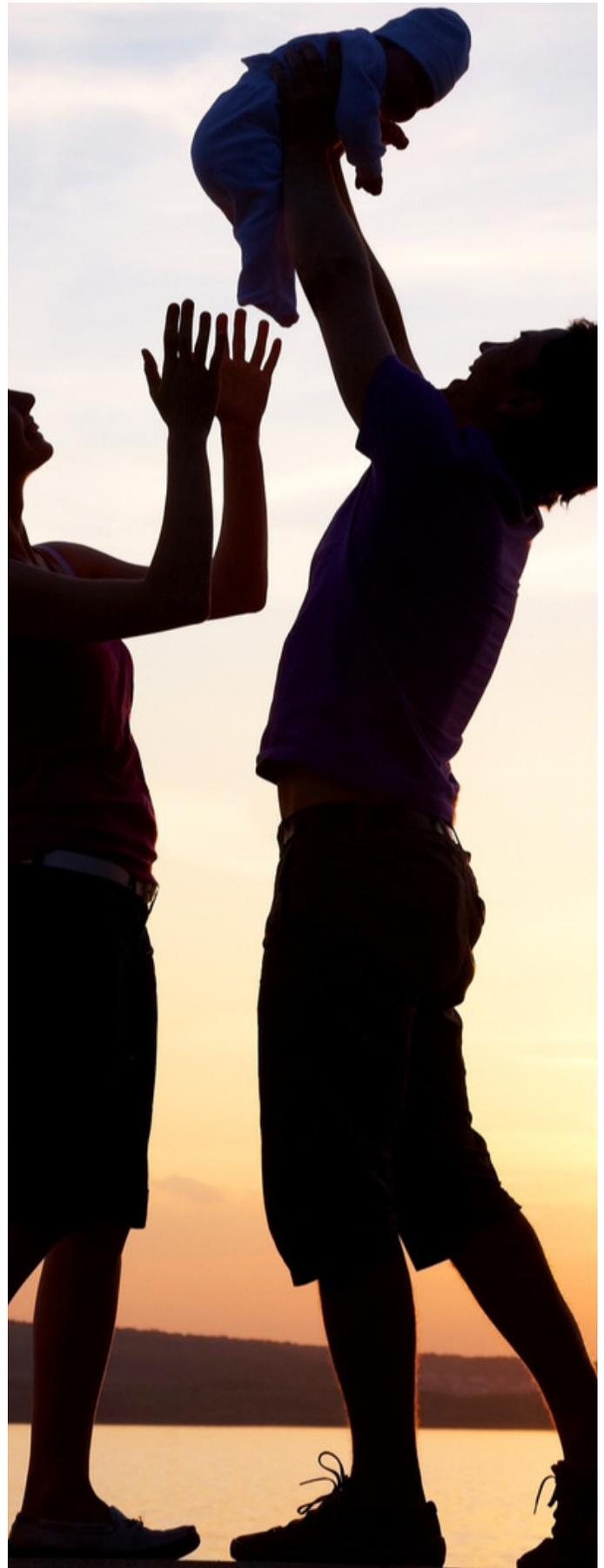
Make a quick and honest claim

When you make a claim, you are officially asking the insurance company to pay you for the loss you have suffered under the terms of your insurance policy. Contact your insurance broker, agent or company as soon as possible. Because most companies have time limits within which you must submit your claim. Also remember to provide all supporting documents needed when submitting your claim.

Report thefts, accidents and other damages to the police before going to ask for compensation from the insurance company. For example, the insurance company may refuse to compensate you if you have no police report to confirm how the accident happened and what property was lost or damaged.

Complain if you are treated unfairly

If you think that the insurance company has unfairly refused to compensate you, or has not given you enough compensation, you can complain to the insurance company. If the insurance company refuses to consider your complaint, or you consider that the insurance company has not responded fairly to your complaint, you can approach the Insurance Regulatory and Development Authority of India (IRDAI).

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