

Course: BBA Part III

Paper: XIV

Topic: Types of Life Insurance

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Types of Life Insurance

1. Term Insurance Plan

The term insurance plan is one of the most sought-after types of life insurance policies in India. This is one of the types of life insurance policy in India that you can buy for a specific period of 10, 20, 30 or more years, hence the name.

While some other types of life insurance policy offer maturity benefits, term insurance does not. It is one reason why term insurance, being the best insurance policy in India, is comparatively cheaper than other types of life insurance schemes.

Term insurance is pure life cover, unlike other types of life insurance policies which have a saving component. You can also opt for a significant life cover at a lower premium as compared to other types of life insurance policy which are costlier but have built-in saving components.

2. Term Insurance with Return of Premium

A term insurance plan is one of the types of life insurance policy that provides a death benefit but no maturity benefit.

If you live a healthy lifestyle, the probability that you will outlive the best insurance policy in India you have bought also increases. For you, term insurance with return of premium is one of the best insurance policy in India, which also give you maturity benefits.

It is one of the types of term insurance plans that give back the premiums you pay on surviving the policy period.

3. Unit Linked Insurance Plan (ULIP)

You may face a dilemma in life about choosing between any of the two options – investment or insurance.

A ULIP is one of the types of life insurance policies in India that fulfill both these aspects. Amongst different types of life insurance, it is the one that offers life cover along with investment opportunities. Being one of the types of life insurance, it has a lock-in period of five years, which makes it a long-term investment instrument that comes with risk protection. ULIPs also allow you to balance your funds as per market dynamics.

4. Endowment Policy

Endowment policies are one of the types of life insurance policies that provide you with the combined benefit of life insurance and savings. Along with giving you the life cover, these types of life insurance help you save money regularly over a period to get a lump sum at maturity.

What makes them one of the most useful types of life insurance policies is that they help fulfill long-term goals in life. You will also get the maturity amount if you survive the policy tenure.

Endowment policies, being one of the most appropriate types of life insurance plans, also help you create a financial cushion for your family to meet various financial objectives in life.

5. Moneyback Policy

The purpose of investing in the insurance policy in India for your loved ones can be to create wealth over an extended period. However, most of the types of life insurance do not provide any provision to get funds before their tenure ends. It is where a moneyback policy plays a vital role in solving the problem of liquidity.

As the name suggests, moneyback policies are one of the popular types of life insurance policies in India that give money back regularly.

6. Whole Life Insurance

As a life insurance policyholder, you get the benefits depending on the types of life insurance plans. What distinguishes a whole life insurance plan from other types of life insurance is that it provides insurance coverage to the insured for the entire life, up to 100 years of age.

The death benefit is payable to the beneficiary in the case of the untimely demise of the policyholder. On the other hand, you are eligible to receive a maturity benefit under a whole life insurance policy if you cross 100 years of age.

Another significant feature of these types of life insurance plans is that some plans offer the option to pay premium for the first 10-15 years while you get the benefits for the entire life.

7. Group Life Insurance

Just like group health insurance, group life insurance is one of the types of life insurance that covers a group of people under one master policy. These types of life insurance are generally provided as part of an employment benefit.

A unique feature of these types of life insurance products is that you will get the insurance cover if you remain a part of the group. It is different from the individual types of life insurance plans in which the coverage continues throughout the chosen policy tenure.