

The Ultimate Checklist for Insurance

An all comprehensive checklist for your entire insurance needs —both life and general. This is the master list that you will ever need! Some of the most common insurance policies, such as life insurance policy, health insurance policy, motor insurance policy and travel insurance policy, need to be reviewed periodically as any changes in the circumstances may alter your insurance needs this year. Purchasing a new car, getting married or deciding to start a family, planning a holiday in the current year are few of the events which would require you to review your insurance policies. To ensure that you have adequate insurance here is a ready checklist for your various insurance policies:

Life Insurance

Purchasing good life insurance is of paramount importance to protect those who are dependent on you, in case of an untimely death. Getting married, starting a family or the untimely demise of an earning member are some of the life-changing events that require you to review your life insurance needs.

Here is a quick checklist of things you need to consider before purchasing your life insurance policy

- Purpose of buying life insurance: Every individual is different and hence has different insurance needs. Many factors, such as current financial liabilities, number of dependents, and number of earning members in the family, need to be considered before you choose an insurance plan. If you are the only earning member of your family and have one or more dependents.
- Assess the insurance cover needed: The most crucial aspect of buying life insurance is to assess the insurance cover that your family would need in your absence. Being underinsured can cause serious financial stress to your loved ones in trying times. You should have sufficient cover so that your family can lead a comfortable and dignified life.

- **Understanding the policy:** Before buying an insurance plan, it is essential to be clear about the kind of policy you want, consider the benefits offered, the tenure of the policy, payout in case of death or survival, the premium amount, the premium paying term, and the surrender charge, if any.
- **Understanding the riders:** A life insurance policy comes with many riders. You may be tempted by your insurance company or agents to opt for one or more riders. However, you should include only those riders which you fully understand and find useful. Simply adding riders for the sake of it to your policy would only result in increasing the insurance premium.
- **Do not hide information:** Concealing any important information that is crucial for the issuance of your life insurance policy may result in rejection of claim or cancellation of the policy. Thus, you must give all the required information to the insurance company at the time of buying the policy.
- **Exclusions in the policy:** All insurance policies come with a list of exclusions. These exclusions are clauses for which the insurer will not be liable to pay the claim. Thus, you must be aware of all such exclusions in your policy beforehand. All the policy exclusions are mentioned in the policy document, and if you have any doubt, you should clear it with your insurance company.
- **Claim settlement history of the insurer:** Having an insurance policy from a good and reputed company is very important. It is very important that you do a thorough check on the market reputation and financial strength of a company before buying any policy. You should go for a company which has the highest claim-settlement ratio.

Health Insurance

In today's day and age, it is extremely crucial to have a good health insurance policy. The health insurance industry is flooded with insurance plans and choosing the perfect plan is a herculean task. Rising medical costs, increase in the number of diseases and accidents can severely hamper your finances, if you do not have a good medical insurance policy to take care of your financial needs in times of such emergencies. Therefore, not having an insurance policy or selecting a policy in an ad-hoc manner, just for the sake of it, can cost you a fortune or even force you to stop your treatment mid-way due to lack of funds. Thus, having the right policy for you and your family is very important.

There are many factors you need to consider before choosing the right plan, but most importantly you need to know your healthcare needs and financial strength.

Here is a quick checklist for your health insurance needs

- **Sum insured:** After analyzing your health care needs and financial situations, look at the sum insured in your medical policy because of any expenses in the medical treatment over and above that need to be borne by you. Thus, you should have a higher sum assured from the very beginning to avoid paying from your pocket in case of any medical emergency later. Another reason to have a higher sum insured is that it will also be difficult to increase the sum insured as your age increases or after a claim.
- **Individual plans:** The decision to buy an individual plan would largely depend on the size of the household. If there are too many people in a family buying an individual plan for everyone will be very expensive. A husband and wife can, however, opt for individual plans.
- **Focus on the bigger expenses:** One should focus on the various limits of larger expenses involved in the medical treatment such as room rent, ICU charges, and doctor's fees. In case of emergencies, it is these bigger expenses which are more important, and you should focus on

such bigger expenses in advance. Smaller charges such as ambulance charge and daily cash can be ignored.

- **List of inclusions and exclusions:** Before buying any health plan it is important to check the ailments and illness that are included and excluded from your health insurance policy to avoid any confusion later.
- **The network of hospitals of the insurance company:** The network of hospitals of your insurance company should be reputed, medically equipped, have sufficient staff and must be in your close vicinity.
- **The claim-settlement process:** One of the most important aspects in case of health insurance is the claim-settlement process.
- **Market reputation:** With numerous health insurance companies in the market, choosing the right service provider can be a task. Thus, it is important to look at the market reputation, previous claim settlement history and ease of the claim-settlement record before choosing the plan.

FUNERAL BENEFIT COVER

Funeral insurance acts as a way of covering the costs you leave behind for your funeral services.

Policies do vary greatly: some will just cover the funeral director's bill, while others will pay for the wake or a plot in the cemetery, for example. Learn more about the average cost of a funeral, as there can be a significant difference in the price between a burial and a cremation.

When it comes to pre-paid funeral plans, or any other service that promises funeral cover, be sure to read the wording of your policy very carefully. Some costs may not be met fully by your plan, and if this happens then your family may have to pay the remainder.

What else do I need to know about funeral cover?

If you'd rather go ahead with a pre-paid funeral plan, be aware that different policies work in different ways. It's worth noting too that there have been

concerns raised more broadly about pre-paid funeral plans.

Consumer groups have argued that individuals who pay for their funerals in advance could find that their relatives are lumped with extra costs after they die – and that this isn't always as transparent as it ought to be.

So, once again, make sure you've done a thorough review and comparison of all your funeral payment options – not just pre-paid funeral plans – before you make a decision.

What does funeral insurance cover?

Funeral insurance provides your family with a lump sum to cover the costs of your funeral in the event of your death. What's covered by funeral insurance varies among providers and policies. Typically, any service that isn't provided by a funeral director is excluded from your cover, for example, flowers or any catering requirements.

The type of funeral service is also a factor. Burials and cremations are treated and cost differently. It's very important that you read the terms of your cover carefully before you buy, to avoid leaving hidden costs to those left behind.

Does life insurance cover funeral costs?

Life insurance leaves your family a lump sum upon your death. How they use this money is up to them. Some set a portion aside for funeral costs, although these can run into thousands of shillings. Burials are usually significantly more expensive than cremations, so it's important that you understand and plan your cover appropriately, in order to leave enough for the expense.

If you'd prefer to guarantee a lump sum is set aside for your funeral, consider taking out a funeral insurance policy to avoid any unwanted surprises.

What are the options for funeral cover?

Funeral plan - specifically contributes towards your funeral costs. Plans can be taken out with a lump sum payment up front, or spread over a monthly agreement.

Life plan - sometimes referred to as 'whole of life insurance', is a form of life insurance that's guaranteed to pay a fixed sum upon death. This money can then be used by the recipient however they wish. Funeral expenses are a common use for life insurance funds, but please ensure that your policy includes enough to cover the full expense.

Pay out of your estate – once the person has died, their bank account will essentially be frozen, turning into the deceased's 'estate'. However, banks normally allow for funds to be released from the account, with proof of death confirmation, in order for the funeral to be paid for.

Critical Illness Cover

Critical illness cover supports you financially if you're diagnosed with one of the conditions included in the policy. The tax-free, one-off payment helps pay for your treatment, mortgage, rent or changes to your home, such as wheelchair access, should you need it. Find out how it works, when you need it and what you need to think about when buying it.

Which illnesses does it cover?

Critical illness insurance will pay out if you get one of the specific medical conditions or injuries listed in the policy. It only pays out once, after which the policy ends.

The conditions and illnesses covered can vary significantly between different insurers. The most comprehensive policies cover 50 different conditions or more, but others are much more limited.

Examples of critical illnesses that might be covered include:

- stroke
- heart attack
- certain types and stages of cancer
- conditions such as multiple sclerosis
- major organ transplant
- Parkinson's disease
- Alzheimer's disease
- multiple sclerosis
- traumatic head injury.

Most policies will also consider permanent disabilities as a result of injury or illness.

Some policies will make a smaller payment for less severe conditions, or if one of your children has one of the specified conditions.

But not all conditions are covered. Common exclusions include:

- non-invasive cancers
- hypertension – abnormally high blood pressure
- injuries such as broken bones.

Most policies will also state how serious the condition must be to qualify for a payout.

When do you need it?

If you're unable to work due to a serious illness, you might assume that your employer will continue to give you some level of income, or that you'll be able to rely on benefit payments.

Consider getting critical illness cover if:

- you and your family depend heavily on your income

- you don't have enough savings to tide you over if you become seriously ill or disabled
- you don't have an employee benefits package to cover a longer time off work due to sickness.

You might not need it if:

- you have enough savings to cover ongoing expenses such as bills, rent or mortgage payments.
- you have no financial commitments, such as a mortgage, or dependents.
- you have a partner who can cover living costs and any shared commitments, such as a mortgage.
- you already have some cover as part of your employer's employee benefits scheme.

What affects the cost of critical illness cover?

Monthly payments (premiums) can vary widely, depending on the policy and your circumstances. Critical illness policies cover a wide range of illnesses, conditions and situations. So it's important to compare what different insurers can offer you.

Cost is affected by:

- your age
- whether you smoke or have smoked
- health – your current health, weight and family medical history
- job – some occupations are higher risk than others, making the premiums higher too
- level of cover.

If you're considered at risk of a particular condition – perhaps because of existing health issues – that illness could be excluded from the policy. Or you might have to pay a higher premium.

The cost will also depend on whether you pay a reviewable or a guaranteed

premium. Reviewable premiums are usually reviewed after a certain period of time, usually every five years. At each review point, they're likely to increase.

Guaranteed premiums remain fixed for as long as you have the policy. These can cost slightly more in the short-term. But many people like the security of knowing what they'll be paying in future.

How much critical illness cover do I need?

Critical illness insurance is typically taken out alongside other types of insurance, such as life insurance or income protection. It's often combined with a life insurance policy.

The amount of cover you need will depend on:

- debts
- dependents
- work benefits
- take-home pay
- mortgage/rent payments
- other insurance products you have.

You can adjust the amount of cover you take out according to your needs and monthly payments.

How do I buy critical illness insurance?

This is a potentially complicated product, and there can be a lot of stress and heartache when a claim isn't paid out.

The best way to get what you need is to get advice from an independent financial adviser or specialist broker. They can take you through the details of the various policies available and make sure you choose the right one.

They might charge a fee for their services, or they might be paid in

commission by insurance companies.

There are also specialist brokers and insurers for people who have had insurance applications turned down, perhaps because of an existing medical condition.

Five things to think about when buying critical illness insurance

1. Be honest about your medical history

It's important to give your insurer all the information they ask for. When you make a claim, the insurer will check your medical history. If you didn't answer truthfully or accurately in your application, or you didn't disclose something, your claim might be rejected.

2. Read the small print

Take your time reading and completing the application. Make sure you know exactly what is and isn't covered. Be aware that definitions and exclusions (what isn't covered) can vary between different insurers. If you see something you don't understand, ask the insurer, an insurance broker or a financial adviser.

3. Consider a waiver

If you pay a bit extra to add a 'waiver of premium' to your policy, your monthly premiums will be covered automatically if you can no longer work due to illness or injury. This is to protect against your policy being cancelled if you miss a monthly payment. However, it usually kicks in only after you've been off sick for at least six months.

4. You can change your mind

5. Can you switch to a better deal?

It's always worth looking around for a better deal, particularly while you're still in good health. You can either switch to another provider or stay with the

same one and change policy. Either way, make sure you understand any changes in the new policy details and the conditions they cover. Also, be aware that you might find yourself paying a little more, even with a better deal. This is because you'll be older than you were when you bought the first policy.