Top 10

Life Insurance Facts that Every Policyholder Should Know

01 There are various products for different needs

- A range of products and services is offered under the life insurance umbrella, depending on the service provider/organisation.

02 You need to go through an application process

- after which the insurance company will determine whether or not to accept the risk of insuring the applicant.
- application form and any medical reports available come up with the appropriate assessment and risk profile.

03 Not everyone is eligible for life insurance coverage

- Those who have the misfortune to already have been diagnosed with a particular illness, could either find that they cannot buy a life insurance policy, or that their premiums are heavily loaded.

04 The best time to buy is when you are young

- This is simply because the older you are, the more likely medical complications would have surfaced or would have started to surface.

05 A Trustworthy agent is essential

- Even if the agent was referred to you however, always check your agent's background. The agent should only be representing one particular life insurance company. The agent should also be registered with the Life Insurance Association of Malaysia (LIAM).

06 For traditional policies, there are participating policy and non-par

- A participating policy means that the policyholder shares in the profits of the life insurance company, usually in the form of dividends, or bonuses.
- Non-participating policies do not offer this aspect to the policyholder. It is best to sit down with your agent and have him/her explain anything that you do not understand.

07 Buy according to your affordability (think very long term)

- Once you have signed up for the policy, your agent will assist you to set up a direct debit facility on your credit card, and the monthly premiums will be direct debited from your account.

08 Read your policy details

- Read your policy very carefully. It is a complex legal document and a lot of convoluted language is used.

09 Don't simply surrender your policies

- A life insurance policy is a long-term commitment and like all long-term commitments, there are penalties for premature termination.
- taking up a new policy when you are older, will subject you to higher premiums and tighter conditions, especially if certain health issues have surfaced by then.

10 Review your protection need regularly

- Review your insurance portfolio at least once every three years.
- Ask your agent whether there are any special deals or offers you might be able to take advantage of to increase your coverage for little or no additional premiums.

KCLau.com
Personal Finance Money Tips