

# Go for group cover if policy rejected

You can opt for insurers with easier underwriting, or alternatively, a standard term

**BINDISHA SARANG**

Purchasing a life insurance policy has become more difficult in recent times. To recoup losses sustained during the pandemic, many insurers are raising premiums. They have also been following more stringent underwriting norms, say industry insiders.

Naval Goel, founder-CEO of PolicyX.com, says: "Insurers have tightened their underwriting standards over the past year; 20-30 per cent of term insurance proposals get rejected due to a variety of reasons." When you apply, your application could be rejected, postponed, or you could be deemed uninsurable.

**Rejection:** Proposals can get rejected due to several reasons. They include: Existence of an ailment deemed critical by the insurer; person's occupation being regarded as riskier than normal; pursuit of risky extracurricular activities (like adventure sports), and so on. In addition, proposals also get rejected because the person fails to meet the insurer's income or education criterion.

**Postponed:** Sometimes, if there is an adverse health condition, insurers load the pre-

mium and issue the policy. At other times, they postpone the proposal. Sachin Dutta, chief operating officer (COO), Canara HSBC Oriental Bank of Commerce Life Insurance, says, "If there are health issues which may require further diagnosis or are not yet diagnosed and treated, or the client is awaiting a surgical procedure, or a condition is not under control at the time of application, then the proposal could be postponed for six months to one year."

If you can fix the issue raised by the insurer, you could get the policy. Subhrajit Mukhopadhyay, executive director, Edelweiss Tokio Life Insurance, says: "The deferment decision is given when the current health condition or risk is adverse and if appropriately treated or controlled, there is a possibility of providing a favourable decision."

**Uninsurable:** Sometimes, despite his best efforts, a person is not able to get a cover from any player. Such a person is referred to as uninsurable.

**What can you do?** If your proposal gets rejected by one company, try your luck with another. Melvin Joseph, founder, Finvin Financial

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- This is a standard product, therefore all insurers offer the same features
- Sum assured ranges from ₹5-25 lakh
- Underwriting standards are more lenient, leading to lower chances of rejection
- Recommended, especially for those who are either self-employed, or those who don't meet minimum income/education criterion
- Premium could, however, be higher compared to other term policies in the market

Planners, says: "You could benefit from the fact that underwriting standards are not uniform across players."

Financial advisors and distributors could offer guidance regarding which insurers have easier standards.

You could also try for an insurance-cum-investment product. Pankaj Mathpal, managing director (MD) and CEO, Optima Money Managers, says: "The cover on endowments, ULIPs, etc is approximately 10 times the premium. You can apply for these low-cover options. But if you have got a rejection or a postponement decision for a term plan, the outcome could be similar for other products as well."

Check if your employer provides a group life cover. Goel says: "You could get a coverage of ₹20-25 lakh or less through such a policy."

Group covers also exist for professional groups like lawyers and chartered accountants, among others.

Mathpal says: "Sometimes bank accounts and credit cards also come with group life insurance covers." Use every available option to get some insurance.

Finally, if you are uninsurable, you could try to become eligible in a few months. Joseph says: "Change your lifestyle. If you smoke, you could quit. If your height-to-weight ratio is an issue, fix it."

If, despite everything, you are unable to get a policy, you have to accept that your savings are your only fallback option. Mathpal adds: "Start saving and investing aggressively, based on your asset allocation, and try to meet your financial goals within a shorter duration."

