

How to choose right insurance for different life stages?

By: [Priyadarshini Maji](#) | Published: May 2, 2020 4:37:12 PM

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Make sure to understand the life stage and also specific requirements before choosing the right product. Keep in mind, whichever plan you choose, it's for the long term.

The current COVID-19 situation has disrupted lives across the world, and at the same time, led us to focus on what's really important to us, and how we can build simplicity and resilience in our daily lives to withstand unexpected events.

Rishi Mathur, Chief Digital and Strategy Officer, Canara HSBC [Oriental Bank of Commerce](#) Life Insurance, says, "The current COVID-19 situation has provided 'me time' for many of us for deeper reflection. The external shocks of the past month have highlighted the value of – maintaining good health, staying protected against all odds and risks, managing expenses, keeping amounts aside for savings and investment — for the rainy days and possible business interruptions, and being closely in tune with the needs of our families."

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Mathur says, "If you are new to insurance, you might be faced with the question – which insurance product or policy is most relevant at one's current stage of life? Just like in any other important purchase, there is no 'one

size fits all' prescription and choice of product and insurance amount depends on the life stage and one's financial and family circumstances." Even though the insurance amount depends on the policyholder's life stage and his/her financial and family circumstances, there are a few guiding rules that one can follow to make the right decision.

Young, single executive | Starting off – At this stage, there are few obligations and most people question the need for insurance. However, this is also the point at which one has good health, few liabilities, and advantage of the time to re-orient their future plans.

Mathur says, "Invest in a long-term pure protection life insurance plan which is relatively inexpensive and will not require extensive medical or health checks at younger ages. This is also the time to kick off your health insurance and stay protected against accidents or hospitalization which can hit you at any age." Look for flexible options that allow one to increase coverage at future life stages so that one could increase the insurance cover in line with inflation and increasing responsibilities.

Career-focused professional | Moving up – While moving up in an entrepreneurial career and changing teams and jobs, it is important for an individual to keep insurance coverage up to date and add cover in line with his/her increasing income. One may also start contributing to the family's financial responsibility – so one should make sure to have adequate life and health cover. Mathur says "This milestone is a good time to start a long term investment plan, as you have higher income – you have higher risk appetite at this age and can invest in higher risk-reward options such equity funds in unit-linked insurance."

Starting a new journey | Getting married – With new responsibilities, it is the time one should tweak their health coverage and term plan, and purchase cover against critical illness. This is the time to start making long-term wealth plans – for those shared milestones, vacations. This is also the time to plan for retirement, which is a long way, hence, one could start early and small with a retirement/long term investment plan.

Bigger responsibilities | Arrival of kids – At this stage, one should re-orient one's plans by purchasing additional life cover and add kids to one's existing health plan. One should start with an insurance plan to provide for children's education when they are young, ideally when they start schooling. This helps to protect the children's education goals against any eventuality and let the power of compounding during the school years (14-16 years) work in the policyholder's benefit. Keep in mind to re-assess term cover whenever adding any big loan, particularly, a home loan.

Stable, mid to peak of career | Growing responsibilities – With the increase in income one needs to keep aside higher amounts for unexpected requirements and meeting the family requirements. At this stage, start to think of creating a second income through income plans or shorter-term savings plans. Also, one should make sure to top up one's health protection and term protection since going forward it will be more expensive and require more health examinations, typically post 45 years of age.

Towards alternative vocations and careers | Empty nest and golden years – This is the time to secure guaranteed income for life time. Experts suggest annuity plans or flexible unit-linked plans for creating secure income streams. Mathur says, “One should re-balance one’s portfolio in existing investment plans to ensure one is not exposed unduly to market volatility at the time of maturity.” Also, ensure continuity of your health coverage irrespective of your employment.

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