



TERM INSURANCE BUYING GUIDE

We plan our life and dream of a beautiful future. We do everything to ensure our loved ones get the best possible life. However, certain things are not in our control, and we should be prepared for them. Life is at risk, and you don't want your family to suffer in case of an unfortunate event. A term insurance plan is a product you need to have

[Calculate Premium](#)

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Frequently Asked Questions

What is a Term Insurance Plan?

Term insurance covers your life's risks. You **buy a term insurance plan** for a specific tenure, decide to pay a premium amount, and receive the sum assured accordingly. If a person passes away, the nominee receives a sum assured as a lump sum or monthly income. Term insurance policies are low premium plans and offer high life cover.

How Does a Term Life Insurance Plan help?

At the outset, a term plan is the purest form of life insurance that provides an agreed death benefit amount to your nominee, in case of unfortunate death, while the policy is still continuing. There are no benefits in a term plan if the life insured survives the complete term of the policy. When you buy a term plan, you can get life cover of as high as 600-800 times of one annual premium that you pay. You also have options to choose number of years you want the life cover for (eg: till age 60/ 70/ 85 etc). Term plan premiums remain the same throughout the tenure of the policy, irrespective of your age.



We are living in times where cost of living is on a continuous rise. Therefore, it becomes very important that you get the maximum possible cover for your age and income. You must also buy term plan without any delay since its premium increase with age. In an event of unfortunate death, a higher life cover will make sure that the living standard of the family is retained and future dreams are also fulfilled. Also, there are tax incentives and benefits that you can claim on your term policy.

Who Should Buy the Best Term Insurance Plan?

A term plan is a must for anyone (subject to eligibility), who makes a financial contribution in the family and whose absence will cause financial distress in the family. You should buy the best term plan if:



You are an earning member of your family



Your family members are financially dependent on you



You want to secure the future of your loved ones

Buying term insurance benefits all salaried and self-employed individuals. You should buy term insurance, if you are

Get high term insurance coverage for affordable premium payable and avail tax saving benefits



Single

Cover your spouse with Spousal Cover under the same term insurance policy



Recently Married

Term Insurance Benefits



Nearing Retirement

Get a refund of the total premiums paid to financially secure your retirement



Married & Have Kids

Secure your child's dreams of higher education & pay off any existing or future debts

Types of Term Insurance Plans

There are different types of term life insurance plans, and each of them has something different to offer you. Below are some of the most popular types of term plans in India

Level Term Plans

This is the most basic term plan in which the sum assured or the death benefit remains the same throughout the term insurance policy tenure. The nominee receives a sum assured in case of the death of the policyholder.

Read more about [level term life insurance plans](#).

Increasing sum assured Term Plan

If you think the financial requirement of your family will increase in the future, you can opt for an increasing term insurance plan. Under this plan, the sum assured mentioned in the policy increases by a fixed amount every year.

For example, you buy an increasing term plan with an initial sum assured of Rs 50 Lakh with a 10% increment every year. In the first year of the policy, the sum assured will be Rs 50 Lakh. In the second year it will be Rs 55 Lakh, in the third year Rs 60 Lakh, and so on.

In case of demise, the nominee receives the effective sum assured at the time of death.



Decreasing Term Plans

This is the opposite of the increasing term plan. In this, the sum assured decreases with every passing year. If you have taken a loan, this plan can be just the right term plan for you. As the outstanding of your loan amount reduces, the sum assured decreases every year. The plan ensures, if the insured dies before the complete repayment, the sum assured can take care of the outstanding loan amount. This way, the burden of loans does not fall on the family.



Whole Life Term plan

This term insurance plan provides you insurance coverage for the entire year i.e., up to 99 years of age if you pay all your premiums on time.



Term Insurance with the return of premium

Unlike other term plans, these plans have a maturity benefit. If the policyholder dies during the policy tenure, the sum assured is paid to the nominee. However, if the policyholder survives the complete policy tenure, all the premiums paid are refunded back. **Term plan with return of premium** is suitable for you if you are looking for financial security and benefit on policy maturity.



Group Term Insurance Plan

Group term life insurance plans are bought by the recognized group for their members. For example, a bank can buy a Group Term plan for their account holder, a club can buy a Group Term life insurance plan for their member, a company can buy the plan for their employees, etc. The tenure of the Group Term plan is one year in most cases. All the members are covered in the single master plan. If any member of the group passes away, the family member of the insured, gets the sum assured. The term plan has to be renewed every year.

How Much Term Insurance Cover Do You Need

The cover amount you choose for your term insurance plan depends on a lot of factors. You should consider the below points before deciding the cover amount:

- a) Your existing loans and debt**
- b) Your current lifestyle and expenses**
- c) You want to financially secure the future of people you care the most**

You should consider inflation as well when deciding the sum assured. If you need Rs 50,000 to maintain your lifestyle today, you may need much more 15 years later. As a rule of thumb, the total sum assured should be around 15 times (minimum 10 times) your annual income. If your annual income today is Rs 10 Lakh, then you should look for a term plan offering a Rs 1.5 crore sum assured.

Optional covers available in Term Insurance Plan

Riders are additional & optional benefits that you can add to your regular term plan. There are several riders that can make your term plan more comprehensive. These riders are always attached to the term policy and cannot be bought standalone. . Rider benefits are over and above the base Term plan and as such they come for incremental premium. You can attaché riders at the time of purchase of base policy to increase the comprehensiveness of the cover. There are various **reasons to add riders to your life insurance plan**. Some of the common riders are:

Accidental death benefit rider: In case of death of the life insured due to an accident, the nominee is paid rider sum assured, over and above the sum assured in the base term plan.

Accidental disability benefit rider: if you opt for this rider, then in case of an disability (total and permanent) due to an accident, all future premiums are waived by the company and the base plan along with other riders (if opted) continue as it is.

Terminal Illness rider: In case the policyholder is diagnosed with a terminal illness, the sum assured is paid immediately (subject to claim approval).



Benefits of Adding Terminal Illness Cover



Financial security
on diagnosis
of lifestyle
diseases



Lump sum payout
in diagnosis for
managing the
hospital
expenses



Hassle-free and
online claim
settlement
process

Benefits of Buying the Best Term Insurance

Below are some of the benefits of buying the best Term Plan:

High Sum Assured with Low Premium: since term plans provide only death benefit, it offers high life cover at very affordable premium. The higher the age of the customer, higher will be the premium, which will remain same during the complete tenure of the policy.

Hassle-free Buying Process: A term plan is very straightforward. There is no investment component to it and hence, not too many terms and conditions.

Multiple death benefits payout option: You get to choose the pay-out option when you buy a term plan. You can choose to receive (for your family) death benefit as a lump sum or monthly income, or a combination of both.

Term Insurance Payout Options

Choose from multiple payout options to stay on track of your financial planning.



Lump Sum Payout

The entire Sum Assured is paid at one go to the nominee or beneficiary.

For Example:

Sum Assured = Rs. 1 Crore
Payout = Rs. 2.5 Lakh per month for 40 months.



Monthly Income Payout

A fixed percentage of Sum Assured is paid out as regular monthly income to the beneficiary.

For Example:

Sum Assured = Rs. 1 Crore
Payout = Rs. 1 Crore to the beneficiary



Part Lump Sum + Part Monthly Income

Half of the Sum Assured is paid to the beneficiary as a lump sum. The other half is paid out as regular monthly income.

For Example:

Sum Assured = Rs. 1 Crore
Payout = Rs. 50 Lakh as a Lump Sum. Rs. 50,000 every month as monthly income.

Riders available: To enhance your basic term insurance plan, you can add riders to your plan by paying a nominal additional premium.

Income Tax Benefits: The premium you pay every year is eligible for tax deduction under Section 80C of the Income Tax Act 1961 up to Rs 1.5 Lakh. Additionally, the proceeds of the death benefit is not taxable as per the prevailing tax laws.

Features of the Best Term Life Insurance Plans

Some of the best term plans give you additional features. Depending on your need, you can opt for them. They are as follows:



Term plan with spouse cover

With this feature, you have the option to cover yourself and your spouse in the same plan. This feature ensures the family is financially protected even if either of the policyholders is not there.



Term plans with terminal illness cover:

Best term life insurance plans come with inbuilt terminal illness cover to help you financially if you are diagnosed with a terminal illness.



Limited premium payment term plans:

With this feature, the payment term gets completed within a few years. It ensures you can enjoy extended coverage even if you don't have surplus income for servicing the policy later.

Know more about the [benefits of limited premium payment in term insurance plans](#).



Life-stage increment option:

This option allows you to increase your cover at specific life events such as marriage, childbirth, and home loan.

Right Time to Buy a Term Insurance Plan

Everyone's life is uncertain, and no one knows what will happen in the future. If you are in your 20s, term insurance may be last on your list. However, if you buy term insurance early, you will have a lot of benefits. You may not have dependents in your 20s, but you will soon have.

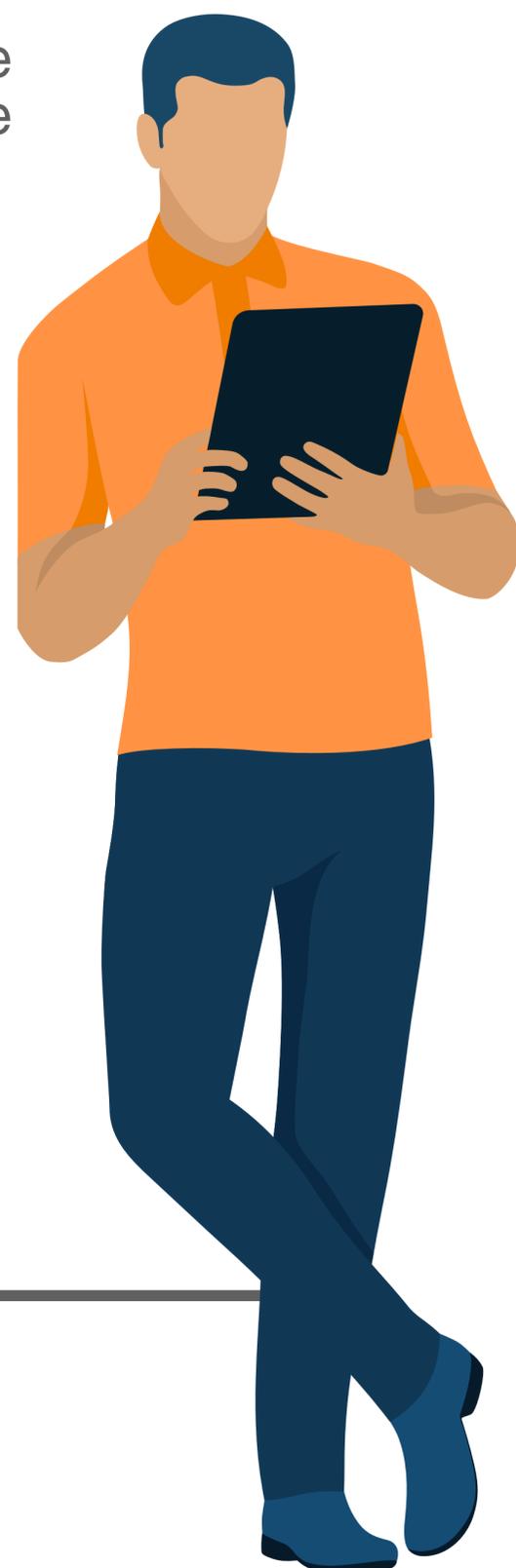
If you are in your 30s or 40s, you will have responsibilities like your child's education, home loan, etc. In case of an unfortunate event, the life of your loved ones can completely change if you don't have a term life insurance plan. Therefore, a term insurance plan is for everybody. A wise decision is to buy the best term plan NOW.

Learn [why you should buy a term plan early](#).

How to Buy the Best Term Plan?

If you are confused about how to choose the best term plan, you can follow below steps:

- 1 Open up a term plan premium calculator and enter details such as gender, age, marital status, annual income, smoking preference & contact details.
- 2 Select the term life cover amount. This should be 10 - 15 times your annual income and select the policy term and premium payment term. Remember that:
 - The policy term should be long enough to ensure term cover a few years after your retirement
 - The premium payment term should ensure all premiums paid before retirement
- 3 Add the riders for adequate additional covers and select death benefit payout mode. E.g., in iSelect Smart360 Term Plan, you can divide your total sum assured for a lump sum and regular income payments.
- 4 Complete the application form and pay the premium



Tips for Buying the Best Term Plan

When you start searching for the best term plan, you should look for specific things in the plan. The plan should allow you to choose the desired sum assured

- It should be from a financially sound long term insurer
- Plan should be easy to understand and is affordable.
- The plan should have the option to add riders to give you all-round protection.
- Insurer should have a good claims settlement ratio record.
- The claim settlement process should be simple, and the claim settlement ratio should be high.

Why choose Term Plans by Canara HSBC Oriental Bank of Commerce Life Insurance?

iSelect Smart360 Term Plan



It is an online term insurance plan that provides you with enhanced protection options. The plan offers disability protection and 40 critical illness cover to secure the future of your family.

Learn more about [iSelect Smart360 Term Plan](#).



POS: Easy Bima Plan

This is an easy-to-purchase term plan with limited requirements. This plan gives you double life cover in case of accidental death. You receive the premium paid during maturity to help you with your financial goals.

Saral Jeevan Bima



It is easy to understand the term plan that you can buy at an affordable premium. It provides a lump sum benefit to the nominee in case of the death of the insured.

How to Buy the Best Term Plan?

If you are confused about how to choose the best term plan, you can follow below steps:



Sum Assured: This is the minimum promised sum of money by the insurance company for the covered event.



Death Benefit: The amount the insurance company will pay the nominee in case the insured passes away.



Premium: The amount you pay the insurance company regularly to secure your life cover.



Accidental Death Benefit: The additional benefit that is paid to the nominee in case customer has opted for this rider and the death occurs due to an accident.



Life insured – is the person on whom the life cover is taken. The death benefit is payable in case of death of life insured during the policy



Policy term/ tenure – number of years for which the life insured is covered for. The death benefit is applicable only till the end of policy term and no benefit is payable to the nominee if the death happens post policy term.



Rider : It is an optional benefit that can be attached to the base term plan. It comes with an incremental premium and helps make the base

How to File a Claim in Term Insurance Plans?

1

The beneficiary should fill the claim form issued by the insurance company and notify the company of the death of the insured.

2

The nominee has to submit the death certificate and other relevant claim-related documents.

3

The insurance company verifies the details mentioned in the claim form along with the documents submitted.



4

All submitted documents are evaluated and final claims decision is taken and the policy is terminated.

Learn in detail [how to claim a life insurance after the policyholder's death](#).

Frequently Asked Questions (FAQs)

Why should I buy a term plan?

We all aspire to grow and achieve our dreams for ourselves and our family. However, life is uncertain and certain events can disrupt what we had always aspired for. Term plan help reduce financial uncertainty for a family, in case of death of an earning member.

The fixed amount offered through a term plan, in case of death, financially supports the family to maintain its lifestyle and also fulfil future goals.

[Read More >>](#)

Do I get tax benefits with term plans?

Yes, the premium you paid towards the term plan is tax-exempt under Section 80C of the Income Tax Act 1961. The death benefit (if received) is also exempted from taxation.

[Read More >>](#)

What information to check related to the insurance company while buying a term plan?

You should consider below points related to the insurance company before buying a term plan:

- Present and past claims settlement ratio of the insurer
- Financial stability of the insurer
- Plan features and benefits

What is the difference between life insurance and term insurance?

Term insurance is a purest life insurance instrument. Term life insurance does not have an investment component, hence there are no survival benefit. Since Term plan offers only death benefit, the premiums are much affordable and other life insurance plans.

[Read More >>](#)