

Ensure you pay your premiums on time

● Does it make any difference when I purchase my first life insurance policy?

Your entry age certainly has an impact on the premiums that you'd be paying throughout your life.

The younger you are when you purchase your first life insurance policy, the lower your premiums will be. In addition, it's harder to get life insurance if you have some of the conditions that come with growing older.

● Do I need to be in good health to buy a policy?

Generally, you need to be in good health when you purchase one and sometimes, you may be asked to go for a medical examination.

However, that doesn't mean that you cannot purchase one if you have a certain medical condition.

Depending on the insurance companies' assessment, you may be accepted with special terms or even with a higher premium.

● Must I disclose everything in the proposal form?

Here, the principle of utmost good

Buying life insurance is not the same as buying other products as it entails a long-term commitment and a long list of terms and conditions. Today, we look at the things you need to know before purchasing a policy

faith applies. You should disclose all important information to the insurer and if you are unsure if certain information is important or not, it's better to disclose it.

Should the insurer find out that you've deliberately given false information or omitted them, they have every right to terminate your policy.

They may also charge you for the higher premiums you should have been paying for, or deny your claims.

● Do all life insurance policies cover the same things and cost the same?

While most provisions of the contracts are the same, there are different types of policies to meet different needs, budgets and circumstances.

Insurance companies may differentiate their plans from each other by offering extra benefits or slightly bet-

ter terms for competitive reasons. The premium rates may also differ slightly from company to company.

● Is my coverage guaranteed?

When you purchase an insurance policy, you are effectively buying a sense of certainty. Your coverage is guaranteed for as long as your policy remains in force.

However, if you fail to keep up with your premium payments or if there are insufficient funds to keep your policy going, then you'll lose the coverage. For this reason, it is always advisable to ensure that you pay your premiums on time and try not to skip any payments.

● How long must I pay for my life insurance policies?

This really depends on the type of policy you purchase. Generally, you

are required to pay the premiums for as long as the policy lasts.

For example, if you have purchased a 20-year term life insurance, you'd have to pay for 20 years.

If you decide to buy a whole life insurance plan instead, then you should be prepared to pay throughout your life unless it is a limited-payment whole life plan, whereby you only pay up to the stated payment term.

However, some plans (normally participating plans) do come with an option to utilise your cash values to pay for itself after a certain number of years.

Therefore, it is strongly advisable to work out your budget before committing to one of these plans.

● Are there different charges for different payment frequencies?

Generally, it costs more if you pay your premiums other than through yearly payments, with the exception of investment-linked plans.

This is because premium payments are supposed to be made upfront on a yearly basis.

However, to ease the burden of



having to pay a year's premium in advance, insurance companies provide options for their policyholders to pay at different intervals — monthly, quarterly, half-yearly and yearly, with monthly mode costing the most, followed by quarterly and half-yearly.

● Do I still need to buy additional life insurance when I'm already covered by my employer?

Many employers offer their employees group life insurance. However, this coverage is usually not enough to adequately meet your life insurance needs.

More importantly, group life insurance policies from your employer are not portable, meaning that if you leave your job or when you retire, you lose your life insurance coverage.

Therefore, it is advisable that you do not rely solely on your employer-sponsored plans but treat it as a supplement to your overall coverage.

■ Next week, we shall look at what is out there. Your Friend for Life article is contributed by the Life Insurance Association of Malaysia