

Children need insurance coverage too

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MANY parents wonder if it is necessary to get insurance for their children and are often at a loss as how to choose the right plans. As with all medical and health insurance policies, some of the important factors to consider go beyond what most people tend to think for their children – it's not just about education policies.

Children need the same type of insurance coverage as their parents as illness does not discriminate by age. Neither do accidents. In fact, kids are more prone to accidents than adults and this is all the more the reason why they should be protected.

An important factor is that

bringing up children can already be quite a strain on finances. There are so many things new parents need to plan for and more often than not, insurance is not one of them.

So, you should start planning for what insurance plan and how much coverage to get for your child before he or she is born. If your budget is limited, you may want to get a medical and health insurance plan first as infants and children tend to fall sick every now and then.

Specifically, get them a reasonable amount of hospitalisation and surgical (H&S) plan and if possible, add on the critical illness coverage. While this may seem unnecessary, do remember that illnesses do not discriminate by age. In fact, there are certain illnesses that are more

prevalent in children than in adults.

Conditions like the hand, foot and mouth disease, chicken pox, pneumonia may be covered by the H&S plan if children are hospitalised. However, more critical ones like childhood cancer will eat into your savings.

Worryingly, the 2006 statistics from the National Cancer Registry show that leukaemia ranked as the most frequent cancer in children (0-14 years old) and the number is rising every year.

Depending on the plans you buy, you may be able to secure your children's insurability and lock-in lower premiums for them while they are still young and healthy.

Other possible plans to consider are education savings plans or even legacy plans. The education plan is basi-

cally a combination of savings and protection — you save towards your children's education goals and should anything unfortunate happen to you, your children will still be assured of that amount.

Legacy plans are meant for those who have a little bit extra in their budget and wish to leave something behind for their kids when they are no longer around. Such plans will allow the kids to choose between receiving annual incomes or a lump sum when the policy matures.

For how much insurance your children need, you may want to determine the type of room you'd like for them to have should they be admitted and the corresponding annual and lifetime limits.

For critical illness insurance coverage, there's really no hard and fast rule. As chil-

dren do not work and earn an income, there is technically no income to replace. You may want to decide on a reasonable amount of say, RM100,000, or the potential amount you'd have to sacrifice for taking time off from work to care for your child.

While the above is a basic guide when deciding on the right plans for your precious little ones, remember that it's never too early to plan as you'd like to give them a head start in life and secure their future.

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