

Children, too, need proper coverage



• DO children need insurance?

Most of the time, when we talk about insurance for children, people tend to think about education policies. But there's more to that. Children also require the same type of insurance as their parents, only to a different extent.

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.

• What kind of insurance should be purchased first?

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

In fact, you should start planning for what insurance to get for your child before he is born. If your budget is limited, you may want to get a medical and health insurance plan first as infants and children fall sick every now and then. Get them a rea-

Last week, one of the issues this column touched on was childbirth. Today, we will follow through with what our bundles of joy need and how we may go about securing their future

sonable amount of hospitalisation and surgical (H&S) plan and if possible, add on the critical illness coverage.

• Why do I need to buy a critical illness plan for my children when they are so young?

There are illnesses that are more prevalent in children than in adults. Conditions like hand, foot and mouth disease, chicken pox and pneumonia which are not too critical may be covered by the H&S plan (if they are hospitalised).

However, the more critical ones like childhood cancer will eat into your savings. According to the 2006 statistics from the National Cancer Registry, leukaemia ranked as the most frequent cancer in children (0 to 14 years old) and the number is rising.

In addition, depending on the plans you buy, you can secure their insurability and lock in lower premiums for them while they are young and healthy.

• What are the other types of insurance which are suitable for children?

The other possible plans are education savings plans or even legacy plans. The education plan is basically 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.

Legacy plans are meant for those who have a little bit extra in their budget and wish to leave something behind for their children when they are no longer around. Such plans will

allow the children to choose between receiving an annual income or a lump sum at some point in time.

• How much insurance do they need?

For the H&S plan, you may want to determine the type of room that you'd like for them to have should they be admitted and the corresponding annual and lifetime limits.

As for the amount of critical illness insurance, there's really no hard and fast rule. As they 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 that you'd have to sacrifice for taking time off from work to care for your child.

■ Next week, we'll focus on another phase of your life, perhaps the most looked forward to — your retirement! Your Friend for Life article is contributed by the Life Insurance Association of Malaysia