

## What is Life Insurance?

Human life is subject to risks of death and disability due to natural and accidental causes. When human life is lost or a person is disabled permanently or temporarily, there is a loss of income to the household. The family is put to hardship. Sometimes, survival itself is at stake for the dependants. Risks are unpredictable. Death/disability may occur when one least expects it. An individual can protect himself or herself against such contingencies through life insurance.

Life insurance is insurance on human beings. Though Human life cannot be valued, a monetary sum could be determined which is based on loss of income in future years. Hence in life insurance, the Sum Assured (or the amount guaranteed to be paid in the event of a loss) is by way of a 'benefit' in the case of life insurance. Life insurance products provide a definite amount of money to the dependants of the insured in case the life insured dies during his active income earning period or becomes disabled on account of an accident causing reduction/complete loss in his income earnings.

An individual can also protect his old age when he ceases to earn and has no other means of income – by purchasing an annuity product.

There are a number of life insurance products which offer protection and also coupled with savings.

A term insurance product provides a fixed amount of money on death during the period of contract.

A whole life insurance product provides a fixed amount of money on death.

An Endowment Assurance product provides a fixed amount of money either on death during the period of contract or at the expiry of contract if life assured is alive.

A money back assurance product provides not only fixed amounts which are payable on specified dates during the period of contract, but also the full amount of money assured on death during the period of contract.

An annuity product provides a series of monthly payments on stipulated dates provided that the life assured is alive on the stipulated dates.

A linked product provides not only a fixed amount of money on death but also sums of money which are linked with the underlying value of assets on the desired dates.

There are a variety of life insurance products to suit to the needs of various categories of people—children, youth, women, middle-aged persons, old people; and also rural people, film actors and unorganized labourers.

Life insurance products could be purchased from registered life insurers notified by the IRDA. Insurers appoint insurance agents to sell their products. Public who are interested to buy life insurance products should receive proper advice from insurance agents/insurer so that a right product could be chosen to suit particular financial needs.

Thus life insurance policies offer protection and security to families and provide happiness to society.