

6 consequences of living a life without life insurance protection!

[Economics](#), [Insurance](#)



Life Insurance, as a number of people in India think, is a kind of business contract that mainly benefits the insurers and the insurance agents. This is one of the main reasons why the percentage of life insurance penetration in India is remarkably low, as compared to the other countries in the world.

As revealed by one of the top English News Publications, this year, only 10% of Indians are under coverage. The percentage is striking because it reflects the lack of insurance literacy among the Indian Middle class.

Lack of Insurance literacy does play a huge role in people's reluctance to buy life insurance plans. However, in recent times, the increasing popularity of online insurance aggregators shows a changing trend. It seems that the scenario is slowly changing in our country.

An insurance web aggregator acts as a one stop solution to all our insurance related issues. These aggregators not only help the consumers pick the right policy from a plethora of choices, but also try to spread general awareness about insurance and related financial products.

But, why the percentage of insurance penetration in India is still so low?

There can be mainly two reasons -

1. It is only very recently that these web based insurance aggregators have started gaining prominence in India. Since the concept is new, it will take time for the web aggregators to gain a widespread popularity in a vastly and diverse country like India. However, as per a paper published by , the insurance industry in India is expected to experience a significant growth by the year 2017.

2. Most people in India still face a dilemma when they think of purchasing a life insurance plan. Even though they are educated enough to understand the importance of investing in a life insurance plan, they cannot decide the right time to buy a policy. Once they have planned to buy a life insurance plan, they keep postponing the actual purchase. Life insurance always takes a back seat in their priority list.

If you are amongst those, who cannot decide whether to buy a life insurance or not, here are the six inevitable consequences of not having a sufficient life insurance cover:

1. Leaving Your Dependents in a Financial Crisis

You will never face the biggest consequence of not having a life insurance, but your loved ones will. Nothing is permanent in life, especially in a country like India, where, as statistics show, road accidents alone claim around 400 lives every day. Beside road accidents, there can be so many fearful incidents like life-threatening diseases, natural and man-made calamities, plane crash etc. that may force you to leave your loved ones forever. If you are the sole breadwinner of your family, your surviving dependents will end up in a terrible financial crisis. So, buying a will be your best bet as it provides comprehensive life coverage at very low premium rates.

2. Leaving Your Family Trapped in Debt

If you do not want your family to be repeatedly harassed by recovery agents, after your death, you must make necessary arrangements for that. Any outstanding loan can be taken care of if you happen to buy the right life

insurance plan at the right time. Even if you never had an outstanding loan, your death may compel your family to have one. If you do not want your loved ones to be burdened with such financial liabilities, there is no better way than getting your life under life insurance cover. These days, many Insurance companies like Bharti AXA Life and Bajaj Allianz Life offer loan insurance policies as well, so that your loved ones will never be burdened with any unwanted liabilities after your premature demise.

3. Being Unprepared for Big-ticket Expenses

If you have planned to quit your job and start out a business of your own, financial security the only thing that may draw you back. You may have arranged for the amount of capital needed for setting up your business, but without a financial back-up, it will be a terrible mistake to leave a stable job that you have. This financial backup can be sufficiently provided by life insurance. Besides job change or starting your own business, there are other important steps in one's life like marriage, child birth, sabbatical (a period of unpaid leave granted for higher studies), foreign trip, medical emergencies and so on, which may result in huge expenses. So, the best way to tackle such expense is to invest in a moneyback endowment plan. This will help you maintain the financial health of your family even when you are not earning.

4. Leaving Your Child's Future Insecure

As a parent, it is your dream to send your child to one of the top education institutes in the country, so that he/she can have a bright future ahead. The education sector in India, as we all know, has faced revolutionary

changes in past few years. In one hand, globalization has improved the quality of education in India, on the other hand, it has skyrocketed the cost of higher education. Even tuition fees in schools, these days, have become too expensive to bear, especially for middle-class parents. But, you know that you will do everything necessary, to ensure a bright future for your child. Have you ever thought how insecure your child's future may become if you are no more there to fund his/her education? The best solution to this is again life insurance. A child plan is a type of life insurance policy that will take care of all the financial needs of your child, even when you are not around.

5. Being Financially Dependent on Others in Old Age

While some people believe that retirement brings the golden years of one's life, others consider it as the end of one's financial independence. What is your take on retirement? If you go with the former type, it means that you have already started saving for your retirement. But, if you go with the latter, it is now time for some serious financial planning. If you do not want to feel like a burden on your grown-up children, you must start saving for retirement as early as possible. It will be wise to invest in a retirement plan as it will take care of all your post-retirement financial needs. It will not only ensure a steady income flow for you, it will offer substantial life insurance coverage as well. In case of your death, your surviving dependent(s) will receive the death benefit that will provide them with a financial security in your absence.

6. Not Being Able to Save Taxes

You work hard every day but when you receive your salary, a huge amount is already deducted. If you do not want to lose your hard-earned money, you must try to save income taxes as much as possible. One of the advantages of buying a life insurance is that it offers Income Tax benefits. As per section 80C of the Income Tax Act of 1961, the premiums paid by you are eligible for a maximum tax benefit of Rs. 1, 50, 000/-. Even the maturity benefit, which you will receive after the policy ends, is non-taxable under section 10 (10D)

There are different types life insurance plan available in India. Be it a term plan or a whole life plan; Unit Lined Plan or money back endowment Plan; child plan or pension plan- life insurance can be the solution to all your financial worries. Amongst the various available options, you must choose the appropriate plan according to your personal needs and preferences.

Compare term life insurance now & invest as per requirement: