

# Life insurance

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Life Insurance So many ways exist in which to offer good parenting and my parents did not fail in this responsibility. Memories of my childhood are filled with admiration, remembering how my father worked hard to give us a comfortable life. I am a first born in our family with my two younger siblings born in a span of five years after my birth. When my father completed his aviation course and had a two-year experience in the US, we moved to China where he got a lucrative job with a Beijing-based airline as a pilot. It was the trend in China then to lure US pilots with lucrative pay because of the increased need for pilots due to the fast expansion of the Asian airlines. With this transfer, my mother quit her job as a tutor in a local polytechnic so as to join my father and the rest of us in China. She valued family unity to the latter. With his good pay, our father gave us a luxurious life, taking us to prestigious private schools, away from the life in public schools which we previously attended. We regularly went on holidays abroad, taking advantage of the discounted rates availed to him by his employer. This was the time he also started building us a home. We lived a happy life, even though our father was the only source of our household income. Because of the busy nature of his work, my father had delegated the family's financial management to my mother. She was the one who ensured bills are paid and was responsible for preparing the family budget. It was while carrying out her responsibilities that my mother realized that my father's life insurance cover offered by his employer was a meager amount, inadequate of sustaining our livelihood in case of his absence. According to Wicker, most employers pay not more than \$30, 000 as life compensation for employees. Making her calculations from how much would be adequate to meet our needs in case our father passed on, my mother came up with an adequate

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figure for life insurance. With the results, she took up a term policy on my father and a whole life policy on herself. With these policies, my mother would rest assured that the future life of the family is protected. I was ten when the dark cloud of death befell our family. It was a Monday morning and I was on the couch with my siblings watching a cartoon movie when my mother came downstairs and requested us to accompany our auntie to her home. She would come for us later. With the tone in her voice and the worry in her mood, we obliged without the usual questioning and resistance. I later came to appreciate this move we made as my mother had just received a call from our family friend, a colleague of my father, which the airplane that my father was flying had crashed on Mount Yuntai on its way to Washington, DC following what preliminary investigations attributed to bad weather. Though the source did not confirm the whereabouts of the passengers and the pilot, my mother was requested to report to my father's workstation for briefing. It was hard for my father's employer to explain to my mother that no one had survived the early morning crash, but this had to be done anyway. This was the saddest moment in a family that wholly depended on the father as the sole breadwinner; a father who was no more. This was the first time my father was flying following his two-week leave from work which he entirely spent with us. He believed in spending every moment of his free time with his family as he was barely home due to his tight job schedule. His death was almost unbelievable as the last moments spent together were filled with joy and excitement. Despite the difficult moments, father was laid to rest and life had to move on. Apparently, there was no major impact on our lives following my father's demise as the insurance company made significant compensation to cater for our needs. Against our fears, we

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continued schooling at the prestigious private schools. It was after my high school and my siblings were in high school that my mother started her business as a tailor, a skill she acquired from a colleague at the polytechnic. In fact, life got even happier when my mother asked me what color I would prefer for my bedroom. Life went on as usual, with the holidays continuing to be part of our family undertakings, just as it always was when father was alive, though reduced to cover only the local jurisdiction. All this was possible because of life insurance. Just after the death of my father, our family, specifically my mother faced sudden expenses amounting to a lot of money. Even though she got some assistance from family and friends, she had to bear a considerable portion of the funeral cost. Additionally, my mother had to incur the fees payable to the lawyer for the execution of my father's estate. She was responsible for the mortgage from where my father had left it. Other than these, our daily lives depended on her. She had to make sure that we lived well and got appropriate education. With neither any source of income nor savings, these expenses were a huge burden to my mother. Without life insurance, the funeral cost would have been much for my mother to bear, even after assistance from family and friends. She would have found it difficult to complete our house. Even if she struggled and completed it, it would take a long period of time to complete and sell it. We probably could not complete our education, at least not in good schools since my mother could not afford this. However, my mother had reduced the risk of having to undertake the funeral expense fully and transferred the other risks, including that of having to service the mortgage and educating us to the insurance company through life insurance. She followed the simple normal claim procedure as documented by Koller (55): notifying the <https://assignbuster.com/life-insurance-essay-samples-2/>

insurance company, then duly filling in the claim form, returned to the insurance company together with a copy of the death certificate. After processing the claim, the insurance company delivers the check. As a family, we advise every parent to take up life insurance. Insurance companies offer quotations for this insurance cover free of charge, and could be as little as a monthly premium of \$50 for a sum assured of up to \$1 million (Koller 23). It is a sacrifice worth making in the long run. In making these quotations, health and age determine the premium. With younger people having longer periods to make premium payments according to Kelly (147), it would be advisable to take up the earliest opportunity possible to take up life insurance as the premium payable would be lesser. One could take up term and/or whole life insurance policy. The US Department of Veteran Affairs differentiates between the two with the former taken for given period of time before maturity while the latter matures only on death of the principal insured. Depending on one's need, it would be advisable to take up both insurance policies. This is a risk avoidance approach where the risk of a suffering family following the parent's demise is transferred to the insurance company (Stephens 122). This is because death is unpredictable, and though we wish it away, people should stay prepared by transferring the associated risk to insurance companies. Even though life insurance did not get us our father back, it made sure that the family income was not cut thus ensured that our lives continued normally. Works Cited Kelly, E. Life Insurance for the American Family: Most of what you know About Life Insurance is Wrong. Bloomington, IN: iUniverse, 2008. Print. Koller, Michael. Life Insurance Risk Management Essentials. New York: Springer, 2011. Print. Stephens, G. R. Estate Planning with Life Insurance. 4th ed. London: CCH Canadian, 2008. <https://assignbuster.com/life-insurance-essay-samples-2/>

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