



Life Insurance Buying Guide

A life insurance policy offers a financial cover to the ones you love if something were happen to you. Being the sole-earner of a family, it becomes extremely crucial for you to have a life insurance policy.

Canara HSBC Life Insurance offers you a wide range of life insurance products to choose from.

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Jargons Related To Life Insurance

What is Life Insurance?

Life insurance is a financial contract between you and the insurance provider. In this contract, the insurance company agrees to provide you and your dependents financial protection in exchange for a small amount every year. This amount used to keep the policy running is known as premiums.

A life insurance policy provides your family with a lump sum amount in case you die within the course of the policy.

Types of Life Insurance Policies

There are multiple variants of life insurance policy and listed below are some of the popular form of life insurance:

01 Term Life Insurance

This is a type of life insurance in which the coverage is provided for a specific period or 'term' chosen by you. The term chosen can be 10 years, 20, 30, etc. Term life insurance does not offer maturity benefits, thus making itself the most affordable form of life insurance.

02 Whole Life Insurance Plans

These are the plans which provide life coverage for as long as 100 years of age. The premium is paid for a limited time and benefits are for entire life. In a whole life insurance, the death benefit will be given to your beneficiaries if you die before attaining the age of 100. If you survive till 100, then you are entitled to receive a maturity benefit.

03 Unit-Linked Insurance Plans (ULIP)

This is a type of life insurance product, which allows you to use it for your investment purpose by offering you market-linked returns along with a life cover. This provides

you with an option to choose from a variety of funds to invest in accordance with your preference and risk capabilities.

ULIPs involves both death and maturity benefits. These have a lock-in period of usually 5 years during which you cannot withdraw your investment making it a long-term deal.

04 Endowment Policy

These policies involve life insurance along with a savings component. Apart from helping you save regularly, an [endowment policy](#) also offers a life cover. The savings you make over time help you build a large corpus that you receive at the maturity of the policy.

An endowment policy is risk-free as your principal value is absolutely safe.

05 Money Back Policy

Unlike other life insurance products, the money-back policy gives you your money back regularly over some time. A pre-decided percentage of the sum assured of the policy is paid to you at regular intervals.

06 Retirement Plans

A retirement plan, as the name suggests, helps you post your retirement. Retirement or a pension plan requires you to invest a certain amount in your retirement fund over time. The corpus created from regular investments is then created into a regular income stream after your retirement.



5 Types of Life Insurance Plan



Term Plan

Secure family against uncertainty



ULIP

Boost your investment.



Child Plan

Higher education, support



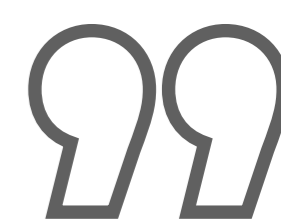
Endowment Plan

Insurance & saving combo



Retirement Plan

Retire with financial independence



How much Life Insurance Cover should you Buy?

There is no rule of thumb when it comes to how much life insurance do you need. But in general, it is advised that the life insurance cover must be 10-20 times your annual income at the time of purchasing.

Factors Affecting Life Insurance Premiums

A. Your Age

The older you are at the time of buying a life insurance policy, the more will be the chances of you paying higher premiums. This is because, with age, chances of passing away also increases.

B. Policy Duration

Longer the duration of your policy, the higher will be your premiums. For example, a policy for 30 years will carry a higher premium than a policy for just 10 years. Also, sum assured chosen by you, impacts the premium.

C. Personal Health

Health-related issues such as high blood pressure, obesity, breathing issues, or more serious ailments such as cancer, heart disease, etc can increase your premiums significantly.

D. Lifestyle and Hobbies

Regular smoking and drinking attract high premiums. A [non-smoker will attract lesser premiums](#) than a smoker due to the health risks associated with it.

Also, if you are into hobbies involving a lot of risks such as sky-diving etc, then this could also lead to higher premiums.

E. Occupation

High-risk jobs such as working in a chemical factory, working in mines, being a Pilot can considerably increase your premium as these involves undertaking dangerous activities which increase the chances of your death.

F. Family's Health History

If you have a family history of certain diseases, then this can also increase the cost of your insurance.

How to Buy a Life Insurance Plan?

You can buy life insurance plans online and offline. However, the process will differ as per the mode you choose.

Identify your financial Goals: Before you start searching for a life insurance plan to buy, you need to have a clearly defined objective in your mind. Your financial goals could be any of the following:

a) Long term financial safety

b) Child goals

c) Retirement goals

d) Wealth building goal

e) Legacy goal



An example of how you define your goal for buying a life insurance policy is to put Rs. 10,000 a month for 10 years, to support the child's education goal.

After defining your financial goal with time and money, you can start your buying process.

1. Buying Life Insurance Online

1.a. Choose Appropriate Plan: Decide the type of insurance according to your financial goal. Listed below are some of the life insurance plans that you may consider buying:

- a). Term insurance plan
- b). Unit Linked Insurance Plans (ULIPs)
- c). Child education plan
- d). Endowment plans
- e). Retirement plans

1.b. Estimate the premium: Check the premium you have to pay for the life insurance policy. Make use of the premium calculators provided by various companies for free.

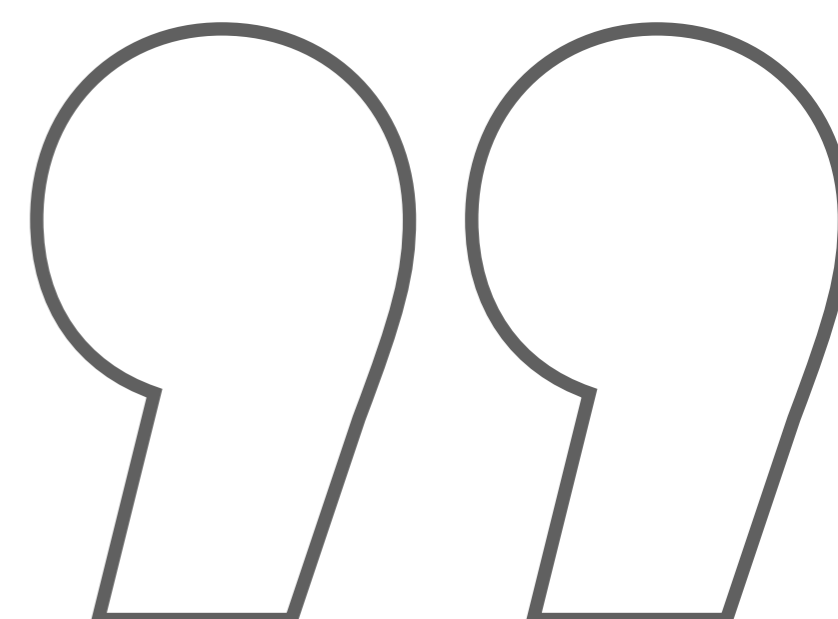
1.c. Fill the application: Enter your details in the online application form such as name, age, occupation, medical history, etc.

1.d. Submit all the required documents: You can submit the **listed documents** to support the information you have given in the application online.

1.e. Pay the premium: Once the application is filed, the next step is to pay the premium. You can pay the premium via credit card, debit card, etc.

1.f. Medical exam: In some cases, you are required to go through a medical exam before you are issued the policy.

1.g. Policy issued: After completing the exams you are finally issued the policy.



Steps To Buy Life Insurance Online

**01**

Provide basic and relevant information

**02**

Choose your policy term, premium payment term along with payout options

**03**

Add riders to enhance plan benefits

**04**

Calculate your premium

**05**

Pay your premium and submit your application form

2. Buying Life Insurance Offline

The offline process of buying life insurance is the same as the online, except that the steps take place offline with the help of your advisor.

Also, you need to provide physical copies of the documents to complete your application.

Benefits of Buying a Life Insurance Plan

Here are the reasons that make a life insurance policy beneficial for you.

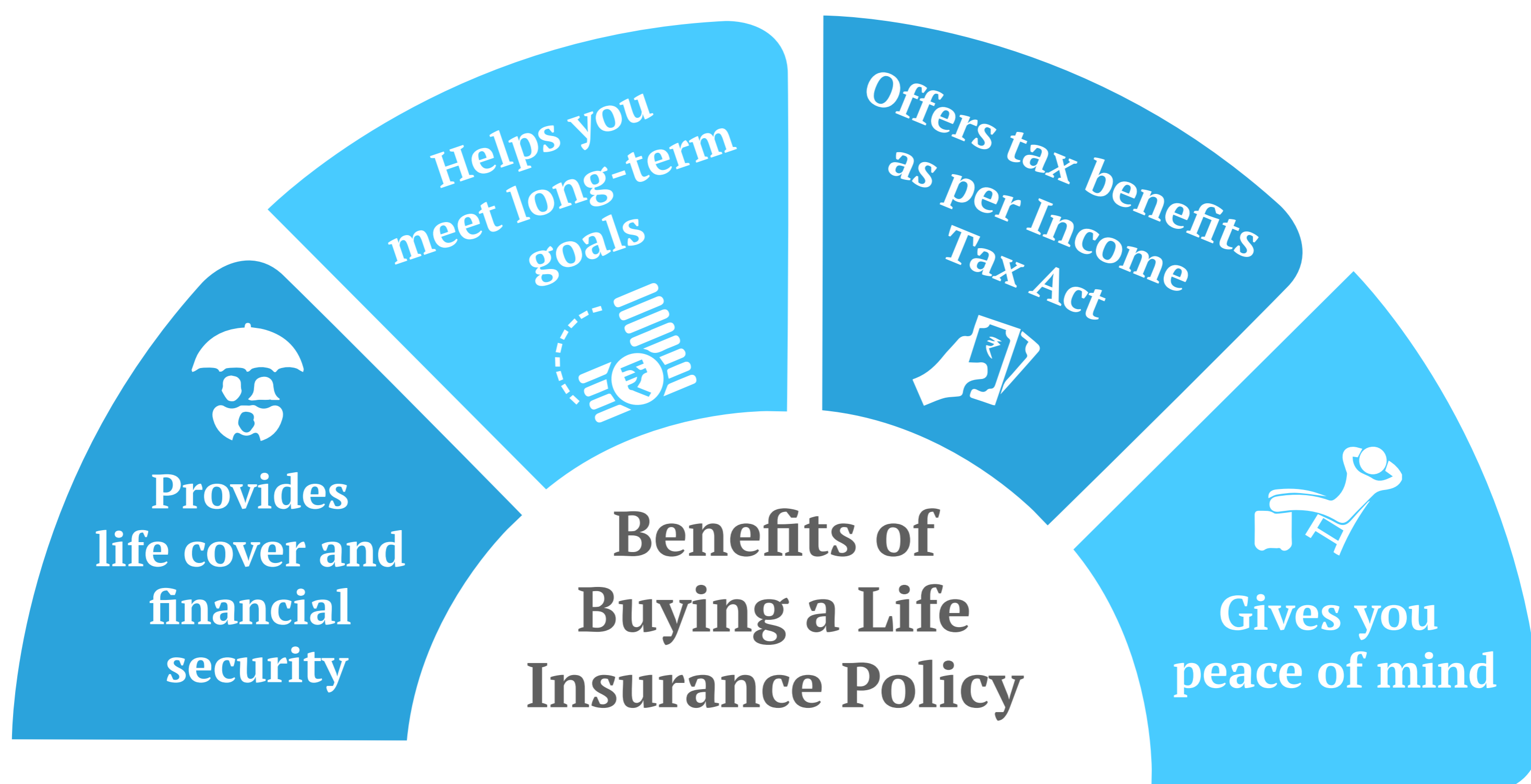
1. Financial Safety: This is the basic purpose of life insurance. There is a death benefit in the life insurance which is given to your beneficiaries if you die within the term. This ensures that your family is safe financially and can take care of themselves if you are not there.

2. Helps in Creating Wealth: Some life insurance policies such as ULIPs allow you to invest your funds that are linked with the market. Investing in equity funds can give you the possibility to earn higher returns.

3. Great Instrument for Retirement: Retirement or pension plans allow you to accumulate funds over a period which helps create an income stream for you in the future. Pension plans are low risk and thus provide good safety.

4. Long-term Saving: Life insurance products are usually for long-term use. The longer your funds are invested, the more time they get to grow and create a large corpus.

5. Tax Savings: Life insurance products are eligible for tax deductions on premiums paid up to Rs 1.5 lakh under section 80C of the income tax act 1961. Also, the maturity proceeds are tax-exempt under section 10(10)D.



Who Needs a Life Insurance Plan?

Life insurance plans are beneficial for everyone, but if you come under these categories then you must consider buying one.

- a. Parents with a New Born Child:** With a newborn child come added responsibilities and expenses. You need a cover that could take care of expenses associated with raising your child such as his well-being, his education, etc.
- b. Couple Starting their New Life:** When you get married, you not only have to take care of your expenses, but your partner's as well. To make sure that these expenses get covered even if something happens to you, a life insurance policy is a must.
- c. Old-age People:** Aged people nearing their retirement must also look to purchase a life insurance policy in case their corpus is not big enough. This life insurance policy can take care of the funeral costs involved so that the burden does not fall onto the family.

6

Things to Consider before Buying a Life Insurance Policy

Buying the best life insurance plan can help you in various ways to achieve your financial as well as life goals, here are a few major benefits of buying a life insurance plan:

a. Life cover you need: Assess how much will your family members need if you pass away unexpectedly to maintain their lifestyle. Ascertain the current and future expenses to be incurred to finalize the sum assured that will be enough.

- (i) Kitchen expenses, rent, school fees
- (ii) Future education of child, marriage
- (iii) Any financial liabilities and loans

b. Policy duration and premium payment term: Consider how long you want to cover yourself and for what time you can easily manage your premiums.

c. Income your family will need: After you are no longer with your family, your family will not get the financial support they were getting. Your family, thus, needs to replace the income with another source. You need a life insurance plan that can give your family a regular payout as well apart from the lump-sum amount.

d. Claim Settlement Ratio: This is the percentage of claims that are settled by the insurance company. The higher the ratio, the more is the credibility of the insurer and the chances that you will receive your claim faster.

e. Additional benefits offered: These enhance the scope of your existing policy. Choose the policy which has the maximum **additional features** involved. Such as critical illness, accidental death benefit, etc.

f. Terms and Conditions of the policy: You need to read all the terms related to the policy. This makes sure you have understood the policy workings and know how to best use it for your needs. Also, pay notice to what is excluded in the policy that is at what circumstances claim will not be provided. faster.

How does a Life Insurance Policy Work?

There are many types of life insurance policies. The process works differently for each of the type. But a life insurance policy more or less works the following way.

01 Pay the Premiums

For a policy to be active, you need to pay the premiums regularly. Premiums need to be paid till the premium payment term you have decided.

02 Claims Under the Life Insurance

A life insurance policy can have any of the following two conclusions:

- a) You survive the policy term, **leading to a maturity claim**
- b) Your unfortunate **demise occurs leading to a death claim**

Maturity Claim in Life Insurance

Plan	Maturity benefits
Term Plan	No maturity benefits are available
Term Plan (with the Return of Premium)	The total premiums you have paid during the policy are returned to you after maturity.
ULIPs	Fund value
Guaranteed Savings Plan	Guaranteed Sum Assured on Maturity + Guaranteed Yearly Addition(s) + Guaranteed Loyalty Addition

Death Claim in Life Insurance

Plan	DEATH BENEFIT
Term Plan	Sum assured on death is payable to your family.
Term Plan (Return of Premium)	

Plan	DEATH BENEFIT
ULIPs	Higher of: a. Sum assured-partial withdrawals (if you have made any) b. Fund value c. 105% of all premiums paid
Guaranteed Savings Plan	Higher of: a. 11 times the Annualised Premium, b. 105% of Total Premiums Paid as on date of death, or c. Guaranteed Sum Assured on Maturity

Accidental Death Benefit

In case, you have chosen an accidental death benefit rider, then the ADB sum assured will also be payable to you over and above the accidental sum assured.

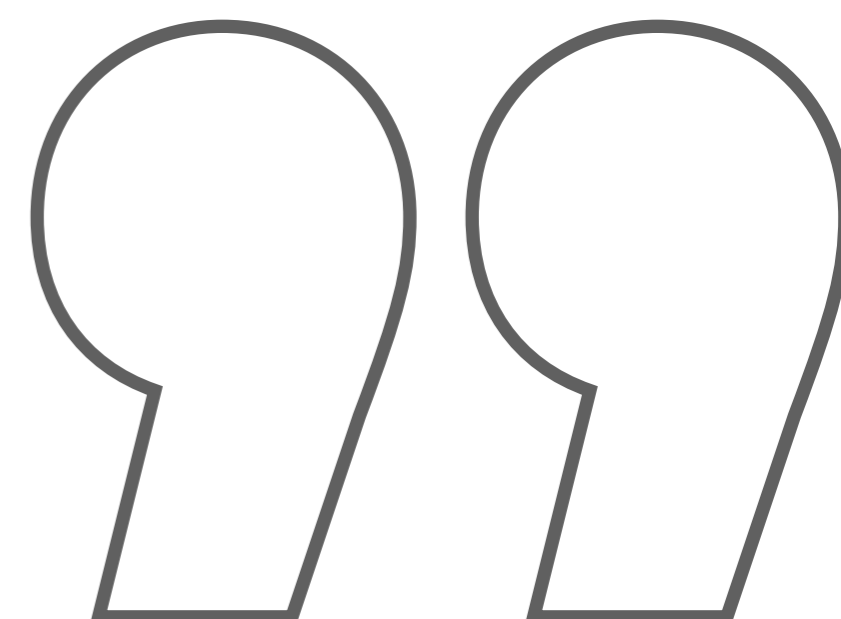
Premium Protection in Life Insurance

Premium protection feature helps your family achieve their financial goal even after your death before completing a planned investment. The premium protection feature is available in the following plans:

- (1) Unit linked insurance plans (ULIPs)
- (2) Savings plan

If you have opted for this feature then:

- (i) Your family will receive higher of the sum assured or 105% of all premiums paid at the time of death.
- (ii) Future premiums are funded by the company
- (iii) Fund value will be paid on the maturity



Riders Available in Life Insurance Plan

Riders are additional benefits that enhance the scope of your existing [life insurance policy](#). While some policies include riders, some have to be purchased separately. Different riders offered in a life insurance policy are:

Critical Illness Rider

A critical illness rider provides you with a lump sum amount if you are diagnosed with a disease that is critical or terminal.

For example, if you are diagnosed with a disease like cancer, heart attack, kidney failure, etc then you will receive the additional sum assured under this rider.

Accidental Death Benefit Rider

If you have chosen this rider at the time of your purchase, then your family will receive an additional sum assured if you die in an accident. The death benefit in the policy will also be provided besides the accidental death benefit.

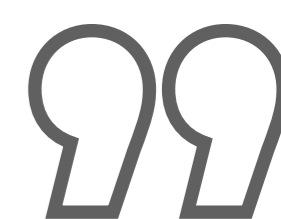
For example, if you have taken a policy having a sum assured of Rs 50 lakh and also the ADB rider of Rs 20 lakhs. Then if you die in an accident, you will receive Rs 70 lakhs (Rs 50 lakh + Rs 20 lakh (ADB sum assured))

Accidental Total & Permanent Disability Rider

The ATPD rider provides you with an additional benefit in case you suffer from a disability from an accident. What constitutes disability varies with different insurance providers. Generally, loss of 2 or more limbs, for example, loss of both hands, or both eyes, etc is included in ATPD.

Child Support Rider

This rider provides you additional sum assured over and above the death benefit if you die or suffer from a terminal illness. This ensures your child achieves your goals.



Eligibility Criteria for Buying a Life Insurance Plan

Before you buy a life insurance policy, you have to make sure that you fulfil certain criteria that will make you eligible.

- 1 Indian Origins:** To purchase a policy, you must be a citizen of India. Though nowadays NRI's can also apply for certain policies.
- 2 Medical Assessment:** You must undergo certain medical tests, advised by the insurance companies. These help in assessing your risks.
- 3 Documentation:** You must possess all the documents necessary. The documents required are:
 - a. Proof of Address (Aadhar card, voter id card)
 - b. Photo identity card
 - c. Passport size photos
 - d. Age Proof (Aadhar, driver's license, etc.)



How and Why Choose a Beneficiary for **your Life Insurance Policy?**

The main motive of buying a life insurance policy is to ensure the financial safety of your dependents after you pass away. A life insurance plan lets you select the name of **beneficiaries**- those who will receive the proceeds from the insurance after you pass away.



Who is a Nominee?

A person nominated by the policyholder to receive the benefits in case of an unfortunate event.



Steps to Choose a Beneficiary for your life insurance plan:

- a) Decide who depends upon your income
- b) Make a list of your dependents
- c) If you decide to choose more than one beneficiary, decide the amount that will go to them
- d) Review your policy regularly

You must choose a beneficiary yourself to make sure that the sum assured goes only to the person you intended to. Choosing a beneficiary gives you control as to who will have access to your money after you die.

The beneficiary could be anyone, your wife, children, family members, or even a charity.

Why should you Review your Life Insurance Policy Regularly?

Life changes quite frequently, thus you need to make sure that your insurance can take care of these changes. This can be achieved by [reviewing your life insurance policies at least once a year](#).

Apart from this, you are advised to review as and when you come to the following stages of life:

- a) Getting married
- b) When a child is born
- c) When you get a raise
- d) Review your policy regularly
- d) When you decide to buy a house
- e) When you decide to add/change a beneficiary

At each of these life phases, you need to make sure that the coverage offered by life insurance is adequate. If not, you need to raise the coverage.

Do's and Don'ts of Buying a Life Insurance Policy

While buying a life insurance policy, make sure you do certain things and refrain from some.

Do's

- a) Try to identify the goal you are looking to fulfil from buying insurance.
- b) Research about various alternatives available
- c) Provide correct information while filling the application form
- d) Buy an insurance policy from a verified source only.
- e) Review the policy after buying

Don'ts

- a) Give confidential information without verifying the source
- b) Provide false information on the application form
- c) Hide any facts from your insurer

Is it Mandatory to get a Medical Test while Buying a Life Insurance Policy?

Before buying a policy, many insurers require you to undergo some medical tests. This done due to the following

- a) To identify the risk that you may possess to the insurance company
- b) To decide what premium would you pay

While some policies do offer you coverage without medical exams, but these are costlier. Also, the sum assured in these policies is much less than those in which you require a medical.



What are the Documents Needed for Buying a Life Insurance Policy?

Here is the list of documents required:

1. Proof of Address (Aadhar card, voter id card)
2. Age Proof (Aadhar, driver's license, etc.)
3. Photo identity card
4. Passport size photos of the life to be assured
5. Income proof
6. PAN card
7. Recent medical reports if any

How to Pay for a Life Insurance Policy? - Online and Offline

Canara HSBC Life Insurance provides you with both online and offline options to pay the premium.

1. Online Method

You can choose to pay premiums for your insurance policy from a variety of methods.

- a) Credit card/Debit Card
- b) Internet Banking
- c) Prepaid wallet/Cash cards (Paytm, ITZ, OLA money, JIO Money, Airtel payments)
- d) EMI
- e) Bharat QR/UPI
- f) Instant Pay
- g) Auto debit

2. Offline Method

- a) Cheque paid/DD
Cheque to be issued in the name of "Canara HSBC OBC Life Insurance Co. Ltd"
- b) Direct transfer at bank accounts

3. Interactive voice response (IVR)

Toll free number 1800-891-0003 / 1800-103-0003 / 1800-180-0003

Claim Process for Life Insurance Policy

Canara HSBC Life Insurance offers one of the simplest and most convenient [claim settlement processes](#) so you can get your claim fast and without any stress.

Our claim is 97.1% for individual claims which is one of the best in the business.

Claims Process

This simple claim process consists **only of 3 steps**.

1. Claim Intimation and Registration

Your nominee needs to tell the insurance company about the death by filling the Death Claim Form. This needs to be sent to your nearest branch with photo and address proof of the nominee selected by you at the time of purchasing.

2. Documentation Stage

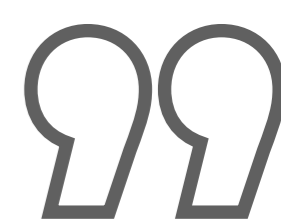
The claims pack is sent to you along with the forms that are required. These are the forms that you can find online as well.

Forms to be downloaded are:

- A. Death Claim Form (Form C)
- B. Physician's Statement (Form P)
- C.reating Hospital Certificate (Form H)
- D. Employer Certificate (Form E) / School/ College Certificate (Form S)

3. Claim Settlement

After the forms are filled and sent then representatives will call you. Your nominee will receive the claim just after your forms and documents get verified.



InstaPromise

Under this, Canara HSBC Life Insurance offers you to approve your claim in just one day.

Requirements:

- The policy should be completed at least 3 years before death
- All documents should be submitted.
- No verification required
- Claim amount is up to Rs 1 Cr



3 Easy Steps for Claim Settlement

Claim intimation and registration



Step 1

Step 2



Documentation

Processing and Settlement



Step 3

Jargons Related To Life Insurance

Before buying a life insurance policy you must come across some jargon. You need to know about them to make an informed decision.

1

Claims: It is a request made to the insurance provider to compensate for a loss that the insurance covers. Thus, claims provide you with safety against losses.

2

Death Benefit: It is a term used for the amount that the life insurance company pays to the nominee assigned by you in case you die during the term of the policy. It is the main purpose of a life insurance policy.

3

Exclusions: There are the things that your life insurance policy does not account for. That is, these are not covered by the insurance policy. If death is due to these exclusions, then no benefit will be payable.

For example, Accidental death excludes death in war or war-like situations.

4

Free Look Period: This is a [trial period](#) during which you can choose to return the life insurance plan purchased. If you will the policy is not suited to you then you can return the policy and the premium will be paid back after deducting expenses incurred.

IRDAI guidelines specify 15-30 days as a free look period.

- 5 **Grace Period:** This refers to the extension given to you on the due date of premium payment. Generally, 15 days grace period after the due date is provided to you to pay your premium.
- 6 **Life Assured:** It is the person that is insured with the policy. If you purchase a life insurance plan for yourself then you will be life assured. In case of your death, the benefit will be provided.
- 7 **Maturity Age:** It is the age you attain at which the policy is terminated, that is it doesn't continue further.
- 8 **Nominee:** It is the person that you nominate to receive the sum assured and other benefits (if any) of the policy after your death. There can be more than one nominee. It can be your wife, children, etc. situations.
- 9 **Paid-up Value:** If you discontinue paying the premiums after some time then the insurance provider will give you an option to convert your policy into a paid-up policy. In this policy, the sum assured is thus reduced on the ratio of the amount of premium paid.
- 10 **Policyholder:** It is the person who purchases the policy and pays the premiums for it. Note that it is not necessary for the policyholder and the life assured to be the same person.
- 11 **Policy Tenure:** It is the term for which the life insurance policy will cover you. Different types of life insurance policies offer different terms. While term plans cover you for a period starting 5 years, whole life covers you for as long as 99 years.
- 12 **Premium:** This is the payment you make to keep your policy active. Premium payment is the basis of any life insurance policy. Unable to pay the premium even after the grace period results in the cancellation of the policy.
- 13 **Premium Payment Mode:** This is the frequency at which you can pay your premiums regularly.

There are two types of modes

- a) Regular payment mode: You can choose to pay your premiums monthly, yearly, quarterly.
- b) Limited payment mode: In this method, you can pay for a limited time say 10 years, 15 years etc.
- c) Single payment mode: You can pay the premium in lump sum as well.

- 14 Revival:** The revival period is the period in which you can re-activate your insurance policy which has already lapsed. This period is given by the insurance company after the grace period. You can request the life insurance company to reinstate your policy in this period.
- 15 Riders:** These are the additional features that you can add to your existing policy at the time of buying. Types of riders available are
- Accidental Death Benefit Rider
 - Accidental Total and Permanent Disability Benefit Rider
 - Critical illness Cover
 - Child support benefit
- 16 Sum Assured:** It is the sum that you are covered for in a life insurance plan. This is the amount that your nominee is entitled to receive if you die within the policy.
- 17 Surrender Value:** If you decide to discontinue your plan before maturity, then the value which the policy amounts to at that time is known as the surrender value. This is decided by the insurance company itself.
- 18 Survival Benefit:** The amount you get from the life insurance if you manage to survive the tenure of the policy.
- Term plans do not have any survival benefit. While plans like ULIPs and Savings plans do offer you an amount on maturity.
- 19 Tax Benefits:** The premiums you pay towards your life insurance policy are eligible for deductions of up to Rs 1.5 lakh as per section 80C of the [income tax act 1961](#).
- Also, the maturity and death benefits are tax-free under Section 10 (10D) of the Income Tax Act, 1961.
- 20 Underwriter :** These are the people who evaluate the risks involved in insurance. There are, medical as well as financial underwriters. The risk you possess is adjudged by the underwriter based on which the premium is calculated.

