

How to Choose the Best Term Insurance Plan for 1 Crore

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Quick answer

A term insurance plan of INR 1 crore provides a sum assured at an affordable premium rate, being pocket-friendly as they do not offer investment or maturity benefits. In case of the policyholder's unfortunate death, the insurance company will have to pay INR 1 crore to the beneficiary.

A term insurance plan of INR 1 crore provides a sum assured at an affordable premium rate, being pocket-friendly as they do not offer investment or maturity benefits. In case of the policyholder's unfortunate death, the insurance company will have to pay INR 1 crore to the beneficiary. This provides financial stability to the policyholder's family members in their absence for a specific period in exchange for a premium paid regularly.

How to Choose the Best Insurance Plan for 1 Crore?

Let us check out the parameters on the basis of which you should choose the best 1 Crore Term Insurance:

Assess the financial requirements.

For instance, one should assess the financial needs of his/ her family and requirements in terms of income, as the amount to be received in the absence of a policyholder will be the replacement of the annual income. This amount will help to bear the family's expenses, debts or loans, if any, in the policyholder's absence.

Premium Rates

Check for the premium amount and whether it fits your budget or not. Otherwise, it will not be possible to buy a 1 crore plan. Hence, buying a term plan with the most affordable premium is advised.

Inflation Factor

While a term plan is bought, the inflation factor should also be considered. Also, you should check whether your 1 crore plan will fulfil all your needs after years or not.

Make a comparison with other plans.

Different term plans are available from different insurance companies, depending on their rate of premium, claim settlement ratio, additional riders provided, policy tenure, etc., to choose your perfect plan. Even NRIs can plan to buy a term plan to provide their family members with financial protection.

Claim Settlement Ratio

A company with high CSR should be chosen so that the nominees can get their claim amount on time. A Claim Settlement Ratio (CSR) of more than 95% depicts the insurance company's commitment towards the fulfilment of its financial obligations.

Other additional benefits

Get some additional features as well, such as:

1. Get some more add-ons to get the base cover increased
2. Get your payouts accelerated in some particular scenarios
3. Get a provision to increase the cover with changing requirements

Who Should Opt for a 1 Crore Term Plan?

Let us know the list of individuals who should buy a Term Insurance Plan:

Parents

Parents play an important role in a child's life in terms of bearing their daily expenses, school fees, etc., hence providing great financial support to the children.

Young Professionals

At a young age, the premiums are low, and as young professionals have fewer liabilities, it becomes affordable to buy term insurance.

Newly Married

Gifting your spouse term insurance and secure their financial future that lasts quite long.

Working Women

Term plan helps working women maintain a healthy lifestyle and fulfil all their desires by ensuring financial security for their families.

Tax Payers

The premium paid towards the term plan is eligible for deduction u/s 80C of the Income Tax Act.

Retirees

In the event of the unfortunate death of retired personnel, the term plan will provide financial security to their spouses, allowing them to maintain a standard of living and cover medical expenses.

Housewives

In case of the death of a housewife, the term plan will provide financial security to her family. It will help to cover the cost of household expenses, including children's expenses as well.

Self-Employed

Term insurance provides financial security to self-employed family in case of their death.

NRIs

It takes care of the family of an NRI left behind in India by providing them with financial security.

Factors Affecting a 1 Crore Term Insurance Plan

Provided are the factors that affect a 1 crore term insurance plan:

Age of the individual

The higher the age, the higher the premium would be because the risk involved for older individuals is also higher.

Gender

The premium amount in the case of females is usually lower than for males, as women have a higher life expectancy than men.

Lifestyle habits

Lifestyle-related habits such as drinking alcohol, smoking, and pre-existing medical conditions, if any, can increase the premium amount due to them involving higher risk.

Policy Tenure

The premiums towards term plans for longer tenure are higher than those for shorter tenure as the insurer provides coverage for a longer period.

Policy Coverage

Term plans with higher sums are assured to attract higher premiums and vice versa.

Additional Riders

Many riders also influence the cost of premiums and increase your premium.

How Does a 1 Crore Term Plan Work?

In the unfortunate event of the death of a policyholder during the policy tenure, the term plan will disburse the payout, i.e., a death benefit of INR 1 crore to the beneficiaries of the policyholders, subject to certain terms and conditions: Choose the following at the time of purchasing the policy:

- The sum assured in the policy which will be INR 1 crore
- Policy Tenure
- The payment frequency of the premium can be monthly, quarterly, half-yearly, or yearly.
- Terms of Premium payment terms
- Optional riders, as per the requirements of insurance and its availability.

The premium amount would be calculated based on information such as age, lifestyle habits, and other factors. You are required to make a payment towards the calculated premium for the tenure opted at the payment frequency when deciding on the premium.

Conclusion

The term plan that provides a sum of INR 1 crore is becoming quite popular amongst buyers as it provides affordable premium rates along with financial support in times of distress. It is a huge amount that will help you meet the inflation factor, sustain a premium lifestyle, and achieve financial safety in your absence.

References

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