

Types of Life Insurance Policies

I) WHOLE LIFE POLICY

- A) Ordinary Whole Life Policy
- B) Limited Payment Whole Life Policy
- C) Single Payment Whole Life Policy
- D) Special Whole Life Policy
- E) Convertible Whole Life Policy

II) ENDOWMENT POLICY

- A) Ordinary Endowment Policy
- B) Double Endowment Policy
- C) Money Back Policy

III) GROUP INSURANCE POLICY

I) WHOLE LIFE POLICY

Features of this policy are as under:

1. It is a policy meant for whole life of assured. It means the sum assured is payable to the legal heir or dependants of assured on the death of assured.
2. The assured has to pay premiums throughout his life.
3. This policy is useful for making the provisions dependents after death.

Ordinary Whole Life Policy : Features of this policy are as under:

1. It is a policy meant for whole life of assured. It means the sum assured is payable to the legal heir or dependants of assured on the death of assured.
2. The assured has to pay premiums throughout his life. But the premiums are low.
3. Payments of premium are waived after a period of 35 years from the date of policy or on attaining the age of 80 years by the assured.
4. Such policy may be with or without profits.
5. Minimum amount of policy is Rs. 1,000.
6. This policy is useful for making the provisions dependents after death.

Limited Payment Whole Life Policy : : Features of this policy are as under:

1. It is a policy meant for whole life of assured. It means the sum assured is payable to the legal heir or dependants of assured on the death of assured.
2. The assured has to pay premiums for a limited period as per his choice after taking out the policy.
3. Such policy may be with or without profits.
4. Minimum amount of policy is Rs. 500.
5. This policy is useful for making the provisions dependents after death.

Single Payment Whole Life Policy: Features of this policy are as under:

1. It is a policy meant for whole life of assured. It means the sum assured is payable to the legal heir or dependants of assured on the death of assured.
2. The assured has to pay premiums in one installment. The amount of premium is high.
3. Such policy may be with or without profits.
4. Minimum amount of policy is Rs. 1,000.
5. This policy is useful rich people like industrialists, businessmen, film actors etc. for making the provisions dependents after death.

Special Whole Life Policy : Features of this policy are as under:

1. It is a policy meant for whole life of assured. It means the sum assured is payable to the legal heir or dependants of assured on the death of assured.
2. The assured has to pay premiums for a limited period as per his choice usually upto getting 60 to 65 years old.
3. Such policy may be with or without profits.

Convertible Whole Life Policy : Features of this policy are as under:

1. It is a policy meant for whole life of assured. It means the sum assured is payable to the legal heir or dependants of assured on the death of assured.
2. The assured has to pay premiums till the age of 70 . The premiums are low.
3. After completion of five years the assured can convert the policy into Endowment Policy.
4. After conversion the period of policy can be selected as 10 years or 20 years or 30 years etc.
5. If the policy is converted into endowment policy the rate of premium increases.
6. Such policy may be with or without profits.
7. Minimum amount of policy is Rs. 5,000.
8. Such policy can be taken by a person before he is 35 years old.
9. This policy is useful for young persons having low incomes because the premium is low. If their income increases after some years they can convert the policy into endowment policy and pay higher premiums.

II) ENDOWMENT POLICY: Features of this policy are as under:

1. It is a policy under which a sum assured is payable either to the legal heir on the death of assured or to the assured on the expiry of the period of policy.
2. The premium at a higher rate is charged as compared to whole life policy.
3. It is a policy that covers the risk and at the same time serves as a savings and investment plan for the assured.
4. Such policy may be with or without profits.
5. The minimum amount of the policy is fixed at Rs. 500.
6. Normally the assured can select the period of the policy below 25 years so as to get the benefit of policy amount.

Types of Endowment Policy :

Ordinary Endowment Policy : Features of this policy are as under:

1. It is a policy under which a sum assured is payable either to the legal heir on the death of assured or to the assured on the expiry of the period of policy.
2. The premium at a higher rate is charged as compared to whole life policy.
3. It is a policy that covers the risk and at the same time serves as a savings and investment plan for the assured.
4. Such policy may be with or without profits.
5. The minimum amount of the policy is fixed at Rs. 500.
6. Normally the assured can select the period of the policy below 25 years so as to get the benefit of policy amount.
7. It is useful for making provision for old age, and provision for personal responsibilities such as children's education and marriage etc.

Double Endowment Policy: Features of this policy are as under:

1. On completion of the term of the policy if the assured is alive, double amount of assured sum is paid.
2. If assured dies before completion of the term of the policy, then the assured sum is payable to dependents.
3. The period of the policy is in between 10 to 40 years depending on entry age.
4. This plan is meant for those persons who are not eligible for other plans due to some physical disability.

Money Back Policy : Features of this policy are as under:

1. Money back policy assures regular return of policy amount in some percentage so as to cover the needs of policy holder.
2. This policy is taken for a period of 20 to 25 years.
3. At the time of taking out policy the minimum age should be from 13 years to 50 years.
4. This policy can be taken for a minimum of Rs. 40,000 to a maximum of Rs. 5 lakh.
5. A periodic payment of 20% of policy amount is made at 5 years interval during the period of policy and balance 40 % is paid on maturity of policy along with the bonus.

Group Insurance: Features of this policy are as under:

1. Group insurance is an insurance given to a group of people working in some organizations like factories, business firms, educational institutions, government concerns etc.
2. It offers life protections at low premiums.
3. Premiums payable are based on age group of people in group, working conditions, occupation etc.
4. Such policies are useful for labor welfare.

- F) Single Payment Whole Life Policy**
- G) Special Whole Life Policy**
- H) Convertible Whole Life Policy**