

How does life insurance work?

The idea of having Life insurance is to manage financial hardships during an unpredictable event. Let's say, you live in a community of 10 families. Suddenly, one of the family's breadwinner passes away leaving his children and wife behind. This family would be in so much financial difficulties due to the death of the breadwinner. Now, if the whole community would have shared an emergency account for the community, the pool of funds would have assisted the grieving family at the right time. Similarly, life Insurance companies collect premiums from policyholders and pay out as future death benefits and maturity returns.

Life insurance policies can support various life needs including:

Protecting your loved ones

Life Insurance allows breadwinners to protect their loved ones from financial hardships in the event of untimely passing.



Savings

Investing in a life insurance policy helps you to save money for the future.



Retirement

One can fulfil their retirement goals with life insurance policy returns, complementing their FNPFS savings.



Education

To secure the future of your children, you can invest in a life insurance policy to pay for your children's higher education.



Frequently Asked Questions

1. How much does life insurance cost?

Cost of buying any insurance policy depends on the following factors:

- The insured person's age – the younger you are the cheaper it is.
- Type of policy
- The sum insured you choose
- Policy term
- Premium payment frequency

2. How much should I insure for?

The amount you insure for is called the Sum Insured. The Sum Insured amount is based on your needs and affordability.

3. What do I get if I insure?

Life insurance is primarily about protection – protecting the life of someone who depends on you and your income for their livelihood, like your dependent child.

4. Which type of policy is best suited for me?

The policy best suited for you depends on your medium and long term needs.

Talk to your BSP Life Insurance Advisor for more details.

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