

Insurance Matters for Women

- Rohit Shah

Swati lives in Delhi with two kids and her husband works for a marketing company. Swati recently watched a show on a Personal Finance TV channel and started wondering what she should do on Insurance front for her family. They do have individual health policies of Rs. 1 Lakhs each for Herself and her Husband and Rs. 50,000 each for kids. Her husband does have couple of Life insurance policies they bought when a close relative came home asking for help. She is not sure if this is enough and what she should do?

Alright. So while we celebrate Women's International Day on 8-Mar-2014 let's see what concrete actions Women can take on insurance matters for their family.

We notice that Women generally stays away from financial decision making process, for many reasons. This has changed now, for working women especially in urban areas but the pace is very slow. Women are generally risk averse and prefer safer instruments like Fixed Deposits or Postal Savings. These are safe but are poor investments based on real returns i.e. returns after inflation and after taxes. Below are the areas we advise women to focus on insurance related aspects.

Ensure that your husband has adequate life insurance: When yourself and family are dependent on your husband's income, then he should be adequately covered for the risk of his life. You should work with your husband and review your net assets i.e. Assets left after paying off of liabilities. If they are sufficient to take care of your financial goals and requirements then you are covered. If not, you should take a life insurance cover for him to meet the shortfall. Prefer online term plans as they are cost effective. You can use calculators on leading personal finance websites to calculate the insurance corpus need. If you are a working woman then see if you would be able to partly or fully continue working in case of such an eventuality and accordingly adjust the need of life insurance corpus.

Your own Health cover is a basic necessity now: Like food, clothes and shelter, your own health insurance has become a basic necessity now. We prefer to rely on your husband's employer's cover. With corporate health cover portability, there is a slightly lesser risk but on a conservative side, we feel far more comfortable when you have your own health cover. If you are a working woman and there is a health cover from your company as well as your husband's company then may still be a good idea to take a small health cover at a personal level. When you are past mid thirty's, then you must step up your health protection levels.

Take a decent life cover for yourself: By the similar logic, if you are earning, you have an economic value. Upon your death, your family will need that economic replacement and hence based on your contribution to financial goals, a life insurance corpus for you should be worked out. If you are not working then life insurance for you is not necessary. That said, we have noticed families taking small cover for woman in the house, with the objective of small corpus being handy for child education and marriage goals.

Avoid common mistakes: Please do not get emotionally driven while buying insurance plans especially on life insurance front. Please ask questions like what is the structure of charges that you will be paying? Ask your agent how much commission he will earn in the first year and there on? Study the various policies on personal finance portals. Most importantly, assign a target date by which you will take specific actions.

Other insurance covers: We consider Health and Life insurance cover as a primary protection against financial risks to your health and life. Once your family is adequately taken care against these, then you can look at other covers like Critical Illness, Personal Accident and Hospital Daily Cash insurances.

So women, manage your financial risks. Get involved, ask questions, proactively plan and meticulously execute for your financial success.