InCred Premier

Rise. With Confidence.

# UNDERSTANDING VITAL TERMS IN LIFE INSURANCE

SWIPE

# Life assured

Life assured is a term used in the context of life insurance to refer to the person whose life is covered or insured under a life insurance policy. In other words, the life assured is the individual whose life is being insured, and the policy provides benefits to designated beneficiaries upon the death of this individual.

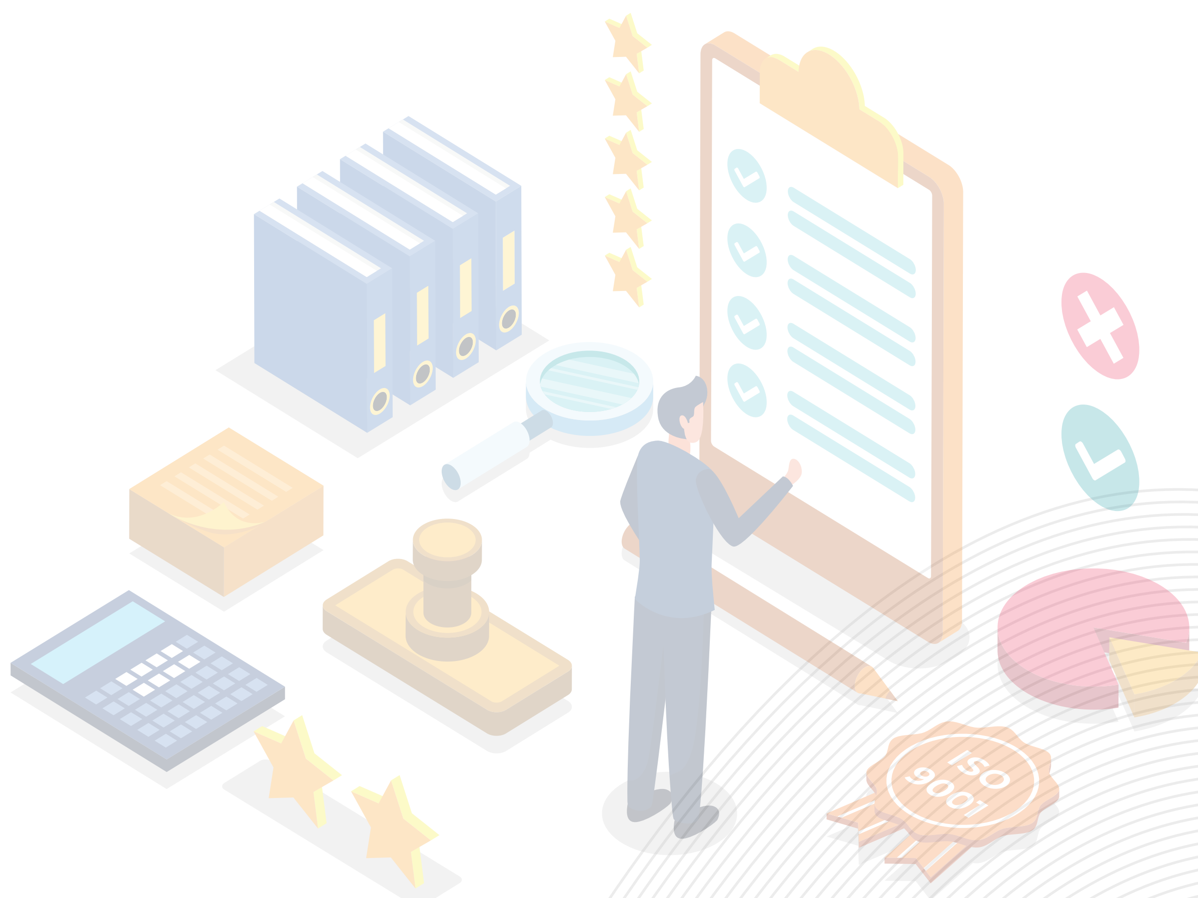
If you purchase a life insurance policy, you are the policyholder, and if the policy is covering your life, then you are also the life assured. If you purchase the policy to cover someone else's life, then they are the life assured. The beneficiaries are the people or entities who receive the insurance benefits when the life assured passes away, according to the terms of the policy.

# Proposer

In life insurance, the term "proposer" refers to the individual or entity who applies for and owns the life insurance policy. This person is responsible for filling out the application, paying the premium, and managing the policy. The proposer might be the same person as the life assured, or they could be a different individual, such as when someone buys a policy for a spouse or child.

**For example:**

If you purchase a life insurance policy for yourself, you are both the proposer (the one applying and owning the policy) and the life assured (the person whose life is insured). However, if you purchase a policy to insure someone else's life, like your spouse, you are the proposer while your spouse is the life assured.



# Life Cover

Life cover in life insurance refers to the amount of financial protection or coverage provided by a life insurance policy. This is the sum of money that will be paid to the beneficiaries upon the death of the life assured. The life cover, also known as the death benefit, is intended to provide financial support to the beneficiaries or dependents after the policyholder's death.

**For example:**

You purchase a life insurance policy with a life cover of ₹1 Crore. This means that if you, as the life assured, pass away while the policy is active, the insurance company will pay ₹1 Crore to your designated beneficiaries.

The size of the life cover is typically determined based on factors such as:

### Financial Needs:

How much your dependents would need to maintain their lifestyle, pay off debts, or cover future expenses.

### Income Replacement:

Providing an income stream for beneficiaries to replace your lost earnings.

### Educational Expenses:

Covering debts like mortgages or loans.

### Liabilities:

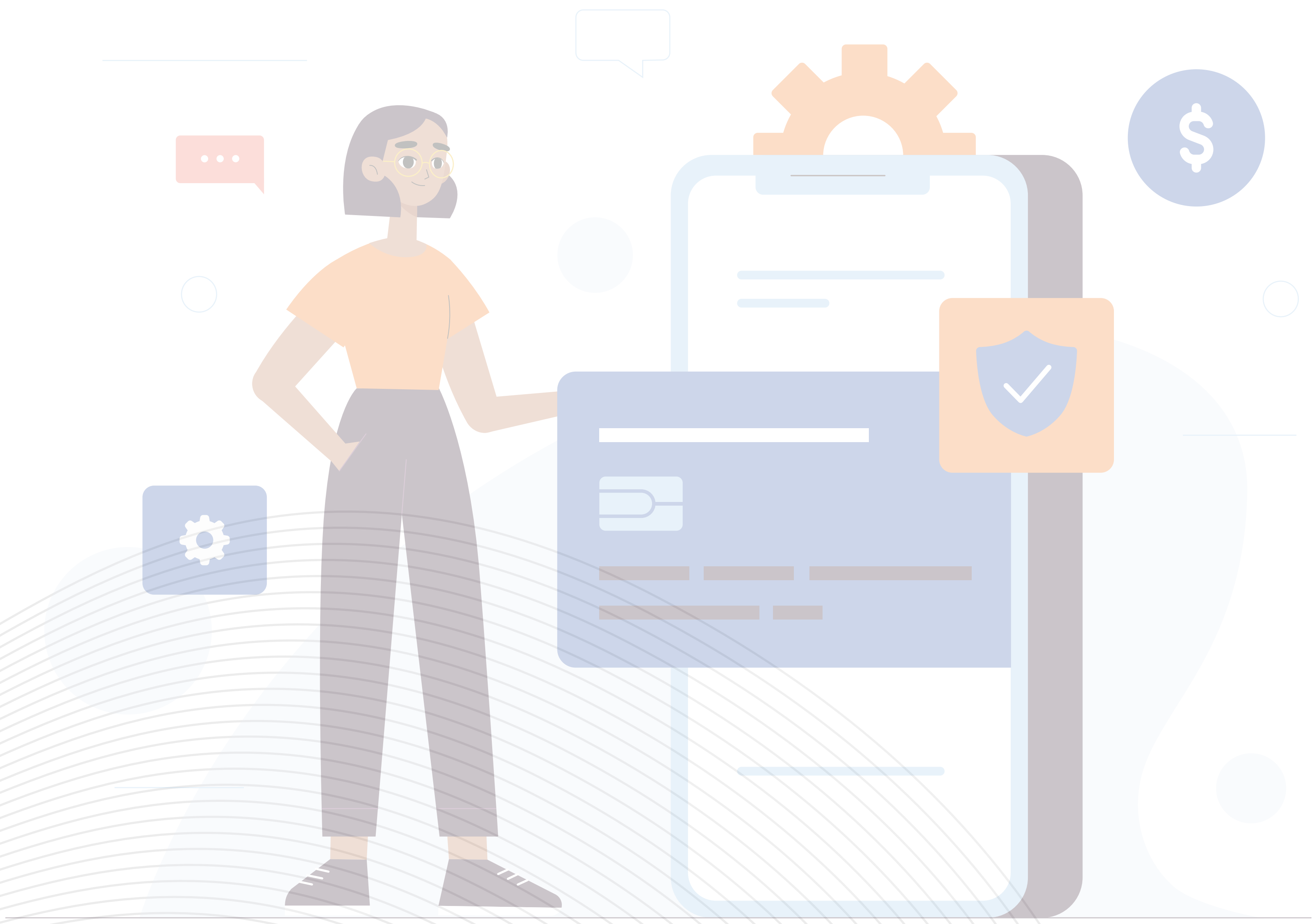
Covering debts like mortgages or loans.

Understanding life cover is crucial when buying a life insurance policy, as it determines the amount of financial support your beneficiaries will receive in the event of your passing.

# Premium:

This is the amount of money that the policyholder pays to the insurance company to maintain the life insurance policy. Premiums can be paid in various frequencies, such as monthly, quarterly, semi-annually, or annually, depending on the policy's terms and the policyholder's preference.

The premium amount depends on several factors, including the type of policy, the amount of coverage, the policyholder's age, health, lifestyle, and other risk factors.

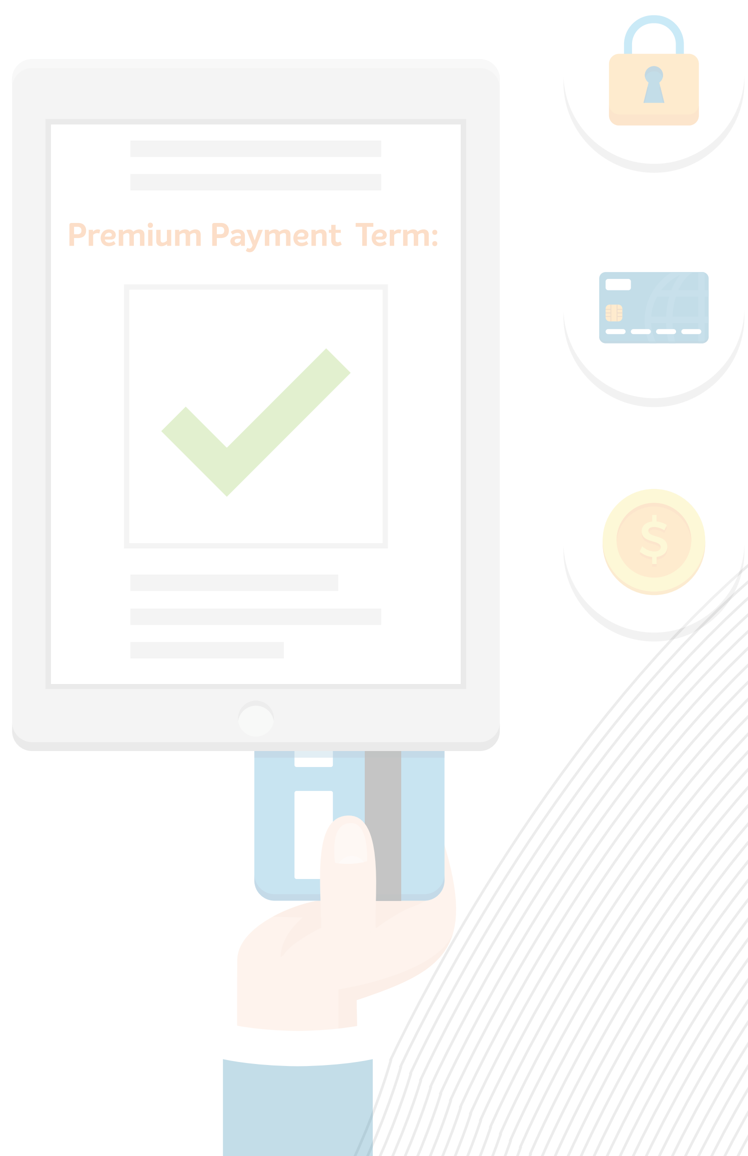


# Premium Payment Term:

This refers to the length of time during which the policyholder is required to pay premiums. It can vary based on the type of policy and the policyholder's choices.

For example, in a term life insurance policy with a 20-year premium payment term, you must pay premiums for 20 years.

Some policies offer limited premium payment terms where you pay premiums for a shorter duration, but the policy remains in effect for a longer period or even for a lifetime.



# Policy Term:

This indicates the duration for which the policy provides coverage or is in force. In term life insurance, the policy term might be 10, 20, or 30 years, after which the policy expires if the life assured is still alive.

The policy term is affected when the coverage ends and when benefits are payable to beneficiaries. The policies with longer terms or whole life coverage, the insurance generally has a cash value component that can grow over time.

# WAS THIS HELPFUL?

**Dont forget to share and save this post.**

The above content is for knowledge and education purpose only.

The user is required to undergo risk profiling before investing. Guided view is indicative in nature and is based on the information provided by the user voluntarily. Each user of this information should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred here (including the merits and risks involved) and should consult his own advisors to determine the merits and risks of such investment. Past performance is not necessarily a guide to future performance.