Types of Insurance

There are three types of Insurance:-

LIFE INSURANCE:-A life insurance policy is basically a protection against the uncertainity of life that is death. It is a contract in which the insuranc company undertakes to insure the life of a person in exchange of a sum of money called premium and promises to pay a certain sum or money either on the death of the assured or on expiry of certain period.

Importance of Life Insurance:- It provides protection to the family a premature death of an individual.

It gives adequate amount at an old age when earning capacilites are reduced.

Life insurance is not only a protection but is a sort of investment because a certain sum is returnable to the assured at the time of death or at the expiry of a certain period.

Life insurance contract is not a contract of indemnity.The life of a human being cannot be compensated and only a specified sum of money is paid.

Types of life insurance policies:-

1. Whole Life Policy:-The amount payable will not be paid before the death of the assured.The Policy money then becomes payable only to his/her beneficiaries or legal heirs.
2. Endowment Life Assurance Policy:-The insurance company undertakes to pay the policy money when the assured attains a particular age or on his death,whichever is earlier.
3. Joint Life Policy:This policy is taken up by two or more persons like two partners and the premium is jointly in instalments or lump sum.
4. Annuity Policy:- This policy is taken by those who prefer a regular income after a certain age.Under this policy, premium is paid lump sum or in instalments by the assured.
5. Childern’s Endowment Policy:- This policy is taken by a peron for his/her children to meet their higher education or marriage expenses.The insurance company pays the policy money when the children attain a particular age.