

Insure home loan for financial security

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Life insurance is a financial instrument brings peace of mind. Therefore, as most of us set ourselves up for fulfilment of ambitions that sit in line with our life-stage, we must ensure that these dreams are protected. For some the dream is a home; for others, the goal may be higher education.

Banks provide loans to help one get closer to making these aspirations, a reality. But if one encounters difficulties in its repayment, them or their family are likely to experience fi-

nancial burden. In the case of dependants, this financial burden can be further compounded.

This is where Credit Life Covers come in – a form of risk protection, absolving one's family of the mammoth responsibility, that is repaying loans, in the event of the untimely demise of the borrower.

How it works:

Insurance on loans works in a reducing-balance manner – for each instalment of repaid loans, the life cover reduces with the amount owed to the bank.



This means, the credit cover ends with your complete loan repayment.

The best bit is, it's easy to get a credit life cover. The

one-page member form that one fills up when taking a loan, offers provision to go for an insurance on the loaned amount, as well.

If the gift of financial security for the family through an absolved loan was not enough, credit life cover also presents additional benefits such as, the choice to add on coverage for accidental total permanent disability or accidental death, tax benefits and protection comes at a low-cost with varying premium payment options

Moreover, lending institutions could steer away

from loans going bad and therefore accumulating Non-Performing Assets (NPAs), should there be inability at the borrower's end to reimburse. In absence of credit life covers, banks would eventually need to write it off their books – an issue plaguing the banking sector, today. Credit life covers shield lending institutions against these dangers. Credit life covers include all types of loans- education, personal, car, and not just home loans.

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