

Insurance Rider - What they mean

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To give you the flexibility to customize and enhance your cover, most insurance companies offer a set of riders which you may opt for along with your basic policy to help you shape your policy to suit your individual needs. Riders are for a lesser percentage than the base sum covered under the basic policy it is generally between 50% to 100% with a limit also imposed on what percentage of the base premium can be the additional premium for the riders.

But before taking any riders you will have to evaluate carefully the benefits and the exclusions under each rider and then pick the most beneficial riders.

Here are the various types of Riders in India you can choose from and the benefits you stand to gain

- Critical Illness Rider
- Accidental Death Benefit
- Permanent Disability Benefit / Dismemberment Rider
- Term Rider
- Life Guardian Benefit
- Waiver of Premium Rider / Accidental Disability Benefit
- Income Benefit Rider

Critical Illness Rider can be added to the basic life insurance plan to provide financial support in the event of major medical emergencies. Most Critical Illness Riders cover illnesses such as Heart Attack (MI), Cancer, Stroke, Coronary artery by-pass graft surgery (CABG), Kidney failure, Major organ transplants, Paralysis, Loss of limbs, Aorta surgery, Major burns, Heart valve surgery and blindness. But each insurance company's list of illness covered differs. On the first occurrence of critical illness during the term of the plan, the policyholder is paid the sum assured under the rider to help you reduce your financial burden in this emergency. But note that the life insured would need to survive the specified illness at least 30 days from the date of diagnosis to be eligible for this Rider benefit. After the Critical Illness Benefit is paid, the basic sum assured and all the benefits dependent on the basic sum assured would be reduced in the same proportion that the Critical Illness Benefit bears to the basic sum assured at the time of claim. The policy along with all the riders (to the extent of the Rider Sum Assured) is then terminated. But your base policy would continue and you would have to continue to pay premiums on it.

This benefit provides an additional amount (over and above the death benefit) to the beneficiary in the event of accidental death of the life insured. Most insurers pay 100% of the coverage face amount in case of death due to accident. Accident is defined as that which causes death by violent, accidental, external and visible means and independent of any physical or mental illness. Some insurers combine this with the permanent disability benefit under a common rider providing you with an additional benefit. Rider cover terminates once all or part of the coverage is paid.

Permanent Disability Benefit / Dismemberment Rider

This benefit can be added to the basic life insurance plan to provide financial support in case of permanent disability due to an accident. Permanent Disability is defined as permanent and immediate inability to work or permanent loss of use of two limbs or total and permanent loss of sight. Also in some riders loss of more than one limb or sight in both eyes or loss of one limb and sight in one eye 100% of the coverage amount paid in case of loss of. 50% of the coverage face amount is paid in case of loss of one limb or sight in one eye. Some insurers combine this with the accidental death Benefit under a common rider providing you with an additional benefit. Rider cover terminates once all or part of the coverage is paid.

Term Rider

Provides for payment of the coverage face amount in event of death of the life insured. The maximum amount of benefit that is available is equal to the basic sum assured.

Life Guardian Benefit

If you are unable to pay premiums in the event of unforeseen calamities and the policy continues to be alive. Waiver of Premium Rider / Accidental Disability Benefit

In case the policyholder is permanently disabled as a result of accident, future Premium is waived off but the policy continues to be alive.

Income Benefit Rider

In case of death of the life assured during the term of the policy, 10% of the rider sum assured is paid annually to the beneficiary, on each policy anniversary till maturity of the rider.