

Mens' Health

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REST INSURED

Choose insurance that is appropriate, economical and effective.

INSURANCE OFFERS

PROTECTION, but how do you ensure that you've bought the right type of policy? Here are five common insurance plans explained and a few tips to help you decide which policies would suit you best.

1 DEATH AND TOTAL PERMANENT DISABILITY INSURANCE

WHAT IT IS A policy that pays out a large sum when you die or are severely and permanently disabled.
HIGH PRIORITY If you have dependents (for example, a spouse, children or parents).

"This type of policy is especially important if you are the sole provider in your family," suggests Joy Chia, an associate financial consultant with Harold Ng & Associates. "The payout from this policy will provide for them if something happens to you."

LOW PRIORITY If you're single and have no dependents. You may not need to be insured for death, but buy a policy that covers you for disability.

2 DISABILITY INCOME INSURANCE

WHAT IT IS A policy that compensates you for your loss of income due to illness or injury.

HIGH PRIORITY If you're a professional with a specialised and high-income job (such as medical professionals).

"As this type of insurance is one of the most expensive, you should make your decision based on how much you earn and the likelihood that you'll lose your income due to illness

or injury," advises Ahmad Faris, associate manager with Manulife Singapore.

LOW PRIORITY If your income is below \$2,000, or if you have less money to dedicate to monthly premium payments.

3 ACCIDENT INSURANCE PLAN

WHAT IT IS A policy that pays out if you are injured in an accident.

HIGH PRIORITY If you're in your 20s and at the beginning of your career.

"Accident plans are also a great first step towards becoming insured," advises Chia, "as the premiums are low and they cover accidents, which can happen to anyone at anytime." Getting it as a separate policy, and not as a rider (a provision that is added onto the main policy) on a life policy, is usually more economical.

LOW PRIORITY If you're already adequately covered by your company's accident policy.

Term policy versus Life
Term insurance provides protection without investment. It's less expensive, and offers no cash back.
Life provides protection with investment. It's more expensive and offers cash back at the end.

4 HOSPITALISATION PLAN

WHAT IT IS A policy that pays out if you are hospitalised.

HIGH PRIORITY This one is generally recommended for everybody.

"Escalating medical costs make hospitalisation plans one of the most important types of insurance policies in this day and age," says Faris. "If you're only going to have one policy, make it a hospitalisation plan."

The Ministry of Health reports that, as of 2008, A-class wards at public hospitals cost \$634 to \$982 a day, excluding those at the National Heart Centre. At private hospitals, rates range from \$995 to \$2,752.

5 CRITICAL ILLNESS PLAN

WHAT IT IS A policy that pays out if you are stricken with a specific serious illness.

HIGH PRIORITY You have financial liabilities, such as dependents or mortgages.

"If you are stricken by a serious illness (specified by your insurance policy) and can no longer work, you'll need the payouts provided by this type of policy both to cover medical costs and to make up for your lost income," says Simon Bird, head of distribution with financial consultancy AAM Advisory. However, critical illness plans can be expensive, and are usually bought as riders on life policies. So it's important to consider them carefully before buying.

LOW PRIORITY If you're single. Or if you're married and you both have incomes, with no dependents or huge financial liabilities.

FACTS OF LIFE
11.5
THE NUMBER (IN MILLIONS) OF INSURANCE POLICIES IN FORCE IN THE FIRST QUARTER OF 2010.
SOURCE: MONETARY AUTHORITY OF SINGAPORE

1 X1 PETER KELLETT - PHOTO CORNIS