



You aspire for a beautiful life and always take that extra mile to make your dreams come true. In order to fulfill your dreams, be it buying a car or a house, you pin your hopes to a loan. However a loan might just be the first step towards fulfillment of your dreams. It does not mean that your loved one will continue to live that dream forever.

Allow us to introduce you to Credit Life Insurance policies. There are various kinds of these policies in the market that not only provide protection from loan liability, but also guard your family from the burden of repaying the loan, in case of any contingency arises during the loan period.



## What is Credit Life Insurance?

Credit Life Insurance is a policy that allows for payment of loans, should the loan holder find payment impossible because of disability, or death. The policy comes with a risk cover that protects the policy holder's family from any loan liabilities.

### Level Term Cover

The coverage remains constant throughout the tenure of the loan, since the cover doesn't reduce with the repayment of loan. Thus in case of death of the loan holder, his/ her family gets the remaining amount after the repayment of loan.

### Decreasing Term Cover

The coverage here is linked to the outstanding loan amount. So when the loan amount reduces, so does the coverage. Thus, in case of death of the loan holder, the cover will be used to offset the loan amount.

### Types of Credit Life Insurance

Here are two types of cover, depending on your need

### Benefit

In the unfortunate event of the demise of the loan holder, the member's family will not be burdened with the outstanding loan repayment.

### How to buy a Credit Life Insurance Policy?

When you apply for a loan, most banks offer Credit Life Insurance of a Life Insurance company. You can either buy one of those policies, or look out for another policy that you think is more likely to cover your liabilities. Having said that, it may be more convenient to take Credit Life Insurance through the bank, as the premium can be paid as a part of the loan repayment.

### Can Credit Life Insurance cover other liabilities?

Credit Life Insurance policies are usually designed to pay off a loan in case of death of the loan holder, unless you have taken a "term policy" that covers for other financial liabilities as well. Thus, you will need a separate life insurance policy to provide for a cash lump sum if you want to cover other liabilities as well.

*Before buying Credit Life Insurance, we suggest you carefully examine and analyse the terms, costs and benefits of the policy.*