



RANJAN LEARNS MORE ABOUT ULIP

Ranjan suddenly realises that he needs money to buy a house that he has just found. He takes stock of his assets and finds that he has a Unit Linked Insurance Policy (ULIP) with X insurance company. He decides to surrender it and get his money back. He writes to the insurance company and also calls them up.

Mr.Sharma, I would like to surrender the Unit Linked Insurance Policy which I took 2 years ago and withdraw my money.

But Sir, you cannot surrender your policy until 3 years have ended.

But I was never aware of this, I don't think you explained all these details to me.

I did mention it to you, Sir. In passing, my advice to you is not to surrender the policy.

Ranjan meets up his friend Mohan who is familiar with insurance.

Mohan, I want to surrender the ULIP I purchased two years ago, but the insurance company is not allowing it.

Yes, Ranjan at the time you took the policy, there was a lock-in period of 3 years. You cannot surrender your policy during the lock-in period. Even if you do, the surrender value will be paid only after the lock-in period is completed. In fact, Ranjan, for ULIPs sold from July, 2010 onwards, the insurance regulator, IRDA, has made a 5 year lock-in period mandatory.

Oh! I was not aware of any lock-in period. I haven't had a look at the policy.

Ranjan, you must read your policy thoroughly to understand all the features such as lock-in period, details of the various charges that would be deducted, obligations regarding premium payment, nomination facility, etc. In future, remember that it is important to ask pointed questions to the agent and the insurance company regarding these and other important features.

Find out the exact percentage of Surrender Charges before buying a ULIP. Also, find out the sum total of all charges and buy products having lower charges.