

## **Insurance – The dignified way to manage your life yourself**

When someone talks to us about *insurance*, the spontaneous reaction or even our silent thought process is “It won’t happen to me - I don’t need insurance - It is waste of money – It is for the faint hearted”.

Truly, anyone who could save his / her day, from the humiliating consequences of an unexpected event because he/she had decided to insure at some time, albeit half-heartedly, had the same line of thinking. But wisdom overshadowed spontaneity and they decided to consciously provide for a potentially unexpected event. The timely thoughtful act, when apparently least needed, came to their rescue in adversity, when most needed. *Insurance* also saved them from the ignominy of seeking help / dependence on someone and the huge price of lost freedom that accompanies any recourse to external assistance.

Insurance is not an avoidable expense, but an intelligent investment to buy freedom of expression and choice, peace of mind and the freedom to fail (enterprise); but also expression of our deep concern for the safety and welfare of our near and dear ones.

*Fear of failure* often impedes enterprise and consequentially progress, realising one’s true potential, initiative to explore, experience and the right to fail. Embracing and learning from failure is the essential character of entrepreneurs who have made marks in history.

*Insurance* is one of the most regulated industry and thus make it most transparent and supervised by governments. Investment in *Insurance* is akin to investment in government securities, but with much higher returns and value.

Insuring one’s life is not only for safety (cover against risk) as commonly understood, but also a safe savings and investment decision. India is one of the least insured societies across the globe. This is due to low awareness even among educated citizens on the risks one is exposed to in life, its serious debilitating consequences and availability of suitable products to cover one's risk. Attitude to life, risk taking and tendency for risk avoidance even at the cost of huge potential benefits, deeply ingrained in our culture, contributed to our low ranking on *insuring*. This paradigm is undergoing fundamental transformation with higher exposure, earnings and aspirations leading to higher appetite for risk and its consequential high rewards. Insurance is expected to turn out to be a cultural shift in our progressing society.

Exposure to risk without coverage could result in disaster. Not taking risks and playing safe adversely impacts one’s progress in life; is a deterrent to prosperity and realising ones dreams. Risk taking is the essential driver for success and progress, but risks are to be covered against potential adverse consequences. Insurance comes into play in covering one’s risks and enabling to achieve progress and prosperity in life and career, without negative consequences of risk taking. The earlier one insures, lower will be the premium and higher will be the long term benefit for the insured and dependents. Long term insurance brings in automatic savings discipline and creates a huge corpus of fund when badly needed.

*Insuring* is critical to ensure stable standard of living for the dependents, after any untimely loss of the bread earner. Young professionals enjoy high earnings and high standard of living, not only for themselves, but are able to provide the same for their dependents (parents, spouse and children). High earning is accompanied by high risk of losing the same and the high standard of living enjoyed, in today’s dynamic environment. Work place as well as external environment, pose risks of various kinds to the life of the individual. Timely and adequate insurance protects dependents against erosion in their standard of living. There are various life insurance products to meet diverse objectives of individuals.

It is most prudent to insure one’s life when one least needs it, as, then, it comes at the lowest price with highest returns. Payment towards insurance premium enjoys liberal tax-breaks adding to the incentive for insuring. Returns from insurance favourably compare with returns from other forms of safe investment, in

addition to the invaluable benefit of risk coverage. Therefore, youngsters should insure themselves and safeguard their dependents from any potential loss of their standard of living / quality of life. During the comfortable earning years, many youngsters also enter into long term commitments such as purchase of property / other assets to fulfil their aspirations, with accompanying future liabilities contracted. Insurance protects one against loss of those assets in the unfortunate event of one's inability to meet repayment obligations.

Reach me to discuss your personal finance, securing welfare of your near and dear ones, ways to follow your passion post decades of hard work and a successful career; still maintaining your standard of living.

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