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UNDERINSURANCE: A COMMON SCENARIO IN LIFE INSURANCE INDUSTRY

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ABSTRACT

The sudden death of the sole earning member in a family can leave the surviving family members financially unstable and stranded for a long period of time. Life insurance helps the family of the deceased to be financially secure. It covers the expenses of the family and helps them maintain a balanced lifestyle. Life insurance is not for the dead but for the living. While deciding upon the amount you want to invest in life insurance, you must make a thorough analysis of your resources in the form of property, cash inflow, annuities, funds, pensions, life insurance provided by employers and many more. You must take all these factors into account and calculate your finances before selecting a right life insurance cover for you. If you are independent without a family to take care of, then life insurance is not a prominent need. If you are married and have kids who are young and studying, then you definitely require a life insurance cover that helps them continue their education. You must be able to support them till they are independent with the life insurance policy. Your policy must function like an income replacement strategy which ensures a comfortable life for your family, even after your death. The life insurance cover bought must give enough protection to the surviving family members of the person insured in case of insured's death. A person intending to buy life insurance must look at various factors before deciding upon the sufficient cover. As having a life insurance with an inadequate amount of coverage is like not having the cover at all. Moreover, life insurance should not be used as an investment.

KEYWORDS: *Investment, Life insurance, Underinsurance.*