


EXAMPLE OF TERM INSURANCE REQUIREMENT CALCULATION

Detailed Article Can be Accessed Here 

	Figures	Remarks
Current Annual Expense	1000000	Of Dependants only
Minimum Assured Annual Pension	600000	In case the Individual has assured pension for dependant also
Residual Annual Expenses	400000	The shortfall between Expenses and Pension
Life Expectancy of Beneficiary	85	For planning purposes 85 yrs is a fair life expectancy
Current Age of Beneficiary	43	
Yrs to Provide	42	Life Expectancy - Present Age
Estimated Return on investment	0.08	Return than can be generated on the corpus available today eg 8%
Expected Annual Inflation Rate	0.06	@ 6%
Discounting Rate	0.0189	The differential between Return and Inflation
Estimated insurance to cover expenses (EI)	11530935	Present Value of the Corpus required to cater for dependants
Loans outstanding (L)	500000	eg Car Loan
Assets held (A)	20000000	Excluding Residential House, Including all service benefits to be received in case of demise
One Time Liabilities (B)	7500000	Education of children, Marriage etc.
Existing Insurance Cover (C)	5000000	Policies already held and Group Insurance provided by employer, like AGIF
Required Insurance cover	5469065	(EI+L+B)-(A+C)

1. The figures given above are for illustration purpose only and should not be regarded as a benchmark.
2. Every Individual needs to ascertain figures as applicable to his/her own lifestyle, Income, Service benefits, Assets and Liabilities
3. The requirement should be reviewed periodically to factor changes in any of the parameters.
4. Only the earning member needs to be insured and not the Dependants.