



If you have limited resources to buy insurance, what should you buy first? While the circumstance of each person differs, we go down the list of what would probably work for most people.

### 1. Health Insurance

What is it?

- It refers to MediShield or any insurance plans that pays off hospitalisation and surgery bills. It can be paid using Medisave.

Who needs it?

- Most people, even the most healthy, can fall sick and require hospitalization.

Important note

## What Type of Insurance is a Must-Have?

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- Only a very standard (and limited) list of illnesses are usually covered.
- Health insurance also typically has a co-payment (otherwise known as “deductible”) portion, which is usually about 20%. This means that the first 20% of a hospitalisation or surgery bill is not claimable.

## 2. Life Insurance

What is it?

- Refers to whole life policies or term insurance. Covers total permanent disability, premature death, critical illness, etc.

Who needs it?

- Most people with dependents, such as elderly parents and children, require term life insurance. It is intended mainly for the benefit of your loved ones who depend on your income for their well-being.
- Whole life insurance has the components of term insurance, plus a savings component. It is thus intended for people who have dependents and who lack the discipline to save part of their regular incomes. Few people thus actually need whole life insurance.

Important note

- Life insurance covers only the most catastrophic of incidents in one’s life.
- Most life insurance policies also excludes people from high-risk vocations (such as military personnel or shipyard workers)

## 3. Endowment

What is it?

- A regular savings plan that usually has a small insurance component.

Who needs it?

- Only people who are looking for a safe mode of long term savings (such as for their children's tertiary education), but cannot find a better rate of return from bank deposits.

Important note

- Although savings returns may be higher than regular savings accounts, the payout should one die prematurely is lower than what a term policy would give.

#### **4. Personal Accident**

What is it?

- These types of policies cover for the miscellaneous types of accidents and diseases which are not covered under the standard health and life insurance.

Who needs it?

- This is mainly for those (such as working professionals with an active lifestyle) who already have most of the basic insurance and want a peace of mind against a more comprehensive set of unexpected incidents in life.

Important note

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- The coverage can be extended to cover nearly every eventuality that you can think of via the addition of individual riders, but the costs go up accordingly.

Again, this is a very simplified list of insurance, by priority, that a typical should consider. Individual insurance companies try to differentiate their policies with different features, but the essences of the policies are similar.

The links to the individual insurance companies in Singapore are not provided, so as not to promote one company's policies over another, but you can contact your insurance agent to find out more.