


Dear Investor,

Greetings of the day  !

Nomination in Life Insurance  :

A policyholder can appoint multiple nominees and can also specify their shares in the policy proceeds. Nomination in life insurance has one limitation, as insurance policies are bought to secure your financial dependents, your first choice of nominee has to be your family members. In case you want to nominate a non-family member like a friend or third party, you will have to show/PROVE the insurance company that there is some insurable interest for the person. This happens because of a Clause called PRINCIPAL OF INSURABLE INTEREST in insurance. Note that provision of nomination in life insurance is related to Section 39 of the Insurance Act.

Note that as per LIC website –....

Nomination is a right conferred on the holder of a Policy of Life Assurance on his own life to appoint a person/s to receive policy moneys in the event of the policy becoming a claim by the assured's death. The Nominee does not get any other benefit except to receive the policy moneys on the death of the Life Assured.

A nomination may be changed or cancelled by the life assured whenever he likes without the consent of the Nominee.

Make sure, you have a nominee for your policy for easy settlement of the claim, if you do not have any nominee mentioned in the policy, it can turn out to be a disaster for your dependents to get a claim.

Nomination in Mutual Funds:

In case of mutual funds, you can nominate up to three people, who can be registered at the time of purchasing the units. While filling in the application form, there is a provision to fill in the nomination details.

Even a minor can be a nominee, provided the guardian is specified in the nomination form.

You can also change nomination later by filling up a form which is available on the mutual fund company website.

Nomination in mutual funds is at folio level and all units in the folio will be transferred to the nominee(s). If an investor makes a further investment in the same folio, the nomination is applicable to the new units also.

A non-resident Indian can be a nominee, subject to the exchange control regulations in force from time to time.



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