

Class: FY BSc

Subject : Life Insurance – Principles, Products and Practices

Subject Code: PUSASQF 1.5

Chapter: Unit 2 – Group Insurance

Introduction

Economic Security Scheme Appreciated by employees Started in India in 1960 Master policy



Key Features

- *Group Policy*
- *Premium maybe Shared*
- *Experience Rated Premium*
- *Class wise Premium/SA*



ICICI Pru
**Group Insurance Scheme
for Pradhan Mantri
Jeevan Jyoti Bima Yojana**

Advantages

- *People with low or no insurance gets coverage during employment*
- *Coverage provided to the people who otherwise would not be Insured*
- *Tax effective tool*

Disadvantages

- *Employee has little to no control over coverage*
- *Coverage ends once the employee leaves the company*
- *Same premium will be charged for healthy & unhealthy lives*
- *Insufficient coverage*

Group Insurance Scheme

- *Group life insurance*
- *Group gratuity scheme*
(Gratuity is a lump sum amount paid by the employer to the employee as a token of appreciation for the services they have provided towards the company.)
- *Group superannuation scheme*
(superannuation (or super) is money you put in a super fund while you are working to provide income later in life when you retire)
- *Group disability scheme (short/long term)*



Group Insurance Scheme

- *Group Annuity*
- *Group leave encashment scheme*
(leave encashment refers to an amount of money received in exchange for a period of leave not availed by an employee.)
- *Group insurance scheme in lieu of EDLI*
(Employees Deposit Linked Insurance Scheme or EDLI is an insurance cover provided by the EPFO (Employees Provident Fund Organization) for private sector salaried employees.)



Eligible Groups

- *Individual employer group*
- *Labour union group*
- *Multiple employer group*
- *Creditor – Debtor group*
- *Miscellaneous groups*



Marketing of Group Insurance

- *Agents, brokers require training*
- *Low commission*
- *Special teams*
- *Challenging compared to selling individual product*

Funding Alternatives in India

- *Pay as you go method*
- *Creation of reserve method*
- *Setting up a Trust fund*

Group Insurance in India (LIC)

BUSINESS IN FORCE (GROUP)

Table No. 3 B

Year	No. of Schemes	No. of members (in lakh)	Sum Assured/ NCO/ Annuities PA (₹ in crore)	Consideration for Annuities * (₹ in crore)	Premium Income (₹ in crore)
Group Insurance (incl. Social Security)					
2015-2016	138684	1138.38	1030609.09	0	23354.67
2016-2017	138066	1072.44	1107354.19	0	28192.25
2017-2018	137978	1091.55	1688731.03	0	31010.28
Group Superannuation					
2015-2016	21889	70.44	4562.86	184199.14	48049.01
2016-2017	22413	72.91	5267.48	231563.41	57788.39
2017-2018	22938	86.63	6053.71	276649.71	58181.46
Linked Business G Plus					
2015-2016	40	0.4	307.33	0	47.09
2016-2017	39	0.39	305.59	0	11.80
2017-2018	35	0.39	357.79	0	11.79

* It represents the amount available for future annuitisation

Participating & Non Participating Insurance

Participating (Par)

- Pay bonuses, building up cash values
- Upon the death of the insured, par policies usually pay the basic sum assured plus any bonuses accumulated to date as the death benefit

Non-Participating (Non-par)

- Do not pay bonuses but will build up some cash value over time
- These cash values are guaranteed and are paid out if the policy is surrendered early
- The death benefit comprises the sum assured only

Investment-linked (ILP)

- Payment upon the death of the insured may be the higher of sum assured or the value of the ILP units at the time, or some combination of sum assured plus the value of the ILP units