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Life Insurance - PPP
Assignment - 2

1) Various distribution channels are:-

→ Market intermediaries.
→ Financial Institute
→ Direct response

2) 5 causes of lapsation of life insurance policy are:-

→ Economic decision making of policyholder.
→ Economic social background.
→ Availability of alternative investment options
→ Inflation
→ Government policies towards taxation.

3)
a) Yes, the insurance company is right. Mr. Harvey and nurse are at fault, nurse for ~~no~~ not writing it correctly and Mr. Harvey for signing without checking the information written in it.

b) Mrs Harvey can file a complaint against the medical examiner for her mistake.

c) Reasons for denying any claims are:-
→ Non disclosure
→ Avoiding medical test
→ Fraud

d) Process of calculating risk of insurance is called underwriting
Reasons for underwriting are:-

→ To give policyholder best premium rates
→ To reduce risk of insurance companies.

e Types of underwriting are:-
→ Financial
→ Medical

4) The rates of insurance are fair, adequate, and not excessive as:-

→ To avoid insolvency, the rates must be fair. and adequate.

→ Rates should not be excessive to keep the costumer satifsfied.

→ Adequate rate means it must cover for the future probable liability of insurance company

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5) Various payment plans of premium are:

→ Single payment - a big single payment is made of a term of policy

→ Yearly - Smaller yearly payments made.

→ Quarterly - Smaller quarterly payments made.

→ Monthly - Smaller monthly payments made overall higher money is paid in monthly

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→ In traditional form of life insurance, the saving element is the premium payment, here it ~~cat~~ cannot be divided into saving and risk element.

→ In universal life insurance, saving element is often more dependent.

→ Under this premium is divisible into risk for ~~st~~ saving.

7) Different types of claim settlement process are :-

→ Payment of claim in full to insured or the ~~no~~ beneficiary.

→ Payment of claim as a annuity.

Different types of claims are :-

→ Death claim
→ Maturity claim
→ Accidental claim
→ Annuity.

8)
A Death claims basic requirements are :-
→ Obtaining satisfactory proof of Death.
→ Obtaining satisfactory proof of title.

B Maturity claims basic requirements are :-
→ Policy Document.
→ Discharge voucher to be sent in advance

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10) The future scenario of claim settlement

- The insurance insurance has be grown such that it has over 6000 insurance companies.

- Influence of IT in insurance has helped insurance companies to manage claims more effectively.

11) Valuing any project to get the actual value of it is called valuation. Since, valuation of insurance companies is done by 'Actuary' applying actuarial principles. It is termed as actuarial valuations

12) Necessity of actuarial valuation.

- At the end of a year's business the insurance companies need to determine the surplus carried on from previous years.

- The amount set aside for distribution as divided to policy owner is called Divisible surplus.

→ Once the divisible surplus is decided it is no more a surplus but a liability for insurer.

(13) Surplus is accumulated when there is a favourable deviation from projected value with ~~xx~~ respect to mortality savings, excess interest loading savings.

(14) Methods of Distribution of Surplus :-

→ Bonus or cash.
→ Contribution method.
→ Simple Reversiory Method.
→ Compound Reversiory method
→ Guaranted Bonus.
→ Bonus in reduction of Premium
→ Final Additional Bonus.