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Assignment -2

1) The distribution Channels used by the insurance companies to sell their products are:-

1) Marketing Intermediaries :-

a) Agency Building Distribution
b) Non- Agency Building Distribution

2) Direct response :-

a) Mail
b) Telephone
c) Print Media
d) Broadcast Media

3) Financial Institutions :-

a) Deposit taking Institutions
b) Investment Banks
c) Other

2) Causes of Lapsation of Life Insurance Policy

External Factors:-

1) Economic Decision making of the Policy holder
2) Economic - Social background
3) Availability of alternate investment options

Internal Factors:-

1) Product Design and Choices
2) Marketing and Personal Strategies
3) Other Factors - Policy mismatch, tax based, Commission Structure etc

4) The rates should be adequate enough to provide the promised benefits by the insurers to the insured.
They should be adequate enough to provide ~~loss~~ promised benefits and cover the expenses. The rates should be equitable which means the collected premiums should be commensurate with the expected losses. The rates should not be excessive in relation to the benefits provided if ~~not~~ it makes the company to lose its competitive edge.

5) The following are more generally used premium payment plans :-

1) Single Premium

2) Regular Prepmiums (monthly, semi-annually, annual)

3) Fixed Premiums

They are usually made in sync with the cashflows of the customers. For example, a retiree has a single lumpsum at the time of his retirement so he purchases single premium plan whereas an employee chooses regular premium.

7) Types and procedure to settle the claims :-

1) Maturity Claims :-
It is very simple as the policy holder needs his policy document to be presented to claim his benefit of survival.

2) Death Claim :-
In order to claim a death claim, the nominee should provide a satisfactory proof of death and title. Then the insurer verifies whether the policy is in effect or not and if there are any charges and pays the benefit to the nominee

3) Accident and Disability Benefit :

4) Annuity benefit :

8) A)

1) Obtaining a satisfactory Proof of Death

2) Obtaining satisfactory Proof of Title.

B)

1) A Discharge voucher to be sent in advance
2) Policy Document
3) Any Deed of assignment

10(a) Future Scenario of Claim Settlement :-

1) Automatic completion of state required forms

2) Internal Claims management training

3) Progress tracking

4) Organisation of all the information to one place.

5) Physician to Physician medical reviews.

11) Actuarial Valuation is an accounting exercise performed to estimate future liabilities arising out of benefits that are payable to employees of a company.

12) It is necessary ~~for~~ for a life insurance company to have an actuarial valuation because we know that during the early years of a policy the premium recieved by ~~the~~ an insurance company surpasses the required amount due to the Level Annual Premium System. ~~This excess~~ Thus there is collective excess, corresponding to the premiums of all policies. This excess ~~corresponding to the~~ then constitutes a funds pool, which enables the company to settle claims and meets deficits during years when the premium is not sufficient. It now becomes essential to determine whether the premium accumulated is on the same line as

the calculated premium. This enables the company in determining its solvency. Thus the process by which the value of all the existing policies is ascertained ~~by~~ is called valuation.

13) The Surplus is the amount by which an insurer's assets exceed its liabilities. It is the equivalent of "owner's equity" in standard accounting terms. The ratio of an insurer's premiums written to its surplus is one of the key measures of its solvency.

14) Methods of Distribution of Surplus

1) Simple reversionary ~~Meth~~ Method

2) Compound reversionary

3) Contribution Method

4) Bonus in Cash

5) Bonus in reduction of Premium

15) Surplus is the term used to describe the amount by which a life insurance Company's assets exceed its liabilities and capital. On the other hand, profit refers to the extra income that is not needed to pay for the cost of providing insurance.

6) Traditional insurance plans

9) The effectiveness of claim management definitely works on these two factors working and structure of claim management department, This is the department that decides whether the Company should provide the claim or not. If this ~~depart~~ department is not functioning properly there are chances where company can go into loss by providing unnecessary claims.