Assignment - 2

Q1) Various distribution channels that can used to sell the product :-

(i) Bank-led channel.

(ii) Peer to Peer.

(iii) Direct response marketing.

(iv) The internet channel.

(v) Direct mail marketing.

2) (i) Economic-social background
(ii) Financial difficulties
(iii) Government policies with regard to taxation.
(iv) Fiscal incentives
(v) Mode of premium payment

Q4) • Rate adequacy

To avoid financial problems and insalvency, insurance company rate must be ~~abe~~ adequate in the light of benifits promised under the company's insurance products

• Rate equity

Equity means charging premiums commensurate with the enpected losses and other costs that insured bring to the insurance pool.

• Rate not excessive.

Rate should not be excessive in relation to the benifits ~~prof~~ provided. By establishing ~~or~~ a ceiling on the rates, this objective is acheived.

Q5) (i) Premium payment plans
- Deferred premium
- Lagged premium
- Discounted premium

(ii) The ~~benifits~~ benefits offered need to be attractive to the market in which the contract will be sold. Innovative design features may make a contract more attractive as may the addition of options and ~~gu~~ guarantees.

Q6) These two types of life insurance both fall into category of permanent life insurance.
These type of life insurance policy both ~~fall~~ typically comprised for two parts: a saving or investment portion and an insurance portion. This makes the premiums higher than those for term policies. Polycyholders can also borrow against the cash value of the policy.
For this reason, permanent life insurance is also known as cashvalue isurance.

Q7) 1. Maturity claims and survival ~~benifi~~ benefits.
2. Death claims.
3. Accidentat and disability claims.
4. Annuity payments.

Q8) A) Death claim -

Policy number, name of insured, date of death, cause of death. name of ~~A~~ nominee etc.

B) Maturity claim -

The policyholder is requested to return the Discharge From duly completed along with the policy document, NEFT. Mandate, KYC requirements etc.

Q 11) Actuarial valuation is an acounting exercise performed to estimate future liabillities arising out of benifits that are payable to employees of the company.

Q 12) The purpose of an ~~ad~~ actuarial valuation is to calculate the 'present value' of payments that would be made to employees in future as part of an employee benifit plan. Actuaries start by making assumptions about future attrition and mortality rate.

Q(3) Surplus -

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 preminums written to its sulprus is one of the key measures of its solvency.

Q14) Different methods for distribution of divisible Surplus

Contribution method
Simple Reversionary method
Compound Reversionary Bonus method
Bonus in cash
Bonus in Reduction of Premium
Tontine Bonus
Interim Bonus
Guaranteed Bonus
Final additional Bonus

Q15) • Surpluses and profits are very similar to each other as they both represent income made in excess of expenditure. Both profits and surpluses are necessary as they are a good indicator of an organization's financial strength and sucess of its operations. Just like profits, surplases can also be reinverted back onto the organization with the aim of achieving higher levels of growth and revenue.

• The major diffrence between the two is that profit is usually the term used for the excess income made by a for-profit corporation; whereas surplus is the term given to the excess income made by a not-for-profit organization

• Surplus is the term used to describe the amount by which a life insurance company's assets exceed its liabilites and capital.

- On the other hand, profit referes to the extra income that is not needed to pay for the cost of providing insurance.