LIFE-INSURANCE-PPP

ASSIGNMENT 2

Q.1. Answer:-

Various Distribution Channels that can be used to sell the product in Market :-

a) Market Intermediate :
→ Agency building distribution
→ Non-Agency building distribution

b) Direct Response :
→ Male, Telephone, Print Media, Electronic Media, Broadcast Media.

c). Financial Institutions :
→ Deposit ~~m~~ taking institutions, Investment Banks and others.

Q.2. 5 Cause of Lapsation of life insurance policy

1). Policy term is greater than the ability to pay.
2). Lack of agency professionalism causing confusing and frustation.
3). Poaching / Churning by agents to lapse existing policy to buy new one.
4). Policy mismatch (lack of need based approach)
5). Inflation causing erosion of maturity value and negative present value.

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Q.3. A) Insurance Company is right because Mr. Harvey knew that the nurse had not written the correct information and still signed it. It is case of non-disclosure.

B) Mr. Harvey must ~~fife~~ file a complaint to Insurance Company of wrongfully rejecting claim. If company has either rejected it or not resolved it to satisfaction or not responded to it at all for 30 days, Mrs. Harvey can approach the Ombudsmen.

C) Reasons for denying any claim -
a) Non-disclosure or Wrong disclosure of facts.
b). Non-appointing or Updating Nominee details
c) Fraud.
d) Avoiding Medical Tests
e) Operation of a condition or exclusion clause.

D) Underwriting is the process of consideration of an insurance risk. Through insurance companys assumes the liability and uses underwriting as a tool to manage risk.
It is done because:
a) Avoid Moral and Morale Hazard.
b) In order to avoid adverse selection against the company.
c) Makes sure proper balance is maintained within each rate of classification
d) It involves selecting lives that fit the company's Underwriting standards

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E) Type of Underwriting -
a) Medical Underwriting
b) Financial Underwriting
c) Lifestyle Underwriting
d) Claims Underwriting.

Q.9. The effectiveness of claims management is dependent on 1) Well defined Structure
2) Well defined Working

→ 1) The claim department should be well defined like each person in this Should have a their own task to do for which she/he has knowledge. Division of work ensures smooth functioning of the department and efficient services to the ~~cu~~ customers

2) Well Defined Working -
The work should be divided among the employees. The working should be well defined like the nature of the work should be ~~well~~ ~~defined~~ clear to the people working in that department. By this way they can have less errors.

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Q.5. Various Premium Payments Plans are:
a) Regular Premium Payment (Annually, S, Q, M)
b) Single Premium Payment
c) Limited Premium Payment.

There are various premium payment plans in the market for life insurance policies because - Life insurance to buy varies from individual to individual, so premium payments also varies from person to person and depends largely on factors such as the access to funds, affordability and convenience of the policyholder.

Q.6.

Traditional Cash Value	Universal Life.
① It provides consistent premiums and guaranteed cash value accumulation.	① This offers flexible premiums and death benefits.
② Offers Cash Value to use while you're still living	② May allow you to increase or decrease death benefit and offers cash value potential
③ Interest is fixed	③ Interest rates can change over time.

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Q.7. Types of Claims -
a) Maturity Claims and Survival benefits -
b) Death Claims
c) Accident and Disability Claims.
d) Annuity Payments.

Procedure To settle these claims are :-

1) Role of Information Technology -
~~Role~~ IT plays an important role in the present insurance and reinsurance scenario. Its role is expected to be further strengthened in the coming future.

2) Role of Central Govt -
The Central Govt shall make policy statements relating to payment of Claims. It shall fix norms for disposal of claims and fix time period for particular activities

3) Role of Ombudsman -
An Ombudsman receives complaints from the aggreieved persons, investigates, recommends actions and issues report on the outcome of an investigation.

4). Role of IRDA -
Monitoring the claim settlements progess with incorporating regulations like : A life insurance policy shall state the primary documents which are normally required to be submitted by a claimant insopport a claim.

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5) Role of Consumer Protection-
The insured is the only person who will be approaching the consumer protection machinery for the settlements of the Claim. ~~because~~

Q.8. Basic Requirements to settle-
A) Death Claims-
Proof of Death and
Proof of Title.

B) Maturity Claims-
a) A discharge Voucher to be sent in advance
b) Policy Document
c) Any Deed of Assignment, if the same was executed on a separate Stamp Paper.

Q.4. ~~The effectiveness~~ Rates of insurance are fair, adequate and not excessive because the insurer changes from individual to individual and every person has a different ~~inco~~ sources of income and differents ways of income. And also some people who are too poor for them the insurance are fair.

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Q.10 Future Scenario of Claim Settlement are -
a). Automatic Completion of State required forms
b) Internal Claims management training
c) Adjuster - to adjuster claims planning and oversight
d) Physician - to - physician medical reviews
e) Organization of all information in one place.
f) Conversation /event documentation
g) Progress tracking
e) Internal /external e claims information communication.

Q.11. The process by which the value of all the existing policies is ascertained is called Valuation. It is also called valuation of liabilities of the insurance company. And since the process of valuation is taken up by an 'actuary' by applying actuarial principles it is termed as actuarial valuation.

Q.12. We know that during the early years of a policy the premium received by an insurance company surpasses the required amount due to the Level Annual Premium system. Thus there is collective excess, corresponding to the premium of all the policies. This excess then constitute a funds pool, which enable the company to settle claims and meet deficit during years when the premium is not sufficient. It now

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becomes essential to determine whether the premium accumulated is on the same lines as the calculated premium. This enables the company in determining its solvency. Thus the process of actuarial valuation in a life insurance company is necessary.

Q. 13. 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 premiums written to its surplus is one of the key measures of its solvency.

Q. 14. The different methods of distribution of Surplus are as follows -

a) Contribution Method
b) Final additional bonus.
c) Tontine Bonus
d) Interim Bonus
e) Guaranteed Bonus.
f) Bonus in reduction of Premium.
g) Simple Reversionary Method.
i) Compound Reversionary Method

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Q.15. 1) Surplus is the term used to describe the amount by which a life insurance company's asset exceed its liabilities and capital.
2) On the other hand, profits refers to the extra income that is not needed to pay for the ~~extra~~ cost of providing insurance.
3) The major difference between the two is that profit is usually the term used for the excess incomes made by a for-profit corporation, whereas surplus is the term given to the excess income made by a not-for-profit organization.