L-I Assignment 2

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

a) Market intermediaries
- Agency building distribution
- Non-agency building distribution

b) Direct Response
- Mail - Telephone - Print Media
- Electronic Media - Broadcast Media

c) Financial Institution
- Deposit taking Institution
- Investment Bank
- Other

Q2) (1) Inflation
(2) Financial difficulties
(3) Policy term
(4) Poaching
(5) Economic- Social background.

Q3)
A) I think insurance company is right since it's not their fault but Mr. Harrey as well as the nurse's fault equally and partially.

B) She doesn't have any other option but Ombudsman.

c) Lack of information in underwriting, changes in health/addictions, etc.

D) It is the process of consideration of an insurance risk.

Underwriting is needed for:-

1) Adverse selection
2) Moral hazards
3) Morale hazards
4) Fair pricing and subsidizing
5) Competition
6) Other risks.

E. Types:-

1) Medical underwriting
2) Lifestyle Underwriting
3) Financial underwriting
4) Claims Underwriting.

Q4) Rate equity - Equity means charging premiums commenstruate with the expected losses and other costs that insured bring to insurance pool.

Rate adequacy - It means for a given block of policies, total payments collected now + in future + investment earnings and future benefits promised plus cover related expenses.

Rate not excessive - Rates should not be excessive in relation to benefits provided.

Q5) # Yearly renewable term life insurance
- Provides coverage for one year but guarantees renewal irrespective of insurability of owner.

Single Premium plan
- Premium will not increase year after year.

Level Premium Plan
- Premium payable throughout period of insurance if level or uniform

Flexible Premium Plan
- Flexibility to decide amt. of premium to be paid is allowed to be paid is allowed by many insurers to policy owners.

Q7) Types of claims:-

1) Maturity claims and survival Benefits
2) Death claims
3) Accident and Disability claims
4) Annuity Payments

Claim Process:-

1) claim intimation
2) Documents demanded
3) submission and crosschecking of documents.
4) settlement of claim.

Q8)

A) Death claims: Apart from basic ones
1) obtaining satisfactory proof of Death
2) obtaining satisfactory proof of Title.

B) Maturity claims:
1) Discharge voucher to be sent in advance
2) Policy Document
3) Any deed of Assignment, if the same was executed on a seperate stamp paper.

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Q9) - Not only are older claims management methods more prone to errors, but they can also become incredibly redundant.
- One of the primary benefits of claims management software is that it eliminates the need for these manual methods.
- Reduces errors, saves time, and increases the accuracy of your data.

Q10) - Insurance industry has grown up to become a veritable institution, with over 6000 insurance companies worldwide collecting $800 B in premiums every year and assets with an estimate of $2.7 Trillion.
- Automatic completion of state required forms
- Internal claims management training
- Progress tracking
- conversation/event documentation.

Q11) Actuarial Valuation:
- The process by which the value of all the existing policies is ascertained is called valuation and since it is taken up by an 'actuary' by applying actuarial

principles it is called Actuarial valuation.

Q12) - During the early years of a policy the premium received by an insurance company surpasses the required amt. due to the Level Annual Premium system.

- Thus, there's collective excess, corresponding to the premiums of all policies.
- This excess then constitutes a funds pool, which enables the company to ~~settle~~ settle claims and meet deficit during years when the premium is not sufficient.
- It's now essential to know whether the premium accumulated is on same lines as the calculated premium.
- for which its imp. to conduct actuarial valuation.

Q13) In life insurance context, 'surplus' is the estimated profit.

Q14) Distribution of surplus:
1) Contribution Method
2) Simple Reversionary Method
3) Compound Reversionary Bonus System
4) Bonus in cash

5) Bonus in Reduction of premium
6) Tontine Bonus
7) Interim Bonus
8) Guaranteed Bonus
9) Final Additional Bonus
10) Frequency of Distribution.

Q15)

Surplus	Profit
- It is legal asset left after liabilities and debts.	- It is legal in property law, nonpossessory interest in land, timber, soil, etc.
- Usually the excess incomes made by a not-for-profit organization.	- Usually the excess incomes made by a for-profit corporation

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