classmate

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Life Insurance Assignment - 2

1. Various Channels are:

a.) Marketing Intermediaries: Includes agents and brokers

i) Agency Building:

→ Career Agency: Commission Life Insurance Agents sell one company product.

→ Multiple line Exclusive Agents: sell life, health, property disability insurance

→ Home Service: Home distribution of Insurance.

→ Salaried: On salary basis

→ Worksite Marketing: Employer sell it to employees.

ii) Non Agency:

- Brokerage.
- Personal Producing General Agents.
- Producer Groups.
- Independent property and casualty agents.

b.) Financial Institutions:

Deposit taking institutions, Investment Banks, Mutual Funds.

c) Direct Response System: TV, Mail, Ad

Q2 Causes are: Economic Decision making of policy holder, Socio Economic Bg, Availability of alternate investment opportunities. Wealth, Savings, Taxation, Product Design.

Q3 a) Yes, Mr. Harvey's fault is this

b.) File a complaint to Consumer Court.
Or get a reduced sum assured.

c) Non Disclosure of complete information by insured.

d) It is the process of consideration of insurance. It is assumption of liability. It aims to ascertain the level of risk the company would take by accepting the insurance policy of a particular insured.

e) Medical Underwriting, Lifestyle Underwriting, Financial & Claim Underwriting.

4)

5) Yearly Renewable Term Life Insurance: Premium plan depends upon mortality and rate changes every year.

- Single Premium Plan: No increase in premium. One lumpsum amount of premium is collected at one go.
- Level Premium Plan: Premium paid is equal throughout the period of policy.
- Flexible Premium Plan: Insured decides amount of premium.

7. 6] A. Maturity Claim: (Survival Benefit)

- Claim paid when the term of insurance policy over & insured has survived.

→ Requirements: Discharge Voucher, Policy Document, Deed of Assignment, if same is executed on separate stamp paper.

→ Proof of surviving, i.e. the insured must be present on the policy.

- Proof of Title: No problem as policy holder is alive.

B. Death Claim: Sum assured is paid when insured dies within term of policy.

- They check for the proof of death for the insured. Postmortem reports, FIR if any accident.
- They check whether policy ~~is~~ is in force or no.
- Cause of death (proximate cause).

8.) A. Death Claim: Obtaining Satisfactory Proof of Death
Obtaining Satisfactory ~~of~~ proof of Title.
Policy is in force. Proximate Cause is mentioned.

B. Maturity Claim: Discharge Voucher to be sent in advance
Policy Document.
Deed of Assignment on separate stamp paper.

9.) Well Defined Structure:
If all claim management procedure is in place, these claims will be solved easily.
- IT system helps in claim management process
Ensuring no foul claims, keeping all data together
- Working Dept: As per regulations by IRDA, every claim must be cleared/rejected within 30 days of from date of giving documents.

10.] Future Outlook: Automatic Completion of Required Forms
Internal Claim Mgt training, Progress Tracking.
Event Documentation.
More Foreign Competitors, More Customer Knowledge
Physician – Physician medical Review.

11.) Valuation of liabilities of Insurance Company taken up by an actuary and applying actuarial principle is actuarial Valuation.

12.] It is becomes ~~to~~ essential to determine whether the premium accumulated is on same lines as calculated premium. This enables company in determining it's solvency. Thus, actuarial Valuation is necessary.

13] ~~In~~ life insurance business, word surplus ~~de~~ signifies estimated profit. as profit calculation is very different from other business.
It is accumulated when there is favourable deviation from projected value, wrt to savings, excess interest

14] Methods: Net Premium Method of Valuation
Prospective Method.
Modified Net Premium Method of Valuation
Gross Premium Method of Valuation.
Gross Premium Method for profit policies
Retrospective Method of Valuation.

15] Profit: It is normal selling price less the cost price
Surplus: Excess recieved by the company, it is accumulated when there is favourable deviation from projected value, wrt to savings, excess interest.

Q3 • If the rates are adequate, then insurer will cover all costs/expenses incurred to sell the policy from policyholder.
• Rates should not be excessive, they should not be so high that policyholders pay more than actual value of protection.
• Rates should be fair, as people with similar risk exposure, or similar losses, expenses, should be charged same rate and not ~~di~~ significantly different rates

Q6 * In traditional cash value insurance, policy has an investment component, which accumulates cash ~~flow~~ value which policyholder can withdraw or borrow against, when they need funds.
* While Universal life Insurance is type of cash-value insurance or US, in which excess premium payments ~~de~~ above current cost of insurance is credited to cash value of policy- credited with interest each month.