Study Material For

B. Com. I Sem. I (From 2023-24)

SEC-I: '**INSURANCE SKILLS**'

(Only For Classroom Discussion)

Course Objectives:

- **To impart the knowledge of practical aspects in life and health insurance.**
- **To make the students familiar with online insurance and documentation.**
- **To acquaint the students about various skills required in life insurance.**

Course Outcomes:

After completing the course, students will be able-

- **To understand the procedure for taking a life insurance policy and claim settlement.**
- **To familiar with procedure to become life insurance agent.**
- **To acquire and apply different skills in insurance.**
- **To buy insurance online.**

INSURANCE SKILLS-I
Syllabus

Unit 1	**Life Insurance**: Meaning, Procedure for taking a Life Insurance Policy, Standard Proof of Age, Procedure for Claim Settlement, **Life Insurance Policy**: Meaning and Contents, Procedure to Become Life Insurance Agent
Unit 2	**Skills in Insurance:** Communication Skills, Listening, Social Skills, Prospecting. Problem Solving, Negotiation, Analytical Skill, Numerical Skills, Computer Skills etc. Introduction to online insurance. Documentation in Life Insurance

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Unit 1: Life Insurance

Introduction:-

Life insurance is a kind of financial protection against early death, accident etc to human life. Death of a bread earner causes hardships to the dependents, further partial or total disability due to accident creates financial problems. Life insurance is the best alternative to get financial protection under such circumstances.

Definition:-

1) R.S. Sharma:- "Life insurance contract may be defined where by the insurer, in consideration of a premium paid either in lump sum or in periodical installments, undertakes to pay an annuity or a certain sum of money either on death of the insured or on the expiry of a certain number of years."

2) J.H. Magee:- " Life Insurance contract embodies an agreement in which broadly stated, the insurer undertakes to pay a stipulated sum upon the death of insured or at some designate time to a designated beneficiary."

Nature/Features of Life Insurance:-

1. Life insurance is a written contract between insurer and insured.
2. The insured has to pay consideration (premium) to the insurer (insurance company) in exchange of the promise for indemnification of the loss.
3. The person buying life insurance policy must be competent to enter into contract. In other words, he/she must be major i.e. above 18 years age, should not be insane.
4. The objective of life insurance should be legal and not to earn profit by cheating

the insurance company.

5. There must be insurable interest of the insured in the subject matter.

6. The contract of life insurance depends up on the mutual faith between insurer and insured

7. The insurer promises to pay a certain amount in case of death, physically disability & such event related to human life.

8. In life insurance, payment of certain amount is promised / assured because it is highly impossible to compute the loss or value in terms of money on death of a person. Therefore, life insurance is not the contract of indemnify.

9. Life insurance being personal property it can be assigned, mortgaged by the policy holder.

10. As the value of the life of a person cannot be computed, the principle of indemnity is not applicable to life insurance.

Types of Life Insurance Policy

1) Whole life insurance Policy 2) Endowment Policy 3) Term Insurance 4) Pension Plans 5) Unit Link Policy (ULIP)

1) Whole Life Policy [WLP]:-

Whole life policy is meant for whole life of the policyholder. Under this policy the policyholder should pay the premium till he is alive. The policy amount is payable to his nominees or the legal heirs after the death of the policyholder. Premiums of this policy can be paid yearly or through a single instalment.

Features of (WLP):-

- As this policy is taken for the whole life period, term of the policy is not fixed .
- The assured has to pay the premium till his death.
- The sum assured (policy amount) is payable to the nominee or legal heirs of the policyholder only after his death.
- If the policyholder pays the premium for at least 3 years and discontinues the payment of further premium, the policy automatically becomes paid up.

Merits / Advantages of WLP:-

- Rate of premium is lower as compared to the other types of policies.
- This policy provides financial protection to the nominees or the legal heirs after the death of the policy holder.
- This policy is useful to cover the loans taken by the policyholder from banks or other financial institutions.

Demerits / Disadvantages of WLP:-

- The WLP is not useful to the insured (policyholder) because claim amount is paid only after his death.
- The policy holder has to pay the premium during his entire life.
- After retirement or in the old age when the earnings are reduced, it is very difficult to pay the premiums regularly.

2) Endowment Policy:-

Endowment policy is most popular life insurance policy in India. The policy is taken for a certain period. The sum assured (policy amount) is payable either on the expiry of a certain period i.e. maturity or the death of the policy holder whichever takes place earlier.

Feature of Endowment Policy:-

- The policyholder decides the period of the policy.
- The premiums are payable till the maturity or till his death before maturity.
- If the policyholder survives till the maturity of the policy, then he receives the sum assured along with the bonus etc.
- In case of the death of the policyholder before the maturity period, the sum assured is paid to the legal heirs or the nominees.
- This policy is the combination of risk coverage and investment.
- There is provision of surrender under this policy.

Advantages / Merits of Endowment Policy:-

- Endowment policy is useful for making provision for old age.
- It increases the saving habits.
- Through endowment policy, provision can be made for education of children and their marriage etc.
- The policyholder need not pay the premium throughout his life.
- One can customize endowment policy or he can make flexible through riders / extra benefits.

Disadvantages / Demerits of Endowment Policy:-

- The rate of the premium is higher on this policy as compared to whole life policy, term policies and ULIPs.
- The policy amount received on maturity may not be used for financial protection of family in future.
- The purpose of life insurance is to cover the risk. However, endowment policy is taken as an investment and to get higher bonus etc. Therefore it not a pure insurance.

3) Term Plan:

Term insurance plan is considered as pure life insurance. It is the policy that provides risk cover for a particular period. The term plan is taken for a particular period and if the policyholder passes away before the period (before maturity date), the sum assured is paid to his/her nominees. However, if the policyholder survives till the maturity, he/she or his nominees do not get money from the insurance company.

Features of Term Insurance:

- Term insurance is taken for a particular period especially for a longer period. e.g. 20, 25, 30, 35 years etc.
- The sum assured is payable by the insurance company only on the death of the policyholder before maturity of the term policy.
- If the policyholder survives till the maturity, he/she or his nominees do not get money from the insurance company.
- As compared to other types of life insurance, the rate of premium to be paid on term plans is very low.
- Term insurance is the pure insurance that aims at financial protection of the nominees and not investment.

Advantages of Term Insurance:

- The rate of premium for term insurance is very low.
- This policy is useful for the nominees.
- Even though, there is no element of investment in term insurance, a person can make financial provision for his/her dear ones.
- The term policy is useful to cover the loans taken against property.

Disadvantages of Term Insurance:

- As there are no survival benefits, Term plan is not useful for the policyholder.
- Risk cover is available only for a particular period. If the policyholder is alive even after the maturity date, he does not get the insurance cover.
- Rider facility is rarely available with term plan.
- Many banks and financial institutions do not accept term policy as a collateral security.

4) Pension Plans:

In Indian context pension and annuity can be considered synonyms. Pension is nothing but the monetary benefits given to the employee on his retirement from the service after completion of certain years or at a particular age. Every worker/employee working anywhere gets retired as per the rules or when he becomes unable to work. After his retirement, his income either reduces or becomes nil. Therefore, it is necessary to have financial provision for old age. The pension plans enable an individual to provide for regular income for old age or remaining life. However, this provision should be made when he/she is working or in service. As the persons working in private sector and the unorganised sector do not get pension after their retirement and higher life expectancy also becomes a problem/burden. Pension plans under life insurance are useful for such people.

Features of Pension Plans:

- Pension plans are taken for a particular period or up to a particular age of the policyholder.
- Pension plans offer duel benefits of investment and insurance protection.
- The policyholder is not allowed to discontinue/quit before the maturity.
- Premiums can be paid one time or periodically.

Advantages of Pension Plans:

- Pension plans are more useful to the people who do not get monetary benefits or pension after retirement.
- Pension plans offer duel benefits of investment and insurance protection.
- The policyholder can enjoy financial independence after retirement/old age. They need not depend up on others for money.
- The pension plans offering lump sum pre-mature payment, help to meet the need of policyholder.
- Policyholder can get the benefit of tax exemption under section 80 C up to the investments made in pension plan.

Disadvantages of Pension Plan:

- The premiums paid towards pension plan are blocked for a longer period.
- As the customer cannot discontinue/quit before maturity the plan does not offer flexibility.
- As compared to other investment avenues, investment in pension plans is not so attractive.

5) Unit Linked Policies (ULIPs):-

Over the last few years there is boom in capital market. Therefore, people prefer to invest in the same so as to get more returns. Insurers have developed plans that combine the benefits of life insurance as well as giving various options of participating in the growth of the capital market. Such plans of insurance are called Linked Life Insurance Plans, also Unit Linked Insurance Plans i.e. ULIPs. ULIPs differ from other traditional insurance plans. **A Unit Linked Insurance Plan (ULIP) is a product offered by insurance companies that gives investors the benefits of**

both insurance (protection) and investment under a single integrated plan. A ULIP is basically a combination of insurance as well as investment. A part of the premium paid is utilized to provide insurance cover to the policy holder while the remaining portion is invested in various equity and debt schemes/funds in the capital market. Policyholders have the option of selecting the type of funds (debt or equity) or a mix of both based on their investment need and appetite. The first ULIP was launched in India in 1971 by Unit Trust of India (UTI). Abundance of ULIP schemes being launched to serve the investment needs of those looking to invest in an investment cum insurance product.

Features of ULIPs:

1. **Market linked returns:** As a part of the premiums are invested in market linked funds in different market instruments including debt instruments and equity in varying proportions, Unit linked plans give the customers an opportunity to earn market-linked returns

2. **Life protection, Investment and Savings:** Unit linked plans offer the twin benefits of life insurance and savings at market-linked returns. Thus, people have an opportunity to invest their money to earn higher returns, while taking care of their protection needs. Investing in ULIPs helps to inculcate a regular habit of saving and investment, which is important for building wealth over the long term.

3. **Flexibility:** Unit Linked Plans offer a wide range of flexible options such as-

- The option to switch (change) between investment funds to match changing needs.(choice of funds)

- The partial withdrawal facility from fund, subject to charges and conditions.

- Single premium additions to enable the policy holder to invest additional sums of money (over and above the regular premium) as and when desired, subject to conditions.

4. ULIPs Offer policyholders a **choice of funds** for their investment like -

- **Equity Funds/Growth Funds-** Shares/Stocks traded in the stock market.
- **Debt Funds/Bond Funds-** Government and Government guaranteed securities.
- **Money Market Funds/Liquid Funds-** Treasury bills, commercial papers etc.
- **Balanced Funds-** Investments are in both equity as well as debts.

5. The Policyholder can get tax exemption under section 80C and 80D for the investment made in ULIPs.

Merits of ULIPs:

1. **Higher Returns:** Definitely ULIPS are big boss of all life insurance products. ULIPs are doing well in terms of returns. The track record over the years shows that ULIPs offer more returns (20 to 40%) While other insurance products (endowment, money back) give 4 to 6%. (The business magazine – 'Out Look money' quoted Bajaj as the best performing fund in last year comparison- up to 48.16%.).

2. An ULIP is like a combination of Mutual Fund and insurance coverage. So the customer gets **twin (double) benefit** in one premium i.e. protection and investments.

3. ULIPs are a good **tax saving tool**. The investments and returns from ULIPs are exempted from income tax.

4. There is lot **more flexibility** like partial withdrawal, switching money to the desired fund, early withdrawal if needed, Sum Assured reduction, top up facility etc.

5. Charges are transparent. So, now a days, one can compare between different policies.

6. The Referrals also give opportunity to earn income by way of bonuses to existing investors.

7. Some insurers have reduced the allocation charges on their ULIPs.

8. As the insurers have teams of experts in Fund management, the investors need not worry about the same.

9. ULIP is a long term financial investment planning instrument that helps to plan for higher education / marriage of children or retirement etc.

10.The Policyholder can get tax exemption under section 80C and 80D for the investment made in ULIPs.

11. Policyholder is allowed to withdraw partially on some conditions.

Demerits of ULIPS:

1. Most of the companies charge heavy allocation charges which eat up investors' capital (first year premium) considerably.

2. The investment risks in ULIPS are to be borne by the policy holder.

3. As ULIPS are market-linked plans therefore, investors are always worried about the investment.

4. In India ULIPs are popular among certain strata of the society. They are not so popular among the common investors.

5. As the performance and returns depend up on ups and downs in share market there is uncertainty about returns.

6. Most insurers levy some fees in case the number of switches exceeds the permissible limit.

7. ULIPs are **costlier** when compared to traditional insurance policies, mutual funds etc, hence **not** advisable **for short term** investment purpose.

8. Minimum 5 year lock-in period makes it difficult to exit in case of non performance of the fund.

Importance of Life Insurance:

A) From Individual Point of View:-

1. Family protection:-

Life of a family depends upon life of bread earner. If the bread earner dies or becomes disabled to work, his family suffers a number of financial difficulties. In such cases life insurance provides financial assistance to the family.

2. Savings for old age:-

A person, by taking life insurance can make provision for his old age and may live comfortable life along with happiness and peace of mind. In todays modern age there is no guarantee that the sons will take care of their old parents. Therefore, life insurance cover becomes integral part of our life. The pension plans under life insurance are very useful for old age.

3. Compulsory savings:-

When a person takes life insurance policy, he continues it for long time that is for 10 years, 15 years , 20 years 25 years etc. He pays regular premium and controls his expenditure. This prevents him from utilizing his funds on unnecessary expenses.

4. Children needs:-

Life insurance also helps to solve the financial problems related to children e.g. Higher education like engineering, medical, management as well as money required for marriage. Making payments for all such expenses may not be possible for everybody. However, the person can make provision by taking life insurance policy. The LIC policies such as Jeevan Kishor, Education Endowment etc. solve these financial problems.

5. Provision for special needs:-

In case of urgency life insurance provides financial support in two ways- the insured can take loan against life insurance policy or through health insurance policy, insurance company makes available the funds for the payment of expenses on medicines and hospital.

6. Peace of mind:-

Life insurance cover helps the policy holder to maintain peace of mind. He is relieved from financial and psychological tensions. The policy holder need not worry about the future financial problems of his family after his death or disability. The slogan of LIC of India 'जिंदगी के साथ भी और जिंदगी के बाद भी' clearly elaborates this.

7. Loan facility:-

A life insurance policy is good co-lateral security for taking loans. A life insurance policy holder can take loan from banks or other financial institutions without many difficulties by just assigning the life policy. This helps to meet his financial needs.

8. Tax Relief:-

Tax concession or exemption is available on the payment of life insurance premium. At the time of computing the income tax, the premium paid towards the life insurance is deducted from the taxable income. The exemption reduces tax liability of a policyholder.

9. Provision for Creditors:-

A life insurance policy can be taken as a provision to make payment to the creditors. The policy is assigned to creditor and if policy holder dies, amount due is paid to creditor by insurance company out of the sum assured. Therefore, the family members need not worry about the creditors liability.

B) From Business Point of View:-

1. Business Continuation:-

Life insurance helps trader and business partners to avoid or reduce the possible interruption in the business activities due to accident or death or disability of proprietor or partner. The business gets financial protection in the case of death of the partner that helps continuation of business. Further a firm has to pay deceased partners share in capital, goodwill and profit. Burden of these is accepted by the insurance company.

2. Keymen Insurance:-

The employees like technicians, managers, executives, directors etc. are the keymen responsible for the prosperity and development of a firm. If such keyman dies or becomes injured due to accident, it disturbs the entire business. The firm takes help of insurance to reduce financial losses due to disability or death of that such person.

3. Employee Welfare:-

A business organisation discharges some liabilities towards its employees. e.g. the firm has to pay compensation to the workers if he meets with an accident while working. The life insurance schemes especially group insurance schemes help the firm in making payment of such compensation.

4. **Enhances Credit Worthiness**:-

Taking group insurance and other types of insurance cover for the employees, increase credit of the business organisation. This attracts skilled workers and experts towards business organisation.

5. **Facilitates Economic Growth**:-

Role performed by life insurance in economic and industrial growth of a continuous is extremely. Life insurance companies provide use of funds for economic and industrial development. They provide funds i.e. capital for industrial units, mega projects through purchase of shares and debentures. This helps industrial and infrastructural development.

6. **Social Security**:-

Through a number of social security schemes, life insurance provides financial protection to the weaker sections of the society such as farmer, rickshaw pullers, safai karmacharies (sweepers), collies, beedi workers, brick kiln workers and so on. The schemes help to reduce the social problems such as unemployment, old age, disability, sickness or pre-mature death. The life insurance schemes reduce burden of the society.

Procedure for Taking A Life Insurance Policy

A) Traditional Procedure:

1. **Selection of Insurance Company**:-

The business of life insurance is open for public as well as private sector. Today, along with LIC, 23 private life insurance companies are doing business in India. A person intending to take a life insurance policy has to select a company of his choice taking into account the factors such as- Plans available, rate of premium, features of policy, distance of branch , services provided etc.

2. **<u>Proposal form (Application)</u>**:-

A proposal form or an application is a prescribed printed document to be submitted by the customer to the insurance company. Generally, these forms are available with the agents. A customer can take this form from the agent or from branch office. He has to fill it along with his signature. The form contains following information- Name, age, phone number, address, date of birth, gender, medical history, habits, hereditary diseases, accidents met, height, weight, habits etc. In case of female customers the information such as number of deliveries, caesarean and date of last period is also required to be filled in.

3. **<u>Declaration</u>**:-

After filling above information the prospect has to make the declaration to the effect that the information given in the form is true and if found incorrect the contract is will be cancelled and the amount paid can be forfeited by the insurance company.

4. **<u>Proof of Age</u>**:- **(Imp. For short notes)**

The age or date of birth is a key factor in determining the risk and the premium in life insurance contract. The prospect, while applying for life insurance policy has to mention date of his birth and his age. The extent of risk in the proposal and the premium depends upon his age. Further, the customer has to submit document of proof of age. Following are considered as **standard proof of age---**

<u>Standard Proofs of Age</u>

- A copy of leaving certificate issued by school, college and university wherein date of birth is mentioned.
- Birth certificate issued by Grampanchayat, Panchayat Samitee, Municipal Corporation or the extract from the register of local bodies.
- Certificate of baptism or certified extract from family bible which contains date of birth.

- A copy of marriage certificate issued by the Registrar of Marriage or Roman Catholic Church.
- In case of defence personal, Identity-card issued by Defence Department.
- A certified copy of first page of service book of government or semi-government employees.
- However, the proofs such as self declaration, elders declaration, and horoscope etc. are not considered as standard proofs of age and are not accepted.

5. **Medical examination**:-

Wherever necessary, the proposer i.e. applicant has to undergo medical examination though the doctors approved by insurance company. The medical examination is done with reference to blood, heart, lungs, abdomen, teeth, tongue, eyes , throat etc. and other heath conditions. In case of female applicant, the doctor makes special tests about breast cancer, pregnancy, caesarean etc. Such medical report is directly sent to insurance company.

6. **Confidential Report of Agent**:-

The agent is required to submit a confidential report about the proposers personal history indicating how long and how well the agent knows the proposer. Further, he has to mention the proposer's health conditions habit characters etc.

7. **Scrutiny of Proposal**:-

After receiving the proposal, the insurance company scrutinizes it. The company examines the given information in the proposal from with agent's confidential report and the medical report. The insurance company confirms that the details such age, health conditions, habits etc. are true correct and do not contradict with agents confidential report and the medical report. The standard proposals are accepted at the normal premium and sub-standard proposals are accepted at the higher premium, while the proposals below sub standard are rejected.

8. **Sanction and Acceptance**:-

After scrutinizing the proposal, if the insurance company is satisfied with, it accepts the same and informs the prospect accordingly. After receiving acceptance or sanction, the proposer has to give his consent which is recorded by the company.

9. **Payment of Premium:-**

After completing all the above formalities, the proposer (customer) makes the payment of premium. As and when the first premium is paid, the insurance contract comes into existence. The payment of first premium can be made through cash, cheque or demand draft.

10. **Commencement of Risk:-**

The risk cover/insurance cover, as mentioned and accepted by the both the parties commences at the point when first premium is paid. Insurance company is liable to compensate the loss even if the insured i.e. policy holder dies after the payment of first premium.

11. **Cover Note and Insurance Policy:-**

This is the last step in the procedure of taking a life insurance policy. On the payment of first premium, the insurance company issues a Cover Note that plays the role of Insurance Policy till the issue of the final policy document. After completing all the formalities, insurance company issues a life insurance policy which contains name of the policy holder, address, date of birth, age, sum assured, period of policy, premium, maturity date etc. This is issued with the signature of authorised officer, common seal and necessary stamp duty. Policy features, terms and condition are printed overleaf or on the back side of the policy document. (Now a days, insurance policy is issued within a month after the payment of first premium. Cover Notes are not issued to the policy holder, rather a receipt/acknowledgement for payment of premium acts as an evidence of contract.)

B) Online Procedure for taking Life Policy

1. **Selection of Insurer (information, Schemes, comparison)**

2. **Filling online information**

3. **Calculation of premium**

4. **Online Application**

5. **Uploading Documents**

6. **Online Payment**

7. **E-Policy**

<u>Procedure For Claim Settlement</u>:

Making payment of the sum assured by the insurance company to the beneficiaries as per the contract is called settlement of claim in insurance. Insurance company makes the payment of claims to the beneficiaries (i.e. policyholders or their nominees) either on the maturity of the policy or death of the policyholder as the case may be.

A) Claim Settlement on Maturity of Policy

B) Claim Settlement on the Death of Policy Holder

A) <u>Claim Settlement on Maturity of Policy</u>

The maturity claims are payable under endowment policy wherein the policy holder / lives till the policy period or maturity period. The policy holder himself is entitled to receive the claim amount on the maturity. <u>Following procedure is followed to settle such maturity claims</u>.

1. **Pre- <u>Intimation</u>:-**

Generally, insurance company intimates/informs the policyholder about the expiry of the term/period of policy well in advance so that he can keep ready the required documents for the settlement of claim. The intimation may be given through letter SMS, E-mail, phone call etc.

2. **Discharge Form and Documents:-**

The policyholder should fill in the discharge form, sign it and submit it to the insurance company on or after maturity. The required stamp duty should be affixed along with the discharge form. The discharge form contains the information such as name & address of policyholder, sum assured, maturity date and bank details. The policyholder has to submit the documents such as-

- The original Policy Certificate.
- An indemnity bond if the original policy is lost/misplaced.
- Proof of age if it was not supplied earlier.

3. **Verification of Documents**:-

After receiving the discharge form along with necessary documents, the insurance company verifies and confirms the title of claimant. The insurance company also verifies, whether any amount is due from the policyholder against outstanding premium, loan, interest etc.

4. **Claim settlement (Payment of claim/money)** :-

After completing all above formalities, the insurance company makes the payment of claim amount to the beneficiary. Such payment can be made by crossed cheque, bank transfer etc. However, before doing so the dues from the claimant are deducted.

B) Claim Settlement on The Death of Policy Holder:

If the policy holder dies before the date of maturity of the policy the sum assured is payable to his nominee whose name have been mentioned in the policy or the legal heirs. Following procedure is procedure is followed to settle such claims.

1. Intimation of Death :-

Intimation above policy holder death should be given in writing to the insurance company by any one from the relatives nominee agent employee or the hospitals . The information such as the name of the policyholder, date and time of the death and the relation with the informal with the deceased policy holder should be given.

2. Claim from / Discharge form & documents:-

Afterwards, the nominees have to submit the discharge form /claim form duly signed and stamped within a specific period. Discharge form accompanied with the following documents-

- Original policy document.
- Proof of the age if it has not been submitted earlier.
- Id-proof of the nominees.
- Death certificate issued be the competent authority.
- Doctor's statement, if the death has been occurred within two years of taking policy.
- Post-mortem report, if the death has occurred due to accident or in the hospital due to sickness.
- Police enquiry report in case of accidental death.
- Details of or receipt of cremation

3. Verification:-

After receiving the discharge form along with the required documents the insurance company verifies and confirms the title of the claimant (nominee/beneficiary). At the same time cross verification is made with the agent's confidential report.

4. Sanction and Payment:-

If the insurance company is satisfied with the documents supplied and the genuineness about the claim, it sanctions and intimates the claimant about the same. Afterwards claim amount is paid by crossed cheque or demand draft or bank transfer. (However if the claim is rejected, insurance company intimates claimant/nominee accordingly by mentioning the reason for the

Life Insurance Policy

Introduction:-

Life insurance is a legal contract between insurance company and the policyholder wherein, the insurance company promises to indemnify either on the death or maturity of the contract which ever takes place earlier. The insured i.e. the policyholder pays the consideration in the form of premiums.

Life insurance policy is a document of contract of life insurance issued by the insurance company. It is the proof or evidence of the life insurance contract. The life insurance policy is the key document and it should be preserved safely because it is needed to be submitted to the insurance company at the time of claim settlement. Life insurance policy contains the following.

Contents in Life Insurance Policy

- Name of the insurance company,
- Address of insurance company with contact details,
- Name of the customer i.e. policyholder,
- Date of birth and age,
- Address,
- Type of policy,
- Sum assured (amount of insurance cover),
- Amount of premium,
- Mode of payment (monthly, quarterly, half yearly, yearly, one time),
- Other benefits/riders if any,
- Death benefits and maturity benefits,
- Date of taking policy,

- Term of policy,
- Maturity date,
- Name/s of the nominee/s,
- Policy number,
- Stamp, Seal of the insurance company,
- Signature of the authorised officer of the insurance company etc.,
- Terms and conditions of the policy,

Terms and Condition of Life Insurance Policy:

1. **Grace Days or Grace period**:- For the purpose of continuation of life insurance policy, the policy holder must pay the premiums regularly. The premium should be paid on or before the due date. However, concession of some extra days for the payment of premium is allowed even after the due date. This extra period is called grace period. The grace period may be **15 days or 30 days depending** upon the premium payment options. This means a policy holder can make the payment of premium even after and due date but within stipulated period. If policy holder dies in grace period without making payment of premium, the nominees are eligible to receive the compensation. However while making payment of claim, insurance company deducts the unpaid premium.
2. **Suicide clause**:- The term suicide means self murder. As per the Indian law, suicide is serious crime. Usually a life insurance Policy contains suicide clause wherein there is a provision for non-payment of claim if suicide is committed by the policy holder. The legal representatives of policy holders cannot enforce the payment of the policy

amount. As per IRDA Regulations, if the policy holder commits **suicide within one year** after taking the policy, then the claim amount is not paid.

3. **Revival of lapsed policy**:- The insured is required to pay premiums regularly and on or before due date or within the grace period. If he fails to pay the premium instalments within the grace period, the policy is treated as lapsed policy and the benefits of the policy are denied. In such cases the policy is discontinued. Such policy can also revived as per the option given by the insurance company. A policy holder can revive it by making the payment of outstanding premiums with compound interest @7.5% on the unpaid premiums within 6 months from the date which he failed to pay the premium. Further, companies announce special revival schemes from time to time. However, such revival can be made only once e.g. LIC announces special revival schemes during Vima Sapthah from 1st to 7th September on occasion of its anniversary.

4. **Loss of policy**:- If the policy document is lost or damaged, spoiled or mutilated due to fire water or any reason, the policy holder should inform insurance company immediately stating the reasons and circumstances and effort made to safeguard the policy. Further, he should apply to the insurance company for issue of a duplicate policy. The insurance company gives public notice in the news paper with the name of policy holder, his address, policy number, name of the insurance company and bank etc. An appeal is made to return the policy if it is found by a third party. If a policy is not traced, insurance company issues a duplicate policy. The policyholder has to give an indemnity bond to the company.

5. **Surrender Value**:- Surrender value is cash value of policy paid to the insured on the surrender of policy before maturity. If the insured, due to economic problems is unable to pay the further premiums, regularly and desires to discontinue it voluntarily i.e. he desires to surrender or give up all rights and interests in the policy, the contract between policy holder and insurance company comes to an end. The policy holder gets 30% amount of the premium paid or as per the existing rules. The policy holder is allowed to surrender his policy only after the payment of premium for minimum 3

years. At the time of surrender of the policy the policyholder should return the original Policy Document along with application for surrender.

6. **Paid up value**:- There is no much difference between surrender value and paid up value. The only difference is the time of payment to the policy holder and methods of calculation of value. **The** paid up value is paid after the maturity of the policy. If the policy holder does not want to continue the policy due to any reason, he can convert it into paid up policy or paid up value. While doing so he should return the original Policy Document along with application for conversion of life insurance policy into paid up value. With this, contract between insured and insurer comes to an end. However, the insurance company is liable to pay certain amount i.e. paid up value on maturity which is calculated for using following formula-

Paid up value $= \frac{\text{Number of premium paid}}{\text{Total Number of premiums}} X$sum assured + Bonus if any

For example- The sum assured of a policy is Rs. 600000 the period of policy is 25 years i.e. (300 installments), the installments actually paid are 100 and bonus accumulated is nil. Then the paid up value will be calculated as follows—

Paid up value $= \frac{\text{Number of premium paid}}{\text{Total Number of premiums}} X$sum assured + Bonus if any

$$= \frac{100}{300} X\ 600000 + 0$$

Paid up value = 200000

7. **Nomination**: Under section 39 of the Insurance Act 1938, a person who has taken life insurance policy on his own life can nominate the person or persons to whom the sum assured be given after his death. However, one cannot nominate, if the life insurance policy has been taken on the life of other person. The nominee may be family members, relatives or any other person as per the choice of the policyholder. Nomination can be made either at the time of submitting proposal or later on. The policyholder can change the nomination or even cancel the same without giving any reason.

Nomination is not necessary in case of joint policies because the sum assured is payable to the survivor. However, the joint policyholders can nominate the nominees jointly to whom the sum assured is payable if both the joint policyholders die at a time. The policy money is payable to the nominee only on the death of policyholder before maturity. If the nominee is minor at the time of death of policyholder, the sum assured is given to the person appointed as caretaker of the nominee. When more than one nominees are appointed the sum assured is given jointly. In such a case insurance company does not distribute money in particular proportion. If the nominee dies before the disbursement of sum assured, the claim amount is paid to the legal heirs of the deceased policyholder. The nomination automatically gets cancelled if the policy is assigned. However, when the policy is assigned to the same insurance company for loan, the nomination does not get cancelled.

8. **Assignment:** Assignment is transfer of rights and interest in the life insurance policy. The person i.e. the policyholder who transfers/assigns the rights is called Assignor and the person to whom the policy is assigned is called assigned. The assignor must be genuine right over the policy to be assigned. Further, the assignor must be major. Once the policy is assigned, the assignee gets all rights and ownership in the policy and he need not take permission of the assignor for further dealings related to the policy. The assignor can neither cancel the assignment once made nor change the same. However, the assignee can re-assign the policy in the name of assignor.

The legal provisions related to assignment have been stated in the clause 38 of the Insurance Act 1938. These provisions are as follows—

- Assignment can be made by endorsement on the policy itself or on a separate document.
- Stamp Duty is not required for assignment.
- The assignor must sign the document of assignment and it should be attested by the referee.

- The concerned insurance company should be intimated about the assignment.
- The assignment is assumed to be in force when the insurance company gets the intimation of assignment.
- If there are more than one assignments, at the time of claim settlement, the insurance company considers the order in which the company has received the intimations of assignment.

8. **Commencement of Risk Cover:** When the proposal is submitted along with necessary documents by the customer, the insurance company scrutinizes it and then takes the decision whether to accept the proposal. If the proposal is accepted, the customer is intimated accordingly and he is advised to pay the premium within a stipulated time. Once the first premium is paid the risk cover begins. However, if the premium is paid along with the proposal form and if the proposal is accepted by the insurance company, it (insurance company) informs the customer about the date of commencement of risk cover

Insurance Agent:

Introduction:

Insurance business carried on by the corporate bodies i.e. public and private companies. These companies appoint insurance agents to procure (to get) business on their behalf. Insurance agents are those persons who acts as middle man between the insurance company and procure (to get) insurance business (sale insurance policies for the company).

U/S 42 of insurance Act, 1938 ,"An insurance agent is a person who receives or agrees to receive payment by way of communication or other remuneration in consideration of his work. He is also entitled for remuneration on revival of policies of insured."

Qualification For Insurance Agent:-

Any person to desire to become an insurance agent must have following qualification–

1. He/she must be an Indian citizen.
2. He should be of sound mind (sane).
3. He should not have been insolvent or bankrupt.
4. He should be major. In other words, he should have completed 18 years of his age.
5. He should have passed SSC/equivalent examination. If he is to be appointed as an agent at a place with a population of less than 5 thousand.
6. He should have passed HSC/equivalent examination. If he is to be appointed as an agent at a place with a population of more than five thousand.
7. He should have taken a practical training of at least 50 hours from the institution approved by IRDA for single business license.
8. In case of composite license (life and non-life insurance) a training of 75 hours is required.

Disqualification of Insurance Agent:-

An insurance agent will be disqualified under the following circumstances –

1. If he is declared a person of unsound mind (insane) by the court.
2. If he is found guilty of criminal offence misappropriation / forgery.
3. If he violates the code of conduct specified by IRDA.

Procedure to Become Life Insurance Agent / Procedure for Obtaining Agency / License

A person who desires to be an insurance agent has to fulfill prescribed qualifications. If a person fulfills his qualification has to undergo following procedure for become an insurance agent –

1. Application –

First of all the person has to submit an application online or offline to the insurance company. He has to provide details such as name, address, date of birth, age, education, gender, locality (urban/ rural), single or composite licence etc. while submitting the form he has to pay (Rs.250) certain fee prescribed by IRDA. Separate applications should be submitted for life insurance and non-life insurance agency.

2. Documents –

Along with the above application the applicant has to submit certain documents such as *adhar* card, pan card, proof of age, proof of residence, photograph, ID proof, documents related to educational qualification, etc.

3. Verification of Security –

The application and the documents received for insurance agency are verified by the experts / a committee. If the applicant fulfils required eligibility criteria, he is selected for the written examination or online examination and interview.

The applicant is intimated about the examination and interview schedule.

4. Examination and Interview –

The applicant has to clear/ pass the written/ online examination and the interview. The examination is calculated by IRDA or any other body authorised by IRDA. The success of candidate in written examination or online examination is called for personal interview. Through this process suitable candidate are selected as insurance agent as per requirement.

5. Training –

After selection of candidates through examination and interview, they have to undergo and complete the training satisfactorily. The training period is 50 hours for single license and 75 hours for composite license. The training includes general knowledge, general English, communication skills, financial planning, insurance business, code of conduct, etc.

6. Issuing License –

After completing all about formalities i.e. examination, interview and training successfully, the candidate is issued agency license.

Qualities of Insurance Agent:

1. Communication skill –

An insurance agent deals with people. Therefore, he must possess communication skill. He must have ability to explain the features, benefits, etc. of the policy. He should be perfect in drafting, talking, etc.

2. Honesty –

'Honesty is the best policy.' Insurance agent should always remember this saying. Insurance agent has to handle money. Therefore, honesty is the key quality for insurance agent. Again he should not provide wrong, incomplete information to the customer.

3. Good listener –

An insurance agent should be a good listener. During the course of discussion with the client, the doubts, complaints, opinions, remarks, of the client must be listener by the agent quality. This quality enables him to understand the customer.

4. Learner –

Insurance agent should always be ready to learn new things. An insurance company introduces new plans, new features, new benefits etc. Similarly the conditions in financial market also change frequently. An agent has to learn all this just like a student so that he can explain everything to the client satisfactorily.

5. Self-Motivator –

Insurance agent is his own boss. Therefore should be selfmotivated. The insurance agency is his own agency, the commission or benefits of the business procured by him are enjoyed by him alone. Therefore, there is no external motivator. Hence, he should always motivate himself to work hard.

6. Problem solver –

Insurance agent should be problem solver not a creator. The prospect may have some issues or problems. Insurance agent must have different solutions to financial problems of the prospect. This quality enhances confidence (faith) of the customer.

7. Product knowledge –

Insurance companies that are agents do not sale any physical product. They sale the intangibles. Therefore, having knowledge of these intangible products is crucial (important). The product knowledge enables to elaborate the features of insurance plan and convenience the prospects.

8. High Energy / Enthusiasm –

Insurance agent's energy level should always be at higher level. He should not look dull and boring. An energetic agent always handles the customers properly. He is more efficient than the others.

9. Emotional and social intelligence –

As the business of insurance agent totally depends upon response of the people, he must have emotional and social intelligence. With the help of both these qualities he can understand and handle the customers properly and persuade the customer to buy the policy.

10. Financial planner –

In insurance business financial planning is an important function of all stake-holders. Insurance agent is not an exception to this. He must have enough knowledge about financial planning through different investment sources. Such as bank, insurance, mutual funds, share market etc. This quality helps in to assist the customer in his financial planning.

11. Technical knowledge –

Insurance agent should have sound technical knowledge. This quality will help you in solving and answering the technical questions related to financial aspects. For e.g. technical knowledge related to interest, calculations of NAV (Net Asset Value), share market, mutual funds, technical aspects in insurance, etc.

Code of Conduct for insurance agent:-

The IRDA regulations of 1999, have prescribed the code of conduct for insurance agents. The codes of conduct are the guidelines, the principles or the rules regarding behaviour of insurance agent. They are in the form of do's and don'ts.

Do's for Insurance Agent:-

Do's are the activities the things insurance agent is expected to do. They include the following one –

1. Every insurance agent should disclose the valid identity card of insurance whenever and wherever demanded by the client or customer.
2. He should carry and disclosed the license issued by the insurance company or IRDA to the customer if demanded.
3. He should give complete information to the client about the insurance plan or product. He should not hide any information may be positive or negative.
4. The agent should disclosed scale of his commission offered by the insurer or insurance company.
5. He should collect a required information from the customer which will help him for future reference.
6. He should help the policyholder or nominees while claim settlement.
7. He should help the customer to select the most suitable policy.
8. He should collect the premium form the customer, if permitted by the insurance company.

Don't's for an Insurance Agent:-

1. An insurance agent should not conduct the insurance business without valid license.
2. He should not behave ruddy with the customers.
3. He should not interface in the business of other insurance agent.
4. He should not encourage the policyholder to discontinue or terminate the existing policy in order to get the new policy from him.
5. He should not offer rebate, discount or concession other than prescribed benefits.

6. He should not ask for remuneration from the customers or beneficiaries or nominees at the time of claim settlement.

Functions of an Insurance Agent

1. An insurance agent has to procure insurance business. It includes new business and renewals. This is the main function of insurance agent.
2. He assists the customers in selection of suitable policy considering the need of the customer.
3. It is an important duty of insurance agent to inquire into all information from the client so as to ascertain the extent of risk.
4. Insurance agent informs the insurance company

Unit 2: Skills in Insurance

A) Communication skills:

Insurance agent has to deal with the people. Most importantly, he sells the intangible product. Therefore, the role of effective communication is crucial. Effective communication not only benefits the customers but also contributes to the success of insurance professionals and companies. It builds trust and fosters long-term relationships.

Following are some of the communication skills-

1. Clear and Concise Language: Insurance involves complex terminology and the prospect or customer may not be aware of these terms. Agents and representatives should be able to explain policies, terms, and conditions in a way that customers can easily understand.

2. Active Listening: Insurance agent should be a good listener. Listening to the customer's needs and concerns is essential. This helps in recommending the suitable insurance solutions to their specific requirements.

3. Empathy: Insurance often involves sensitive situations, such as claims for accidents or health issues. Showing empathy towards customers can make a significant difference in their experience.

4. Transparency: The insurance agent must be transparent about policy details, coverage, and costs. Hidden fees or unclear terms can lead to customer dissatisfaction. While demonstrating the policy, he should not hide any information. Agent should disclose all information to the prospect even if not asked by him.

5. Conflict Resolution: Many a times, misunderstanding or disputes arise. The agent should have the skill to handle conflicts and find agreeable solutions.

6. Written Communication: Insurance also involves written communication, such as policy documents and email correspondence. While running the insurance agency, he must be able to write clearly and professionally.

7. Technical Knowledge: Insurance professionals should have a deep understanding of insurance products and regulations. This technical knowledge enables him to answer queries of the customers accurately.

8. Adaptability: Adaptability is the quality that helps the insurance representative to cope up with the changing situations. The insurance industry is constantly evolving. Being adaptable and keeping up with industry changes is important for effective communication.

9. Digital Skills: Today, use computers, online transactions, apps etc have become very common. With the increasing use of online platforms and apps, being proficient in digital communication methods is essential for the insurance agents. This skill makes his job easier.

10. Cross-Cultural Communication: In a globalized world, insurance professionals often deal with customers from various cultural backgrounds. Understanding cultural distinctions in communication is always beneficial.

11. Time Management: It is said that Time Management is the key to success. Efficiency in managing time is essential for responding to inquiries and processing claims promptly. Delays often create disputes.

12. Presentation Skills: Insurance agents may need to give presentations to the prospect. Good presentation skills can help in gaining the business from prospects. Presentations should be to the point and well planned.

13. Compliance: An agent has to work in accordance with the rules and regulations of IRDA and the concerned insurance company. He should Ensure that all communications follow legal and regulatory requirements.

B) Listening skills:

Listening skills are key in the insurance industry, as they have direct impact on the quality of customer service and the effectiveness of insurance professionals. Some key aspects of listening skills in insurance:

1. Understanding Customer Needs: Insurance agents must actively listen to customers to understand their specific insurance needs, such as coverage requirements, budget constraints, and concerns. This helps in offering customized insurance products.

2. Clarifying Information: Effective listening involves asking clarifying questions when customers provide information. This ensures that both parties have a clear understanding of the situation and insurance options.

3. Compassion: Demonstrating empathy and consideration through active listening can make customers feel heard and valued during difficult times, such as when filing a claim after an accident or loss.

4. Policy Explanations: When explaining insurance policies and terms to customers, insurance professionals should listen for any confusion or questions from the customer and address them promptly. While doing so, he should not obstruct the customers.

5. Resolving Complaints: It is said that 'if you understand the problem, you can give the solution'. When customers have complaints or issues with their policies, effective listening is essential to understand their concerns fully and find appropriate solutions.

6. Legal and Compliance Requirements: In some cases, insurance professionals must adhere to specific legal and compliance requirements. Listening carefully to customer statements can help ensure all necessary information is collected and documented accurately.

7. Conflict Resolution: Insurance agents often deal with disputes or conflicts between policyholders and insurance companies. Active listening is essential to mediate these situations and find mutually acceptable solutions.

8. Risk Assessment: When underwriting insurance policies, insurers must carefully evaluate the risks associated with the insured property or individual. This process relies on collecting and analyzing accurate information, which begins with effective listening.

9. Up-to-Date Information: Listening skills are also essential when gathering updates about policyholders, such as changes in a business's operations or personal life events that may affect coverage needs.

C) <u>Social skills</u>:

As it involves building relationships and effectively communicating with prospects, customers, colleagues, and stakeholders, Social skills are essential in the insurance industry. The important social skills in insurance are:

1. Communication: Insurance professionals need to explain complex policies and claims processes in a way that clients can comprehend. Clear, to the point and concise communication is crucial.

2. Active Listening: In insurance business, understanding clients' needs and concerns is vital. Active listening shows empathy and helps to suggest proper insurance plans, handling conflicts and specific situations.

3. Empathy: Showing understanding and compassion towards clients who are going through difficult situations, such as filing a claim after an accident or loss, can build trust and bond.

4. Negotiation: Insurance agents often negotiate terms, premiums, and claims settlements. Good negotiation skills can benefit both the client and the company.

5. Problem-Solving: Clients turn to insurance professionals when they face problems or challenges. The insurance representative must have skills to analyze problems and offer effective solution.

6. Networking: Building a network of contacts within the industry and related fields can help insurance representatives to get easy access to resources, information, and potential clients.

7. Adaptability: Change is an integral part of our life. Insurance industry is not an exception this. There are frequent changes in regulations, technology, and customer preferences. Being adaptable and open to change is important for the insurance agent.

8. Conflict Resolution: Conflicts can arise between clients, within teams, or with other parties. The insurance agent must have the skill to handle conflicts. The ability to resolve conflicts tactfully is crucial for insurance agent.

9. Cultural Understanding: Insurance representative has interact with the people from different background and culture. In a diverse society, understanding and respecting cultural differences is important when working with clients from various backgrounds.

D) Problem Solving Skills.

Problem-solving skills are crucial in the insurance industry, as professionals often encounter complex issues related to claims, policies, customer service, and risk management. The problem-solving skills in insurance are:

1. Customer Service: Handling customer inquiries and complaints requires problem-solving skills. Agents must find solutions to address customer concerns, whether related to coverage, billing, or claims processing.

2. Communication: Clear communication is essential when working with clients, colleagues, and regulatory bodies. Problem-solving often involves explaining complex insurance concepts and solutions in a straightforward manner.

3. Analytical Thinking: Insurance professionals need to analyze policy documents, claims, and various data to identify problems accurately. This involves breaking down complex issues into smaller components and understanding their root causes.

4. Risk Assessment: Assessing risk is at the core of the insurance business. Problem-solving in insurance often involves evaluating risks associated with different policies or clients and devising strategies to mitigate them.

5. Policy Evaluation: When policyholders face unique situations or need customized coverage, insurance agents must evaluate existing policies or suggest new ones to address these specific needs.

6. Claims Processing: Dealing with claims can be complicated. Insurance professionals must investigate claims, assess the validity of the claim, and then recommend on the appropriate settlement, all while adhering to the policy terms and regulations.

7. Creativity: The insurance industry is evolving, with new technologies and approaches emerging. Problem-solving may involve finding innovative ways to streamline processes, improve customer experiences, or develop new insurance products.

8. Conflict Resolution: Conflicts can arise in insurance transactions, whether between policyholders, agents, or within the company itself. Effective conflict resolution is a key problem-solving skill.

9. Detection of Fraud: Detecting and preventing insurance fraud is a significant challenge. Problem-solving skills are essential to identify suspicious proposals, claims and take appropriate action.

10. Data Analysis: Insurance companies generate and collect vast amounts of data. Effective problem-solving involves using data analytics to identify trends, make predictions, and optimize processes.

E) Prospecting:

Insurance agent has to search for new customers regularly. Therefore, prospecting skills are crucial for success in the insurance industry. Insurance agents overall behavior helps him to get new contacts through referrals. The personal qualities of insurance agent play important role in prospecting. Prospecting refers to searching and finding the new clients. Ability to add more and more friends to the list helps him to increase sales, building strong client base and stability in business.

F) Negotiation skills:

Negotiation skills are crucial in the insurance industry, whether you're an agent, broker, or policyholder. Here are some key points to consider:

1. Preparation: Preparation is necessary before entering negotiations. before entering negotiations agent has to gather all relevant information about the policy, claim, or coverage. He has to understand the terms, conditions, and any applicable laws or regulations.

2. Active Listening: Listen carefully to the other party's points and needs. This helps to identify their priorities and find common ground or common solution.

3. Empathy: Negotiation involves respecting and understanding the other party. The insurance professionals should understand the emotional aspects of insurance, especially when dealing with claims. Showing empathy can build trust and facilitate smoother negotiations.

4. Clarity and Communication: During the process of negotiation, there should be clarity. There should be Clear communication of the position, expectations, and any relevant facts. Use simple and jargon-free language to avoid misunderstandings.

5. Flexibility: Open mindedness is key factor in negotiations. One has to be open to compromise and creative solutions that benefit both parties. Insurance negotiations often involve finding middle ground.

6. Patience: Negotiations in Insurance can be time-consuming. The negotiations may take a lot of time. The negotiator must be patient and persistent while working toward a resolution.

7. Documentation: The Insurance professional should Keep detailed records of all communication and agreements reached during negotiations. This can be crucial for reference and dispute resolution.

G) Analytical skills:

Analytical skills include the following-

1. Assessment of Risk: Insurance involves evaluating risks. Analysts assess data on policyholders, their assets, and potential liabilities to determine coverage and premiums.

2. Underwriting: Underwriters use analytical skills to decide whether to approve or deny insurance applications based on risk analysis.

3. Claims Processing: Claims analysts assess the validity of claims by analyzing policy terms, accident reports, and supporting documents.

4. Pricing and Actuarial: Actuaries heavily rely on analytical skills to calculate insurance premiums, predict future claims, and ensure the financial stability of insurance companies.

5. Market Research: Analysts research market trends, competitive landscapes, and customer preferences to make informed decisions about product offerings.

6. Fraud Detection: Identifying fraudulent claims requires the ability to analyze data for inconsistencies and unusual patterns.

7. Data Analytics: With the increasing use of data in insurance, analytical skills are essential for extracting insights from large datasets to improve decision-making and customer experiences.

8. Customer Analytics: Understanding customer behavior through data analysis helps insurance companies to customize their products and services.

H) Computer skills:

Computer skills are crucial in the insurance industry for various tasks, including data analysis, customer management, and claims processing. Some important computer skills for insurance professionals are-

1. Data Analysis: Proficiency in data analysis tools like Microsoft Excel, SQL, or specialized insurance software is essential for assessing risk, pricing policies, and making informed decisions.

2. Customer Relationship Management (CRM) Software: Familiarity with CRM systems like can help insurance professionals manage client relationships, track interactions, and provide personalized service.

3. Insurance Software: Many insurers use specialized software for underwriting, policy administration, and claims management. Being comfortable with these tools is vital for insurance professionals.

4. Data Security: Insurance companies handle sensitive customer information. Knowledge of data security practices and compliance with is crucial.

5. Programming and Automation: Learning scripting languages like Python or using automation tools can update repetitive tasks, such as data entry or report generation.

6. Data Visualization: Skills in data visualization tools can help convey complex insurance data in an understandable way.

7. Cyber Security Awareness: Understanding cyber security threats and best practices is essential to protect customer data from breaches.

8. Digital Marketing: Today, digital marketing skills have become vital for everbody working in marking area. For insurance sales and customer engagement, knowing digital marketing techniques, including social media advertising and email marketing, can be valuable.

9. E-commerce: Many insurance companies sale their products online. Therefore, the insurance professional should have skill to handle online transactions. If the insurance company offers policies for purchase online, Familiarity with online sales platforms is essential.

Online Insurance

Online insurance, also known as digital or internet insurance, refers to the process of purchasing and managing insurance policies through web-based platforms and applications. It has transformed the traditional insurance industry by leveraging technology to streamline various aspects of insurance, from purchasing policies to filing claims. Online insurance has revolutionized the insurance industry by making it more transparent, accessible, and user-friendly. It empowers consumers to take control of their insurance needs while benefiting from the convenience of digital tools and services.

Merits and demerits of Online Insurance

Merits of Online Insurance:

1. Convenience: Online insurance allows you to search, compare, and purchase policies from your home or office, 24/7.

2. Cost Savings: Online insurers often have lower overhead costs, which can result in lower premiums and discounts.

3. Easy Comparison: You can easily compare multiple insurance plans, coverage options, and prices online to find the best fit for your needs.

4. Quick Processing: Online applications and claims processing are generally faster, reducing paperwork and wait times.

5. Access to Information: You can access policy documents, FAQs, and customer reviews online for better transparency.

6. Flexibility: Many online insurers offer customizable policies, allowing you to tailor coverage to your specific requirements.

Demerits of online insurance:

1. Limited Personalization: Online platforms may not offer the same level of personalized guidance as in-person agents, which can be a drawback for complex insurance needs.

2. Trust and Security: There may be concerns about the security of personal and financial information when providing it online.

3. Lack of Human Interaction: Some people prefer face-to-face interactions with agents for questions and assistance.

4. Limited Product Knowledge: Without an agent, you may need to do more research on your own to understand policy details and options.

5. Technical Issues: Online platforms can be prone to technical glitches or errors that may disrupt the insurance process.

6. Claims Handling: While online claims processing can be efficient, it may lack the personal touch needed for complex or sensitive claims.

Ultimately, the choice between online and traditional insurance depends on customer preferences and needs. Online insurance offers convenience and cost savings but may not provide the same level of personalized service as traditional methods.

Documentation in Life Insurance

Documents are the necessary to evidence the existence of a contract. In life insurance several documents are used. The documents stand as a proof of the contract between the insurer and the insured.

The specific documents required for a life insurance application can vary on the insurance company and the type of policy applying for. However, common documents often include:

1. Proposal form: A life insurance company offers a policy on the basis of a proposal form. The form is the most basic requirement for the functioning of the life insurance contract between Insured and the life insurance company. A proposal form seeks basic information of the proposer and the life assured. This includes individual information of the proposer such as the name, age, address, education and employment details. The proposal form also gathers information on the medical history of the life to be assured. There are questions pertaining to the health status of family members of the life to be assured. The proposer and the life to be assured have to mention their incomes in the proposal form to satisfy the insurer about their ability to pay for the insurance and the need for insurance, respectively.

Proposal form helps the insurance company to calculate all the potential risks in relation to the insurance policy and hence deciding the premium amount.

Contents of a Proposal Form

Typically, life insurance proposal form includes the following sections:

- **Personal Information:**

  This includes the applicant's name, age, gender, occupation, address and contact details.

- **Policy Details**

  The applicant specifies the type of insurance policy he is applying for, the term of the policy, and the sum assured or coverage amount.

- **Health and Lifestyle Information:**

  For life and health insurance, the form usually includes questions about health history and lifestyle habits such as smoking or drinking the applicant and his family.

- **Additional Information:**

  Depending on the type of insurance, the form may ask for other details. For example, a car insurance proposal form would include details about the vehicle.

- **Declaration and Signature:**

  The applicant must declare that the information provided is true and accurate. The form must be signed and dated.

2. Proof of identity: Documents play a vital role at the time of policy issuance and at the time of filing a claim. It is very important to provide necessary documents under both circumstances. Any missing documents or details in the life insurance can cause a big problem for the policyholder/beneficiary. In case the policyholder fails to provide necessary documents and important details the insurance provider could deny the claim or terminate the policy in worst cases. To purchase a life insurance policy KYC Documents are necessary. For Example Adhar Card, Election Identity card, PAN Card, Driving License, Passport etc.

3. Proof of address: Proof of address for a life insurance application typically involves providing documents that verify customers current residential address. The specific documents required can vary by insurance company and location, but common forms of proof of address include a driving license, aadhaar card, passport, Electircity Bill, Property Tax Receipt, etc.

4. Income proof: To provide proof of income for a life insurance, Insured need to demonstrate his/her financial ability to pay the premiums and support the coverage amount he is applying for. The specific documents and requirements can vary by insurance company and policy type, but here are common ways to provide income proof:

a) Pay Slips: Recent pay slips from employer showing total and net income, deductions etc.

b) Income Tax Returns (ITR): Copies of income tax returns, for the past one or two years are required. This provides a comprehensive view of your income.

c) Bank Statement: Bank statements showing regular deposits or consistent income sources. These can be used as supplementary proof in addition to pay stubs or tax returns.

d) Employment Verification Letter: A letter from employer confirming job position, salary, and employment status.

e) Profit and Loss Statements: If the prospect/applicant is self-employed, providing authentic profit and loss statements or business financial statements are essential.

g) Pension Statements: If the applicant beneficiary of Social Security schemes or pension, he has to provide statements that confirm the amount and source of these payments.

5. Medical Records: Life insurance companies may request access to medical records of the proposer if necessary. This is done to assess his health and determine the extent of risk. The information in medical records can help insurer to determine premium rates or whether to approve application. However, access to medical records usually requires proposers consent, The proposer may need to provide medical history, including a medical exam report or recent checkup records.

6. Nomination Form: The Proposer has to fill in the nomination form along with the proposal for insurance. The nomination form may be included in the proposal from or provided separately. The proposer has to provide the name/s of the person/s to whom the benefits of the policy be given after his death.

Documents required while Applying for a life insurance policy:

- Duly filled Proposal Form
- Photograph of the Proposer/Life Assured (Adhaar Card, Voter ID Card, Passport etc.)
- Proof of Age of the Proposer/Life Assured
- Photo Identity Proof of the Proposer/Life Assured
- Address Proof of the Proposer/Life Assured
- Medical Examination Report of the Proposer/Life Assured

- Income Proof of the Proposer/Life Assured
- PAN Card of the Proposer/Life Assured

Documents Required for Life Insurance Maturity Claims

- Duly filled Policy Discharge Form
- Original Policy Document
- Photo ID Proof of the policyholder
- Bank Account Details (copy of bank statement/cancelled cheque)

Documents Required for Life Insurance Death Claims

- Original Policy Document
- Duly Filled Claim Form
- Nominee's Photo ID Proof (Adhaar Card, Voter ID Card, Passport etc.)
- Nominee's Bank Account Details (such as bank statement/ cancelled cheque)
- Death Certificate issued by local authority
- Attending Physician's Statement
- Treating Doctor's Statement
- Medical Records
- FIR (in case of accidental death).

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6. B S Bodla , M C Garg , K P Sing (2007)Insurance: Fundamentals, Environment and Procedures, Deep and Deep Publications Pvt. Ltd. New Delhi, volume 14:
7. IRDA Handbook.
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9. IRDA Annual Reports

Nature of Question Paper

Semester End Examination

Total Marks – 40 **Duration** – 2 Hours

Instructions: 1. All questions are compulsory.

2. Figures to the right indicate marks.

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Q.1	Objective Type Questions. (MCQs)	08 Marks
Q.2	Long Answer type Question	16 Marks
	OR	
Q. 2	(A) Short Answer type Question	08 Marks
	(B) Short Answer type Question	08 Marks
Q.3	Long Answer type question	16 Marks
	OR	
Q. 3	(A) Short Answer type Question	08 Marks
	(B) Short Answer type Question	08 Marks

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- **Continuous Internal Evaluation - Total 10 Marks**

Home Assignments/ Problem Solving/ Role Play/ Oral/ Quiz/ Seminar/ Case Studies/ Group Discussion

- **Criteria for Passing:**

1) Students should pass separately in Semester End Examination (SEE) and Continuous Internal Evaluation (CIE)

2) Semester End Examination (SEE): 16 Marks Out of 40

3) Continuous Internal Evaluation (CIE)-

4) Marks Out of 10 4) Minimum 20 Marks Out of 50

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