"Mission 5,00,000" is a prudent and pragmatic corporate decision to recruit five lakh agents in the current financial year 2017-18. The idea is to strengthen the power of the insurance giant The Life Insurance Corporation of India to gain competitive advantage in market penetration. It is a sincere effort on the part of Team Berhampur to bring out this compendium under the caption 'Mission 5,00,000 made easy' to render realtime support to encourage and assist the endeavour of DOs, CLIAs, Chief Organisers to recruit more agents. It is a guide book to help the prospective candidates to prepare for the prerecruitment test and be successful. The aspirants are advised to follow the guide lines and appear at the test with confidence

Good Luck

Dillip Kumar Nayak
Sr. Divisional Manager.

LIC

भारतीय जीवन बीमा निगम

LIFE INSURANCE CORPORATION OF INDIA

BERHAMPUR DIVISION

IC38

MISSION 500000 MADE EASY

DEDICATED TO OUR DEVELOPMENT OFFICERS/CLIAs/COs

Compiled by :
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IIRM, Hyderabad

Under Guidance of :
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Marketing Manager
Divisional Office, Berhampur

BENEFITS :

Know more about the benefits of becoming an LIC Agent

1. **Rewarding Career**

   You will help people realise their dreams by fulfilling their financial goals. The difference you make to their lives is more rewarding and satisfying than you could ever imagine.

2. **A Successful Team**

   By joining us, you will be a part of the country's finest team of life insurance Agents. In the year 2015, we contributed 4021 members to the Million Dollar Round Table: a global forum that salutes the world's most successful Insurance Agents.

3. **Attractive Remuneration**

   We offer one of the best remuneration systems in the industry that not only takes care of your current earnings, but also guarantees an earning for the future. What's more, you can set your own income targets with a potential to earn as much as you want for the rest of your life.

4. **Independence**

   As an Agent, you will be a true entrepreneur. You have the freedom to be your own boss: work for yourself, choose your own clients and make your own money. All of this, without your having to make any initial capital investment.

5. **World-Class Training**

   We provide you with the best-in-class training systems, since that is what differentiates LIC Agent from the rest. Even if you don't have previous experience in selling, our multi-dimensional training programme conducted by our qualified in-house training personnel, will make you a specialist in life insurance sales.

6. **Commitment To Career Agency System**

   Our commitment to the Career Agency System means that, we support you and your efforts not just today, but at every stage of your business. We believe in encouraging our Agents to strive towards the highest levels of success, throughout their careers. In fact, depending on your performance, we also offer a management career option with the company.

7. **Infrastructure Support**

   We have invested in creating a state-of-the-art infrastructure at each of our Branch Offices. You will have access to the necessary tools, technology and people support that will enable you to build a profitable long-term business.

8. **Full Range Of Products And Services**

   You can offer your customers over 50 product combinations of our unique Products and Riders, to help them meet all their financial goals. In order to give you a greater competitive edge, we are also continuously working on newer and more innovative products.

9. **Sales And Marketing Support**

   We support our Agents with innovative sales and marketing tools. The Sales, Promotions and Marketing collaterals that we provide will help you take your business to new heights.

10. **Financial Strength**

    LIC offers you and your customer unmatched financial strength and solidity.

GUIDELINES

Here's a simple step-by-step guide on how to become an LIC agent

Eligibility :

Standard 10th pass
Age 18 and above

Process :

Contact your nearest LIC Branch Office and meet the BM/Development Officer/CLIA there.

The Branch Manager (I/C) will conduct an interview, and if found suitable, you will be sent to training at Divisional/Agency Training Centre.

The training is for 25 hours and covers all aspects of Life Insurance Business. After successful completion of training you will have to appear for Pre Recruitment examination conducted by the Insurance Regulatory and Development Authority of India (IRDAI).

After successful completion of the examination you will be provided an Appointment Letter and Identity Card to work as an insurance agent.

You will be appointed as an agent by the Branch Office and you will be a part of the team under your DO/CLIA.

The Development Officer/CLIA will impart you field training and other valuable inputs which will help you in the market place.

User Manual for Agency Recruitment Web Portal

Agency Recruitment portal for Rural & Urban Career Agents is available in website of LIC of India, i.e. www.licindia.co.in ===> click on option Agency Recruitment Portal.

This page of portal contains six options which are related to Registration for Sponsored Agency by CLIA or Development Officer.

Basic Purpose of this portal is to do online **APPLICATION FOR RURAL / URBAN CAREER AGENCY for Registering the Application,**

At a glance summary of options available in this Agency Portal are listed in following table.

Also option wise screen shots with option details are provided below for your ready reference.

Option number	Name of Option	Use of Option
1	Registration for Sponsor Agent	• Used for registration of Sponsor Agent of two types CLIA Agent or Agent recruited by Development Officer.
1.1	Select Sponsor Agent type	• Used to select Sponsor Agent type i.e. CLIA or Development Officer.
1.1.1	CLIA Sponsor Agent Registration Form	• Used for registration of Sponsor Agent by CLIA Agent.
1.1.2	Development Officer Sponsor Agent Registration Form.	• Used for registration of Sponsor Agent recruited by Development Officer.
2	Change Password	• Used for to change password of candidate.
3	Upload All Documents	• Used for to uplaod all documents related to registration of Agency.
4	Print Form	• Used for to print the Application form of a candidate.
5	Download PDF Application	• Used for to download pdf form of a candidate.
6	Consent of DO /CLIA	• Used for consent of Development officer or CLIA Agent, where Agent is sponsored by them.

Weightage : 20-25 Marks

TO BE DISCUSSED WITH STUDENTS

Salient Points on
LIFE INSURANCE IC-38 SYLLABUS
Helpful to attend all Indirect Question

1. Who is the regulator for insurance industry in India? -IRDAI (IRDA TO IRDAI IN 2014)
2. Which is the secondary burden of risk : Setting aside reserves to meet potential losses of future
3. Risk transfer through risk pooling is Insurance.

Please discuss Meanning of : Insurable interest, Risk, Peril, Hazard(physical, Moral, Occupational and Morel) Morel Hazard is attitude problem(Because some person have insured his assets he do not want to take care of it)

4. Insurance payswhen? - When there is loss of life or asset.
5 . One of the disadvantages of insurance - low yields.Inflation and rate of interest to affect savings in insurance maturity benefits.
6. Advantages of insurance - security, savings, and tax benefits.
7. Who devised HLV concept? - prof. hubener
8. Why young people are charged less premium? - Premium is related to mortality.Lesser the age lesser the risk.
9. In a valid contract element deals with premium is - consideration.
10. Pressure applied through criminal means ? - coercion.
11. Uncertainty and level or extent of damage are two components of Risk.
12. Who cannot sign a contract? - minor, mentally instable and people with legal bar.
13. Who is not having insurable interest? -Ans:cousin, uncle, brother, sister, close friend, neighbor etc.
14. An individual with aggressive risk profile chooses wealth accumulation.
15. Greater the investment horizon larger the returns.
16. Insurance is the only contingency product.
17. Inflation means raise in prices due to change in economy over a period of time.
18. Higher the premium paid, higher the compensation.
19. Term insurance can be bought both as main policy and rider.
20. A term policy can be converted into whole life policy.
21. An individual who needs insurance with low budget can opt for term plan.
22. Moneyback plan is a kind of endowment plan which gives money at frequent intervals. Installments given earlier arenot deducted if death occurs inbetween.
23. Allocation of funds over a period of time is called inter temporal allocation.
24. A person normally saves for immediate needs, contingencies and future.
25. In a traditional plan rate of return is not easy to ascertain. So also bonus calculation and surrender value. In short it's not transparent.

26. Universal life policy was introduced in USA, in the year 1977.
27. All universal life policies are termed in India as variable insurance plans.
28. Ulip is a kind of variable plan.
29. In ulip investment risk is borne by investor not by insurer.
30. Allocation of funds is investor'schoice.
31. Changing of funds isrisk. It's called switching.
32. Only Educated, risk taking and market knowing people prefer ulips.
33. In ulip in case of death insurance amount depends on minimum guaranteed or fund value whichever is higher.
34. Risk of early death cannotbe covered by taking retirement plan.
35. Amount of annuity payable depends upon duration of payments.

    In an ordinary annuity equal cash flows at equal time intervals for a specific time.
36. In a medical policy 30 days is allowed as grace time for renewal.
37. Paying policy premium before grace period is renewal. Nonpayment of premium within grace time is known as lapse.
38. Paying premium on lapsed policies isrevival.
39. To revive one has to pay reinstatement charges, premium dues and interest thereon.
40. Ordinary, spl, installment and loan cum revival are 4 ways available to revive a policy.
41. General Insurance contracts are indemnity contracts. Life insurance contracts are value contracts.
42. If moral hazard aspect is not looked into it may result in 'adverse selection '.
43. Primary care center is the place where one goes for initial treatment.
44. Network hospitals give treatment. They have signed MOUs with insurers.
45. Cashless means bills paid direct by Company to hospitals.
46. TPA means third party administrator.
47. Portability means changing policy from one Company to another without losing benefits.
48. Domiciliary treatment can be given when a person cannot be moved from house after 3 days of suffering either due to immobility or want of bed in hospital.
49. Key man insurance is connected to business profitability.
50. Mortgage redemption insurance is connected to housing loan.
51. MRI is an example of decreasing term plan.
52. A policy taken under mwp cannotbe attached in court. Safe from creditors.No loan. Can't be assigned.
53. In mwp policies the beneficiaries are wife, major children or all. Money is paid through trustee.
54. Insurance costgivesHSA / mode rebates. Advisor is not supposed to give any rebate.
55. Withdrawing from the plan is surrender.
56. Loan can be paid max 90% based on surrender value.

57. Higher the interest rate assumed, lower the premium.
58. Book value is the exact amount paid to buy an asset by Insurancecompany.
59. Application to buy a policy is called proposal form. Underwriter reads and assesses therisk.
60. Information given in pro form is material facts.
61. Increased risky behavior after purchase of policy is called moral hazard.
62. Information not disclosed in p/ form is breach of utmost good faith.May result in making the policy contract null and void if detected within 2 years.
63. A ration card is a non-std age proof.
64. A policy holder can return the document within 15 days from the time of receiving the document.
65. Policy document is an evidence of contract.
66. Policy document has to be signed and stamped.
67. The first part of policy document is schedule.
68. Standard provisions are terms conditions of the particular plan common to all.
69. Specific provision is when a life insured is issued a policy with somerestrictive clauseimposed.
70. If premiums are not paid for 3 continuous years surrender value will not accrue.
71. If premiums are not paid even within grace time policy gets lapsed.
72. In life insurance 31days/ one month is the grace time allowed for renewal.
73. If a person dies during grace time death claim will be settled after deducting premium due for the year.
74. Alterations are allowed in a policy if it does not affect the risk.
75. Underwriter sees only risk before accepting the premium. He is not in charge of claims.
76. If a person has more than one adverse factor numerical rating system is adopted.
77. A Standard life is fit one as per mortality rate. Preferred risk means accepted at lower premium.
78. Substandard are charged with extra premiums.
79. Declined life will not be issued any policy.
80. If rider benefit option is given in absolutely assigned policy benefits goes to assignee not the policy holder. It's better to go for conditional assignment.
81. Death of a person within 3 years of taking a policy is known as 'early death'.
82. Money back amounts paid in installments are called survival benefits.
83. Advisor represents Insurance Company and broker the client.
84. An advisor should show license on demand, tell commission when enquired.Premium amount should be told in advance to proposer.
85. Telemarketing is an example of direct mktg.
86. Agentslicense is valid for 3 years. If terminated cannot work as advisor for 5 years. (To write exam again)
87. Policy selling is both art and science.

88. Natural market means friends and relatives. Centre of influence Drs, lawyers auditors etc. and immediate group means colleagues.
89. One who is well qualified to buy a policy is a prospect.
90. Need based analysis makes advisor easier to give a solution and make the proposer sign the form.
91. Alpaca has to be applied whenan objection is raised by proposer.
92. Reliability, empathy and responsiveness are all advisors service quality.
93. Ethical behavior helps to build trust.
94. Punctual, appropriate and confident makes an advisor successful.
95. IGMS means integrated grievance management system. It's a repository of complaints made to IRDA by customers.
96. Above 20 lacs and up to 1 cr cases are heard by state consumer commission.
97. A shop keeper need not advise about best product. Failing to do so is not a valid consumer complaint.
98. Insurance ombudsman is the right choice to make insurance related complaints.
99. Ombudsman offices are located in 12 places.
100. Complaint has to be given in writing. No fees charged.
101. He will give his decision in 30 days.
102. It has to be carried out in 15 days.
103. Disputed case can be extended up to. 90 days. His final award is binding on insurer and not on policy holder.
104. Ombudsman will entertain cases within one year after refusal by Company.
105. Rejected cases of con forums, courts will not be taken up by Ombudsman.
106. So also one has to exhaust methods of redressal in complaint desk and crm. No one can directly go to ombudsman without settling internally.
107. Regulator for banks -RBI. Regulator for shares -SEBI.
108. Pay means pay as you go.
109. 80-c limit is 1. 5 lacs for life insurance premium.
110. 80-d gives 20k and 30k tax benefits to ordy and senior citizens respectively.
111. All payments from insurance are exempted under 10, 10-d except pensions. (annuity)

     However commutation can be availed under 10, 10-d.
112. GIC is the only reinsurer in India.
113. III conducts exam and license is by IRDA.
114. IIRM : Institute of Insurance & Risk Management (Hyderbad). It is a initiative of IRDA and Govt of Telengana.
115. TAC means Tariff Advisory Committee. - decides premium of gen insurance. Detoxification means allowing gen insurance companies to decide on premium based on income and expenditure and claim settling trend.

116. LIC - life insurance council.
117. Mortality is related to age. Actuaries are premium calculators. They submit profit and loss account and functioning of an Insurance co.
118. Actuaries are premium and bonus calculators.
119. Banc assurance means insurance through banks. Only inter mediaries.
120. Tele marketing is an example of direct Marketing by Insurance company.
121. Advisor is close to Company(principal). Broker to customer.
117. Surveyor/ loss assessors are attached to fix or assess the worth of a property.
118. IMSA - Insurance Market Place standards association has issued guidelines to all to conduct business in honest way.
119. MDRT - million dollar round table consists of several leading advisors of 76 countries.
120. Death during grace period will give s. an after deduction of premiums / loan due. In med claim in grace period, no medical bills are payable. However on renewals prior to grace time entitles continuity ofbenefits.
121. Postmortem, inquest reports are asked in addition to normal forms required to process of a death claim in case of death due to accident, murder, suicide etc.
122. Children are not breadwinners so risk commencing age is deferred.
123. accident benefit riders are given 18-70.
124. Riders s. a. Put together cannot exceed 100% of main policy s. a...
125. Premiums of riders put together should not exceed 30% of main policy s annualizedpremium.
126. Normally 30 days are given for settling a death claim. 180 days with enquiry if it's early death.
127. Early death is 3 years from doc of policy.
128. Suicide cases are not given death claim up to 1 year from doc of policy. However 80% of premium paid is returned.
129. Even in moral hazard cases cost can refund premiums paid after deducting admin charges.
130. Assignment cancels all nominations except when assigned to Insurance company.
131. MWP policies cannot be assigned as per sec 6 of mwp act, 1874.
132. Paid up value is calculated based on terms saved against the total term.
133. Paid up value multiplied by SVF gives surrender value.
134. Loans can be decided based on surrender value.
135. Maximum 90%can be given as loan on surrender value.
136. Interest not paid on loan, if exceeds sv (Surrender Value) insurance cost will issue notice (30days) and policy will be fore closed.
137. To avail non-forfeiture clause insured can surrender or make the policy paid-up.
138. Higher the investment horizon (TIM)higher the returns.
139. As age increases risk increases.
140. People of young age and one who are recently employed should take a cover.

141. Aggressiverisk profile people prefer mf/shares.
142. SEBI is market regulator;RBI is regulator of financial institutes.
143. Share is kind of wealth accumulation product.
144. Missing man claim can be made after 7 years as per Indian evidence act.
145. Missing man claim is possible only with a court decree for presumption of death.
146. Indemnity bond has to be submitted, While taking the claim amount.
147. Coercion means threatening with criminal intention.
148. Material facts not disclosed are known as breach of utmost good faith. Insurancecost may invoke sec 45.(2 years.)to make the document null and void.
149. Proximate cause is generally taken in case of giving rider benefits (ADB in case of death)
150. All payments received from Insurancecost are exempted under 10(10-d) except pension scheme (annuities) . Condition applied.
151. One third commutation received in deferred annuity is exempted under 10(10-d)
152. Insurance covers loss of income due to death of bread winner;pension compensates stoppage of salary after retirement.
153. The principal compliance officer is appointed to monitor anti money laundering.
154. 50k is the limit one can remit in cash in counters.Premium50k and above should be by chequeor DDs or thro bank cards.
155. Sec 45 - gives indisputability clause power to Insurance Company.
156. Turnaround time fixed for complaints - 10 days.
157. What is Waiting period in mediclaim policies.
158. Grace period in mediclaim -30 days.
159. Copy of pro form to be returned to Policy Holder - 30 days.
160. Grace time in life insurance premium - 31 days/ 1 month. (15 days in monthly cases)
161. Enquiry in case of death claim - 180 days.
162. Suicide Clause- 1 year.
163. Insurance is not for making profit.
164. Insurance will not prevent happening of risk but make good the loss to some extent.
165. Insurance compensates in caseof economic loss.
266. IRDAI is the monitor and keeps vigil over all insurance activities in India.
267. No policy can be surrendered within 3 years.
268. Lock in period in ULIP is 5 years.
269. Missing man can be declared as dead on 'presumption of death' by a valid court decree after 7 years as per Indian evidence act. However an indemnity bond has to be executed as in the case of lost original bonds to indemnify Insurance Company incase the missing person reports later

- **AGENTS REGULATION**

Life Insurance Council is the face of the insurance industry.

- General Insurance Council represents the collective interests of the non-life insurance companies in India.
- Tariff Advisory Committee (TAC) was established by Section 64 U of the Insurance Act, 1938.
- The function of TAC is to regulate the rates and other terms and conditions offered by non- life insurance companies. TAC is also the data repository of non-life insurance companies'

Recruitment, Training and Licensing of Agents:

- **HEALTH INSURANCE**

- Morbidity rate: is the incidence of a disease across a population and/or geographic location during a single year.
- Mortality rate: rate of death in a population. The two are often used together to calculate the prevalence of a disease is to be deadly, particularly for certain demographics.

FREQUENTLY ASKED QUESTIONS

Q. I want to work for Life Insurance Corporation of India as an Agent. Which exam I should write?
To become Life Insurance Agent in India a candidate should pass IRDA IC 38 Pre recruitment qualification exam.

Q. Who conducts Agent Pre recruitment exam?
On behalf of IRDA (Insurance Regulatory and development Authority), Agent pre recruitment exam is conducted by Insurance Institute of India.

Q. I want to become L.IC Agent. Which exam I should write?
To become Life Insurance Agent in India a candidate should pass IRDA IC 38 Pre recruitment qualification exam.

Q. What is the eligibility Criteria for becoming Insurance Advisor?

Q. What is the syllabus of IC 38 Exam?
Though there are 21 chapters, the course is designed to make the Agent convergent of the following subjects.
1. Understanding insurance
2. Providing technical product information
3. Providing professional advice
4. Understanding the process of Accepting A proposal and dealing with Claims.
5. Fulfilling legal and regulatory requirements
6. Understanding customer protection and ethics

Q. What is the type of Exam (written or Online) ?
Exam is ONLINE. No off line exam is available. Once you submit the question paper you will immediately get the result.

Q. What is the examination pattern for IC 38?
1. The Test contains 50 Multiple Choice Questions.
2. Time is ONE Hour.
3. Each question carries one mark.
4. There is NO NEGATIVE MARK for wrong answers.
5. To qualify a person should get 35% marks(18 out of 50).

Q. Is IRDA Exam (IC 38) difficult to pass?
Not really, if you understand the concept You will pass.

Q. Is there someone who offers IRDA Practice test papers ?
Yes, We have Prepared IC 38 (mission 500000 made easy) we also provide on line mock test at our Divisional office (DTC) Branch offices, office of Development officers, CLIAs and Chief Organisers.

All the best for a great Career.
TEAM BERHAMPUR.

Wattage : 15-20 Marks

IC 38 MADE EASY

Direct Question

Limitations for various actions as mandated by Regulations and the Law are as under :

Sr.	Purpose	No of days
1.	The underwriter to decide on a proposal within	15 days
2.	Free Look-in Period.....	15 days
3.	The period to respond a communique by the insurer from a policy hoilder.......	10 days
4.	Insurers to pay a valid claim within	30 days
5.	Insurers to honor the ombudsman orders within.......	15 days
6.	Ombudsman to decide a complaint within.....	30 days
7.	As per IRDA guidelines an insurer must . complete its investigation within......	180 days
8.	Interest payable to the claimant if award of ombudsman is not implemented within	30 days
9.	An insured is presumed to be dead, if he or she is not heard of for.......	7 years
10.	A complaint can be filed with the consumer forum within ..... days of rejection of the claim	1 year
11.	A consumer forum to decide a complaint within	30 days
12.	For Claim settlement, any queries or additional documents can be asked from the claimant within...	15 days

Important dates and years can be remembered are as under

Dates	Particulars
01/09/1956	LIC of India came into being with Central Office at Mumbai.
19/01/1956	Promulgation of ordinance for nationalization of life insurance business in India.
11/11/1998	Notification of establishment of Insurance Ombudsman. The Insurance Ombudsman was created by the Government of India to resolve the grievances of insurance customers.
10/04/2010	Supreme Court of India gave a very important judgment that relates to the HLV of a person.
1993	The Malohotra committee was set up tp explore and recommend Changes for development.
1997	The regulatory authority IRA was established.
April 2000	A statutory body Insurance Regulatory And Development Authority both for life. Non life and Health Insurance Industry.
2014	IRDA was renamed as IRDAI
2002	The Legislation of prevention of Money Laundering Act was enacted by the government.
1977	Universal Life policy was introduced in USA.
1990	The first pre-funded insurance plan was the Bhavishya Arogya policy marketed by the four public sector general insurance companies.
November 2010	As per the IRDA Circular "All Universal Life products shall be known as Variable Insurance Products (VIP)."

Important sections of various Acts used in Insurance industry are as under :

Section	Act	Particulars
38	Insurance Act 1938	Relates to Assignment
39	Insurance Act 1938	Relates to Nomination
40	Insurance Act 1938	Limitations of expenses of management
40-44	Insurance Act 1938	Licensing of agents and their remunerations
45	Insurance Act 1938	Indisputability of the contract of insurance
64UM	Insurance Act 1938	Need for survey of losses
3 & 70	Insurance Act 1938	Registration of Insurance companies and its renewals
64V	Insurance Act 1938	Requirements of sufficient capital to keep solvency margins
27 & 85	Insurance Act 1938	Norms of investments by the insurance companies
32B & 32c	Insurance Act 1938	Obligation of Insurers towards rural and social sectors.
182	Indian Contract Act	Definition of agent
37(1)	Income tax Act 1961	Premium paid as Keyman Insurance exempt as business expense
6	Married women Property Act, 1874	Policy to be treated as a trust for the welfare of wife and children
10	Indian Contract Act 1872	Defination of Contract
30	Indian Contract Act 1872	Agreements by way of wager are void
17(2A)	EPF and MP Act 1952	Exemption of EDLI scheme for establishment
80(c)	Income tax Act 1961	Eligibility of deduction for income tax purposes
80(DD)	Income tax Act 1961	Maintenance of handicapped children
10(10D)	Income tax Act 1961	Exemption of receipt of payments for tax purposes
SEC 80 (D)		Tax deduction on based on Health Insurance Premium. (up to Rs. 25,000/-where age is less then 60 and Rs.30,000/- when age is more then 60.
107&108	Income tax Act 1961	Deals with the presumption of death of a person
ECGC ACT 1956	Export credit guarantee corporation of india. Established in July 1956. It offers insurance protection to exporters against payment risks.	

Important Acts that form part of the insurance industry today are as under:

Years	Particulars
1872	Indian Contract Act 1872 was passed
1938	Insurance Act, 1938 was passed
1912	Life Insurance Companies Act 1912 was passed
1956	LIC of India Act 1956 was passed
1972	General Insurance Business nationalization Act 1972 was passed
1999	IRDA Act 1999 was passed
1986	Consumer Protection Act 1986 was passed
1923	Workman Compensation Act was passed (amended and renamed as Employees Compensation
1948	Employees state Insurance Act 1948
1961	Deposit Insurance and Credit Guarantee Corporation Act, 1961
1963	Marine Insurance Act, 1963
1964	Export Credit Guarantee Corporation Act,1964
2002	General Insurance Business (Nationalization) Amendment Act 2002
1988	Motor Vehicle Act 1988 'Wtrtie Liability Act.1991
1991	Public Liability Act, 1991
2002	Prevention of Money Laundering Act,2002 Passed
2005	Prevention of Money Laundering Act 2002 implemented
1874	Married Women property Act 1874 passed
1952	Emplyees provident fund and Misc provisions Act 1952 was passed
1872	Indian Evidence Act 1972
1882	Transfer of Property Act 1982

IMPORTANT DATES AND FACTS OF HEALTH INSURANCE

ACT 1938	Issue of Prospectus is governed by by all these acts and regulations.
PROTECTION OF POLICY HOLDERS INTEREST regulation 2002	
HEALTH INSURANCE REGULATION 2013 OF IRDA	
Section 64 VB OF INSURANCE ACT, 1938	Premium is to be paid in advance, before the start of the premium.
IN 2013	To remove the confusion among insurers, service providers, TPAs and hospitals, Based on common understanding, IRDA issued standardization in health insurance.
ESI ACT, 1948	Health Insurance in India formally began with the beginning of the Employees' State Insurance Scheme, Introduced vide ESI Act, 1948
1986	The first standardise health insurance product for individuals and their families was launched by all the four nationalised non-life Insurance companies.(MEDICLAIM)
September 2001	TPA(Third Party Administrator) a new type of service providers came in to business.
2005	These products come with a small premium and typically, the sum insured is below Rs.30,000,
15	The time limit for submission of claim documents is normally fixed at 15 days from the date of discharge.
01st June 2012	The IRDA guidelines on renewability of health insurance policies makes lifetime guaranteed renewal of the health policies compulsory.

IMPORTANT DATES AND FACTS OF AGENTS REGULATION

1ST APRIL 2016	Appointment of Insurance Agents regulations came in to force.
Within 7 Days	Recovery of Identity card and appointment letter from the agent whose appointment has been cancelled.
7 days	The letter of appointment of Agent shall be dispatched not later than 7 days after the appointment of the Agent.
21 days	The designated officer shall communicate the reasons for refusal for appointment as Agent to the applicant in writing with in
15 days	**The appellate officer shall consider the application and communicate the final decision in writing with in**

ONE DAY BEFORE THE EXAMINTION

Question 1
Risk transfer through risk pooling is called ________.

I. Savings
II. Investments
III. Insurance
IV. Risk mitigation

Question 2
The measures to reduce chances of occurrence of risk are known as _____.

I. Risk retention
II. Loss prevention
III. Risk transfer
IV. Risk avoidance

Question 3
By transferring risk to insurer, it becomes possible ___________.

I. To become careless about our assets
II. To make money from insurance in the event of a loss
III. To ignore the potential risks facing our assets
IV. To enjoy peace of mind and plan one's business more effectively.

Question 4
Origins of modern insurance business can be traced to __________.

I. Bottomry
II. Lloyds
III. Rhodes
IV. Malhotra Committee

Question 5
In insurance context 'risk retention' indicates a situation where_____________.

I. Possibility of loss or damage is not there
II. Loss producing event has no value
III. Property is covered by insurance
IV. One decides to bear the risk and its effects.

Question 6
Which of the following statement is true?

I. Insurance protects the asset
II. Insurance prevents its loss
III. Insurance reduces possibilities of loss
IV. Insurance pays when there is loss of asset

Question 7
Out of 400 houses, each valued at Rs. 20,000, on an average 4 houses get burnt every year resulting in a combined loss of Rs. 80,000. What should be the annual contribution of each house owner to make good this loss?

I. Rs.100/-
II. Rs.200/-
III. Rs.80/-
IV. Rs.400/-

Question 8
Which of the following statements is true?

I. Insurance is a method of sharing the losses of a 'few' by 'many'
II. Insurance is a method of transferring the risk of an individual to another individual
III. Method of risk of many by few.
IV. Insurance is a method of transferring the gains of a few to the many

Question 9
Why do insurers arrange for survey and inspection of the property before acceptance of a risk?

I. To assess the risk for rating purposes
II. To find out how the insured purchased the property
III. To find out whether other insurers have also inspected the property IV. To find out whether neighbouring property also can be insured

Question 10
Which of the below option best describes the process of insurance?

I. Sharing the losses of many by a few
II. Sharing the losses of few by many
III. One sharing the losses of few
IV. Sharing of losses through subsidy

Question 11
_____________ is not a tangible good.

I. House
II. Insurance
III. Mobile Phone
IV. A pair of jeans

Question 12
_____________ is not an indicator of service quality.

I. Cleverness
II. Reliability
III. Empathy
IV. Responsiveness

Question 13
In India _______________ insurance is mandatory.

I. Motor third party liability
II. Fire insurance for houses
III. Travel insurance for domestic travel
IV. Personal accident

Question 14
One of the methods of reducing insurance cost of an insured is __________

I. Reinsurance
II. Deductible
III. Co-insurance
IV. Rebate

Question 15
A customer having complaint regarding his insurance policy can approach IRDA through

I. IGMS
II. District Consumer Forum
III. Ombudsman
IV. IGMS or District Consumer Forum or Ombudsman

Question 16
Consumer Protection Act deals with:

I. Complaint against insurance companies
II. Complaint against shopkeepers
III. Complaint against brand
IV. Complaint against insurance companies, brand and shopkeepers

Question 17
___________ has jurisdiction to entertain matters where value of goods or services and the compensation claim is up to 20 lakhs

I. High Court
II. District Forum.
III. State Commission
IV. National Commission

Question 18
In customer relationship the first impression is created:

I. By being confident
II. By being on time
III. By showing interest
IV. By being on time, showing interest and being confident

Question 19
Select the correct statement:

I. Ethical behaviour is impossible while selling insurance
II. Ethical behaviour is not necessary for insurance agents
III. Ethical behaviour helps in developing trust between the agent and the insurer
IV. Ethical behaviour is expected from the top management also.

Question 20
Active Listening involves:

I. Paying attention to the speaker
II. Giving an occasional nod and smile
III. Providing feedback
IV. Paying attention to the speaker, giving an occasional nod and smile and providing feedback.

Question 21
Expand the term IGMS.

I. Insurance General Management System
II. Indian General Management System
III. Integrated Grievance Management System.
IV. Intelligent Grievance Management System

Question 22
Which of the below consumer grievance redressal agencies would handle consumer disputes amounting between Rs. 20 lakhs and Rs. 100 lakhs?

I. District Forum
II. State Commission.
III. National Commission
IV. Zilla Parishad

Question 23
Which among the following cannot form the basis for a valid consumer complaint?

I. Shopkeeper charging a price above the MRP for a product
II. Shopkeeper not advising the customer on the best product in a category
III. Allergy warning not provided on a drug bottle
IV. Faulty products

Question 24
Which of the below will be the most appropriate option for a customer to lodge an insurance policy related complaint?

I. Police
II. Supreme Court
III. Insurance Ombudsman
IV. District Court

Question 25
Which of the below statement is correct with regards to the territorial jurisdiction of the Insurance Ombudsman?

I. Insurance Ombudsman has National jurisdiction
II. Insurance Ombudsman has State jurisdiction
III. Insurance Ombudsman has District jurisdiction
IV. Insurance Ombudsman operates only within the specified territorial limits

Question 26
How is the complaint to be launched with an insurance ombudsman?

I. The complaint is to be made in writing
II. The complaint is to be made orally over the phone
III. The complaint is to be made orally in a face to face manner
IV. The complaint is to be made through newspaper advertisement

Question 27
What is the time limit for approaching an Insurance Ombudsman?

I. Within two years of rejection of the complaint by the insurer
II. Within three years of rejection of the complaint by the insurer
III. Within one year of rejection of the complaint by the insurer
IV. Within one month of rejection of the complaint by the insurer

Question 28
Which among the following is not a pre-requisite for launching a complaint with the Ombudsman?

I. The complaint must be by an individual on a 'Personal Lines' insurance
II. The complaint must be lodged within 1 year of the insurer rejecting the complaint
III. Complainant has to approach a consumer forum prior to the Ombudsman
IV. The total relief sought must be within an amount of Rs.20 lakhs.

Question 29
Are there any fee / charges that need to be paid for lodging the complaint with the Ombudsman?

I. A fee of Rs 100 needs to be paid.
II. No fee or charges need to be paid.
III. 20% of the relief sought must be paid as fee
IV. 10% of the relief sought must be paid as fee

Question 30
Can a complaint be launched against a private insurer?

I. Complaints can be launched against public insurers only
II. Yes, complaint can be launched against private insurers
III. Complaint can be launched against private insurers only in the Life Sector
IV. Complaint can be launched against private insurers only in the Non-Life

Sector

Question 31
Which element of a valid contract deals with premium?

I. Offer and acceptance
II. Consideration
III. Free consent
IV. Capacity of parties to contract

Question 32
______________ relates to inaccurate statements, which are made without any fraudulent intention.

I. Misrepresentation
II. Contribution
III. Offer
IV. Representation

Question 33
________________ involves pressure applied through criminal means.

I. Fraud
II. Undue influence
III. Coercion
IV. Mistake

Question 34
Which among the following is true regarding life insurance contracts?

I. They are verbal contracts not legally enforceable II. They are verbal which are legally enforceable
III. They are contracts between two parties (insurer and insured) as per requirements of Indian Contract Act, 1872.
IV. They are similar to wager contracts

Question 35
Which of the below is not a valid consideration for a contract?

I. Money
II. Property
III. Bribe
IV. Jewellery

Question 36
Which of the below party is not eligible to enter into a life insurance contract?

I. Business owner
II. Minor
III. House wife
IV. Government employee

Question 37
Which of the below action showcases the principle of "Uberrima Fides"?

I. Lying about known medical conditions on an insurance proposal form
II. Not revealing known material facts on an insurance proposal form
III. Disclosing known material facts on an insurance proposal form(Utmost good faith)
IV. Paying premium on time

Question 38
Which of the below is not correct with regards to insurable interest?

I. Father taking out insurance policy on his son
II. Spouses taking out insurance on one another
III. Friends taking out insurance on one another
IV. Employer taking out insurance on employees

Question 39
When is it essential for insurable interest to be present in case of life insurance?

I. At the time of taking out insurance
II. At the time of claim
III. Insurable interest is not required in case of life insurance
IV. Either at time of policy purchase or at the time of claim

Question 40
Find out the proximate cause for death in the following scenario?

Ajay falls off a horse and breaks his back. He lies there in a pool of water and contracts pneumonia. He is admitted to the hospital and dies because of pneumonia.

I. Pneumonia
II. Broken back
III. Falling off a horse.
IV. Surgery

Question 41
Which of the below is not an element of the life insurance business?

I. Asset
II. Risk
III. Principle of mutuality
IV. Subsidy.

Question 42
Who devised the concept of HLV?

I. Dr. Martin Luther King
II. Warren Buffet
III. Prof. Hubener.
IV. George Soros

Question 43
Which of the below mentioned insurance plans has the least or no amount of savings element?

I. Term insurance plan.
II. Endowment plan
III. Whole life plan
IV. Money back plan

Question 44
Which among the following cannot be termed as an asset?

I. Car
II. Human Life
III. Air
IV. House

Question 45
Which of the below cannot be categorised under risks?

I. Dying too young
II. Dying too early
III. Natural wear and tear.
IV. Living with disability

Question 46
Which of the following statement is correct ?

I. Life insurance policies are contracts of indemnity while general insurance policies are contracts of assurance

II. Life insurance policies are contracts of assurance while general insurance policies are contracts of indemnity.
III. In case of general insurance the risk event protected against is certain

IV. The certainty of risk event in case of general insurance increases with time

Question 47
Which among the following methods is a traditional method that can help determine the insurance needed by an individual?

I. Human Economic Value
II. Life Term Proposition
III. Human Life Value.
IV. Future Life Value

Question 48
Which of the below is the most appropriate explanation for the fact that young people are charged lesser life insurance premium as compared to old people?

I. Young people are mostly dependant
II. Old people can afford to pay more
III. Mortality is related to age
IV. Mortality is inversely related to age

Question 49
Which of the below is not an advantage of cash value insurance contracts?

I. Safe and secure investment
II. Inculcates saving discipline
III. Lower yields
IV. Income tax advantages

Question 50
Which of the below is an advantage of cash value insurance contracts?

I. Returns subject to corroding effect of inflation
II. Low accumulation in earlier years
III. Lower yields
IV. Secure investment

Question 51
An individual with an aggressive risk profile is likely to follow wealth _______ investment style.

I. Consolidation
II. Gifting
III. Accumulation
IV. Spending

Question 52
Which among the following is a wealth accumulation product?

I. Bank Loans
II. Shares
III. Term Insurance Policy
IV. Savings Bank Account

Question 53
Savings can be considered as a composite of two decisions. Choose them from the list below.

I. Risk retention and reduced consumption
II. Gifting and accumulation
III. Spending and accumulation
IV. Postponement of consumption and parting with liquidity

Question 54
During which stage of life will an individual appreciate past savings the most?

I. Post retirement
II. Earner
III. Learner
IV. Just married

Question 55
What is the relation between investment horizon and returns?

I. Both are not related at all
II. Greater the investment horizon the larger the returns
III. Greater the investment horizon the smaller the returns
IV. Greater the investment horizon more tax on the returns

Question 56
Which among the following can be categorised under transactional products?
I. Bank deposits
II. Life insurance
III. Shares
IV. Bonds

Question 57
Which among the following can be categorised under contingency products?

I. Bank deposits
II. Life insurance
III. Shares
IV. Bonds

Question 58
Which of the below can be categorised under wealth accumulation products?

I. Bank deposits
II. Life insurance
III. General insurance
IV. Shares

Question 59

_______________is a rise in the general level of prices of goods and services in an economy over a period of time.

I. Deflation
II. Inflation
III. Stagflation
IV. Hyperinflation

Question 60

Which of the below is not a strategy to maximise discretionary income?

I. Debt restructuring
II. Loan transfer
III. Investment restructuring
IV. Insurance purchase

Question 61

___________ life insurance pays off a policyholder's mortgage in the event of the person's death.

I. Term
II. Mortgage
III. Whole
IV. Endowment

Question 62

The ________ the premium paid by you towards your life insurance, the ________ will be the compensation paid to the beneficiary in the event of your death.

I. Higher, Higher
II. Lower, Higher
III. Higher, Lower
IV. Faster, Slower

Question 63

Which of the below option is correct with regards to a term insurance plan?

I. Term insurance plans come with life-long renewability option
II. All term insurance plans come with a built-in disability rider
III. Term insurance can be bought as a stand-alone policy as well as a rider with another policy
IV. There is no provision in a term insurance plans to convert it into a whole life insurance plan

Question 64

In decreasing-term insurance, the premiums paid ____________ over time.

I. Increase
II. Decrease
III. Remain constant.
IV. Are returned

Question 65

Using the conversion option present in a term policy you can convert the same to __________.

I. Whole life policy
II. Mortgage policy
III. Bank FD
IV. Decreasing term policy

Question 66

What is the primary purpose of a life insurance product?

I. Tax rebates
II. Safe investment avenue
III. Protection against the loss of economic value of an individual's productive abilities.
IV. Wealth accumulation

Question 67

Who among the following is best advised to purchase a term plan?

I. An individual who needs money at the end of insurance term
II. An individual who needs insurance and has a high budget
III. An individual who needs insurance but has a low budget.
IV. An individual who needs an insurance product that gives high returns

Question 68
Which of the below statement is incorrect with regards to decreasing term assurance?

I. Death benefit amount decreases with the term of coverage
II. Premium amount decreases with the term of coverage.
III. Premium remains level throughout the term
IV. Mortgage redemption plans are an example of decreasing term assurance plans

Question 69
Which of the below statement is correct with regards to endowment assurance plan?

I. It has a death benefit component only
II. It has a survival benefit component only
III. It has both a death benefit as well as a survival component
IV. It is similar to a term plan

Question 70
Which of the below is an example of an endowment assurance plan?

I. Mortgage Redemption Plan
II. Credit Life Insurance Plan
III. Money Back Plan.
IV. Whole Life Plan

Question 71
What does inter-temporal allocation of resources refer to?

I. Postponing allocation of resources until the time is right
II. Allocation of resources over time
III. Temporary allocation of resources
IV. Diversification of resource allocation

Question 72
Which among the following is a limitation of traditional life insurance products?

I. Yields on these policies is high
II. Clear and visible method of arriving at surrender value
III. Well defined cash and savings value component
IV. Rate of return is not easy to ascertain

Question 73
Where was the Universal Life Policy introduced first?

I. USA
II. Great Britain
III. Germany
IV. France

Question 74
Who among the following is most likely to buy variable life insurance?

I. People seeking fixed return
II. People who are risk averse and do not dabble in equity
III. Knowledgeable people comfortable with equity
IV. Young people in general

Question 75
Which of the below statement is true regarding ULIP's?

I. Value of the units is determined by a formula fixed in advance
II. Investment risk is borne by the insurer
III. ULIP's are opaque with regards to their term, expenses and savings components
IV. ULIP's are bundled products

Question 76
All of the following are characteristics of variable life insurance EXCEPT:

I. Flexible premium payments
II. Cash value is not guaranteed
III. Policy owner selects where savings reserve is invested
IV. Minimum Death benefit is guaranteed

Question 77
Which of the below is correct with regards to universal life insurance?

Statement I: It allows policy owner to vary payments
Statement II: Policy owner can earn market based rate of return on cash value

I. I is true
II. II is true
III. I and II are true.
IV. I and II are false

Question 78
All of the following is true regarding ULIP's EXCEPT:

I. Unit holder can choose between different kind of funds
II. Life insurer provides guarantee for unit values
III. Units may be purchased by payment of a single premium or via regular premium payments.
IV. ULIP policy structure is transparent with regards to the insurance expenses component

Question 79
As per IRDAI norms, an insurance company can provide which of the below non-traditional savings life insurance products are permitted in India?

Choice I: Unit Linked Insurance Plans
Choice II: Variable Insurance Plans

I. I only
II. II only
III. I and II both
IV. Neither I nor II

Question 80
What does unbundling of life insurance products refers to?

I. Correlation of life insurance products with bonds
II. Correlation of life insurance products with equities
III. Amalgamation of protection and savings element
IV. Separation of the protection and savings element

Question 81
The sum assured under keyman insurance policy is generally linked to which of the following?

I. Keyman income
II. Business profitability.
III. Business history
IV. Inflation index

Question 82
Mortgage redemption insurance (MRI) can be categorised under ________.

I. Increasing term life assurance
II. Decreasing term life assurance
III. Variable life assurance
IV. Universal life assurance

Question 83
Which of the below losses are covered under keyman insurance?

I. Property theft
II. Losses related to the extended period when a key person is unable to work
III. General liability.
IV. Losses caused due to errors and omission

Question 84
A policy is effected under the MWP Act. If the policyholder does not appoint a special trustee to receive and administer the benefits under the policy, the sum secured under the policy becomes payable to the _____________.

I. Next of kin
II. Official Trustee of the State.
III. Insurer
IV. Insured

Question 85
Mahesh ran a business on borrowed capital. After his sudden demise, all the creditors are doing their best to go after Mahesh's assets. Which of the below assets is beyond the reach of the creditors?

I. Property under Mahesh's name
II. Mahesh's bank accounts
III. Term life insurance policy purchased under Section 6 of MWP Act
IV. Mutual funds owned by Mahesh

Question 86
Which of the below option is true with regards to MWP Act cases?

Statement I: Maturity claims cheques are paid to policyholders
Statement II: Maturity claims cheques are paid to trustees

I. I is true
II. II is true
III. Both I and II are true
IV. Neither I nor II is true

Question 87
Which of the below option is true with regards to MWP act cases?

Statement I: Death claims are settled in favour of nominees
Statement II: Death claims are settled in favour of trustees

I. I is true
II. II is true
III. Both I and II are true
IV. Neither I nor II is true

Question 88
Ajay pays insurance premium for his employees. Which of the below insurance premium will not be treated deductible as compensation paid to employee?

Choice I: Health insurance with benefits payable to employee
Choice II: Keyman life insurance with benefits payable to Ajay

I. I only
II. II only
III. Both I and II
IV. Neither I nor II

Question 89
The practice of charging interest to borrowers who pledge their property as collateral but leaving them in possession of the property is called___________.

I. Security
II. Mortgage
III. Usury
IV. Hypothecation

Question 90
Which of the below policy can provide protection to home loan borrowers?

I. Life Insurance
II. Disability Insurance
III. Mortgage Redemption Insurance
IV. General Insurance

Question 91
What does the term "premium" denote in relation to an insurance policy?

I. Profit earned by the insurer
II. Price paid by an insured for purchasing the policy
III. Margins of an insurer on a policy
IV. Expenses incurred by an insurer on a policy

Question 92
Which of the below is not a factor in determining life insurance premium?

I. Mortality
II. Rebate
III. Reserves
IV. Management expenses

Question 93
What is a policy withdrawal?

I. Discontinuation of premium payment by policyholder
II. Surrender of policy in return for acquired surrender value
III. Policy upgrade
IV. Policy downgrade

Question 94
Which of the below is one of the ways of defining surplus?

I. Excessive liabilities
II. Excessive turnover
III. Excess value of liabilities over assets
IV. Excess value of assets over liabilities

Question 95
Which of the below is not a component of ULIP premiums?

I. Policy allocation charge
II. Investment risk premium
III. Mortality charge
IV. Social security charge

Question 96
Life insurance companies may offer rebate to the buyer on the premium that is payable on the basis of __________.

I. Sum assured chosen by the buyer
II. Type of policy chosen by the buyer
III. Term of the plan chosen by the buyer
IV. Mode of payment (cash, cheque, card) chosen by the buyer

Question 97
Interest rates are one of the important components used while determining the premium. Which of the below statement is correct with regards to interest rates?

I. Lower the interest rate assumed, lower the premium
II. Higher the interest rate assumed, higher the premium
III. Higher the interest rate assumed, lower the premium
IV. The interest rates don't affect premiums

Question 98
Which of the below statement is correct?

I. Business strain is the difficulty faced by the companies in securing new business
II. Business strain arises at the end of the policy term.
III. Business strain arises because of excess premium.
IV. Business strain arises because of excess expenses at the new business stage.

Question 99
With regards to valuation of assets by insurance companies, __________ is the value at which the life insurer has purchased or acquired its assets.

I. Discounted future value
II. Discounted present value
III. Market value
IV. Book value

Question 100
In case of __________, a company expresses the bonus as a percentage of basic benefit and already attached bonuses.

I. Reversionary bonus
II. Compound bonus
III. Terminal bonus
IV. Persistency bonus

Question 101
Which of the below is an example of standard age proof?

I. Ration card
II. Horoscope
III. Passport
IV. Village Panchayat certificate

Question 102
Which of the below can be attributed to moral hazard?

I. Increased risky behaviour following the purchase of insurance
II. Increased risky behaviour prior to the purchase of insurance
III. Decreased risky behaviour following the purchase of insurance
IV. Engaging in criminal acts post being insured

Question 103
Which of the below features will be checked in a medical examiner's report?

I. Emotional behaviour of the proposer
II. Height, weight and blood pressure
III. Social status
IV. Truthfulness

Question 104
A __________ is a formal legal document used by insurance companies that provides details about the product.

I. Proposal form
II. Proposal quote
III. Information docket
IV. Prospectus

Question 105
The application document used for making the proposal is commonly known as the __________.

I. Application form
II. Proposal form
III. Registration form
IV. Subscription form

Question 106
From the below given age proof documents, identify the one which is classified as non-standard by insurance companies.

I. School certificate
II. Identity card in case of defence personnel
III. Ration card
IV. Certificate of baptism

Question 107
Money laundering is the process of bringing _______ money into an economy by hiding its _______ origin so that it appears to be legally acquired.

I. Illegal, illegal
II. Legal, legal
III. Illegal, legal
IV. Legal, illegal

Question 108
In case the policyholder is not satisfied with the policy, he / she can return the policy within the free-look period i.e. within ________of receiving the policy document.

I. 60 days
II. 45 days
III. 30 days
IV. 15 days

Question 109
Which of the below statement is correct with regards to a policy returned by a policyholder during the free look period?

I. The insurance company will refund 100% of the premium
II. The insurance company will refund 50% of the premiu
III. The insurance company will refund the premium after adjusting for proportionate risk premium for the period on cover, medical examination expenses and stamp duty charges
IV. The insurance company will forfeit the entire premium

Question 110
Which of the below is not a valid address proof?

I. PAN Card
II. Voter ID Card
III. Bank passbook
IV. Driving licence

Question 111
Which of the following documents is an evidence of the contract between insurer and insured?

I. Proposal form
II. Policy document
III. Prospectus
IV. Claim form

Question 112
If complex language is used to word a certain policy document and it has given rise to an ambiguity, how will it generally be construed?

I. In favour of insured
II. In favour of insurer
III. The policy will be declared as void and the insurer will be asked to return the premium with interest to the insured
IV. The policy will be declared as void and the insurer will be asked to return the premium to the insured without any interest

Question 113

Select the option that best describes a policy document.

I. It is evidence of the insurance contract
II. It is evidence of the interest expressed by the insured in buying an insurance policy from the company
III. It is evidence of the policy (procedures) followed by an insurance company when dealing with channel partners like banks, brokers and other entities
IV. It is an acknowledgement slip issued by the insurance company on payment of the first premium

Question 114

Which of the below statement is correct?

I. The proposal form acceptance is the evidence that the policy contract has begun
II. The acceptance of premium is evidence that the policy has begun
III. The First Premium Receipt is the evidence that the policy contract has begun

IV. The premium quote is evidence that the policy contract has begun

Question 115

For the subsequent premiums received by the insurance company after the first premium, the company will issue __________.

I. Revival premium receipt
II. Restoration premium receipt
III. Reinstatement premium receipt
IV. Renewal premium receipt

Question 116

What will happen if the insured person loses the original life insurance policy document?

I. The insurance company will issue a duplicate policy without making any changes to the contract
II. The insurance contract will come to an end
III. The insurance company will issue a duplicate policy with renewed terms and conditions based on the current health declarations of the life insured
IV. The insurance company will issue a duplicate policy without making any changes to the contract, but only after a Court order.

Question 117

Which of the below statement is correct?

i. The policy document has to be signed by a competent authority but need not be compulsorily stamped according to the Indian Stamp Act.
II. The policy document has to be signed by a competent authority and should be stamped according to the Indian Stamp Act.
III. The policy document need not be signed by a competent authority but should be stamped according to the Indian Stamp Act.
IV. The policy document neither needs to be signed by a competent authority nor it needs to be compulsorily stamped according to the Indian Stamp Act.

Question 118

Which of the below forms the first part of a standard insurance policy document?

I. Policy schedule
II. Standard provisions
III. Specific policy provisions
IV. Claim procedure

Question 119

In a standard insurance policy document, the standard provisions section will have information on which of the below?

I. Date of commencement, date of maturity and due date of last premium
II. Name of nominee
III. The rights and privileges and other conditions, which are applicable under the contract
IV. The signature of the authorised signatory and policy stamp

Question 120

"A clause precluding death due to pregnancy for a lady who is expecting at the time of writing the contract" will be included in which section of a standard policy document?

I. Policy schedule
II. General provisions
III. Standard provisions
IV. Specific policy provisions

Question 121
Which of the below statement is false with regards to nomination?

I. Policy nomination is not cancelled if the policy is assigned to the insurer in return for a loan
II. Nomination can be done at the time of policy purchase or subsequently
III. Nomination can be changed by making an endorsement in the policy
IV. A nominee has full rights on the whole of the claim

Question 122
In order for the policy to acquire a guaranteed surrender value, for how long must the premiums be paid as per law?

I. Premiums must be paid for at least 2 consecutive years
II. Premiums must be paid for at least 3 consecutive years
III. Premiums must be paid for at least 4 consecutive years
IV. Premiums must be paid for at least 5 consecutive years

Question 123
When is a policy deemed to be lapsed?

I. If the premiums are not paid on due date
II. If the premiums are not paid before the due date
III. If the premium has not been paid even during days of grace
IV. If the policy is surrendered

Question 124
Which of the below statement is correct with regards to grace period of an insurance policy?

I. The standard length of the grace period is one month.
II. The standard length of the grace period is 30 days.
III. The standard length of the grace period is one month or 30 days.
IV. The standard length of the grace period is one month or 31 days.

Question 125
What will happen if the policyholder does not pay the premium by the due date and dies during the grace period?

I. The insurer will consider the policy void due to non-payment of premium by the due date and hence reject the claim
II. The insurer will pay the claim and waive off the last unpaid premium
III. The insurer will pay the claim after deducting the unpaid premium
IV. The insurer will pay the claim after deducting the unpaid premium along with interest which will be taken as 2% above the bank savings interest rate

Question 126
During the revival of a lapsed policy, which of the below aspect is considered most significant by the insurance company? Choose the most appropriate option.

I. Evidence of insurability at revival
II. Revival of the policy leading to increase in risk for the insurance company
III. Payment of unpaid premiums with interest
IV. Insured submitting the revival application within a specified time frame

Question 127
For an insurance policy nomination is allowed under _________ of the Insurance Act, 1938.

I. Section 10
II. Section 38
III. Section 39
IV. Section 45

Question 128
Which of the below statement is incorrect with regards to a policy against which a loan has been taken from the insurance company?

I. The policy will have to be assigned in favour of the insurance company
II. The nomination of such policy will get cancelled due to assignment of the policy in favour of the insurance company
III. The nominee's right will affected to the extent of the insurer's interest in the policy
IV. The policy loan is usually limited to a percentage of the policy's surrender value

Question 129
Which of the below statement is incorrect with regards to assignment of an insurance policy?

I. In case of Absolute Assignment, in the event of death of the assignee, the title of the policy would pass to the estate of the deceased assignee.

II. The assignment of a life insurance policy implies the act of transferring the rights right, title and interest in the policy (as property) from one person to another.
III. It is necessary that the policyholder must give notice of assignment to the insurer.
IV. In case of Absolute Assignment, the policy vests absolutely with the assignee till maturity, except in case of death of the insured during the policy tenure, wherein the policy reverts back to the beneficiaries of the insured.

Question 130
Which of the below alteration will be permitted by an insurance company?

I. Splitting up of the policy into two or more policies
II. Extension of the premium paying term
III. Change of the policy from with profit policy to without profit policy
IV. Increase in the sum assured

Question 131
Which of the following denotes the underwriter's role in an insurance company?

I. Process claims
II. Decide acceptability of risks
III. Product design architect
IV. Customer relations manager

Question 132
Which of the following is not an underwriting decision?

I. Risk acceptance at standard rates
II. Declinature of risk
III. Postponement of risk
IV. Claim rejection

Question 133
Which of the following is not a standard age proof?

I. Passport
II. School leaving certificate
III. Horoscope
IV. Birth certificate

Question 134
Which of the following condition will affect a person's insurability negatively?

I. Daily jogs
II. Banned substance abuse
III. Lazy nature
IV. Procrastination

Question 135
Under what method of underwriting does an underwriter assign positive rating points for all negative or adverse factors (negative points for any positive or favourable factors)?

I. Judgment
II. Arbitrary
III. Numerical rating
IV. Single step

Question 136
Under risk classification, ___________ consist of those whose anticipated mortality corresponds to the standard lives represented by the mortality table.

I. Standard lives
II. Preferred risks
III. Sub-standard lives
IV. Declined lives

Question 137
Amruta is pregnant. She has applied for a term insurance cover. Which of the below option will be the best option to choose for an underwriter to offer insurance to Amruta? Choose the most likely option.

I. Acceptance at ordinary rates
II. Acceptance with extra premium
III. Decline the proposal
IV. Acceptance with a restrictive clause

Question 138
Which of the below insurance proposal is not likely to qualify under non-medical underwriting?

I. Savita, aged 26 years, working in an IT company as a software engineer
II. Mahesh, aged 50 years, working in a coal mine
III. Satish, aged 28 years, working in a bank and has applied for an insurance cover of Rs. 1 crore
IV. Pravin, aged 30 years, working in a departmental store and has applied for an endowment insurance plan for a tenure of 10 years

Question 139
Sheena is suffering from acute diabetes. She has applied for an insurance plan. In this case the underwriter is most likely to use ____________ for underwriting. Choose the most appropriate option.

I. Judgment method
II. Numerical method
III. Any of the above method since an illness like diabetes does not play a major role in the underwriting process
IV. Neither of the above method as diabetes cases are rejected outright

Question 140
Santosh has applied for a term insurance policy. His anticipated mortality is significantly lower than standard lives and hence could be charged a lower premium. Under risk classification, Santosh will be classified under ___________.

I. Standard lives
II. Preferred risks
III. Substandard lives
IV. Declined lives

Question 141
Given below is a list of policies. Identify under which type of policy, the claim payment is made in the form of periodic payments?

I. Money-back policy
II. Unit linked insurance policy
III. Return of premium policy
IV. Term insurance policy

Question 142
Mahesh has bought a life insurance policy with a critical illness rider. He has made absolute assignment of the policy in favour of Karan. Mahesh suffers a heart attack and there is a claim of Rs. 50,000 under the critical illness rider. To whom will the payment be made in this case?

I. Mahesh
II. Karan
III. The payment will be shared equally by Mahesh and Karan
IV. Neither of the two because Mahesh has suffered the heart attack but the policy is assigned in favour of Karan.

Question 143
Praveen died in a car accident. The beneficiary submits documents for death claim. Which of the below document is an additional document required to be submitted in case of accidental death as compared to natural death.

I. Certificate of burial or cremation
II. Treating physician's certificate
III. Employer's certificate
IV. Inquest Report

Question 144
Which of the below death claim will be treated as an early death claim?

I. If the insured dies within three years of policy duration
II. If the insured dies within five years of policy duration
III. If the insured dies within seven years of policy duration
IV. If the insured dies within ten years of policy duration

Question 145
Given below are some events that will trigger survival claims. Identify which of the below statement is incorrect?

I. Claim paid on maturity of a term insurance policy
II. An instalment payable upon reaching the milestone under a money-back policy
III. Claim paid for critical illnesses covered under the policy as a rider benefit
IV. Surrender value paid on surrender of an endowment policy by the policyholder

Question 146
A payment made under a money-back policy upon reaching a milestone will be classified under which type of claim?

I. Death claim
II. Maturity claim
III. Periodical survival claim
IV. Surrender claim

Question 147
Shankar bought a 10 year Unit Linked Insurance Plan. If he dies before the maturity of the policy which of the below will be paid?

I. Lower of sum assured or fund value
II. Higher of sum assured or fund value
III. Premiums paid will be returned with 2% higher interest rate as compared to a bank's savings deposit
IV. Surrender value

Question 148
Based on classification of claims (early or non-early), pick the odd one out?

I. Ramya dies after 6 months of buying a term insurance plan
II. Manoj dies after one and half years of buying a term insurance plan
III. David dies after two and half years of buying a term insurance plan
IV. Pravin dies after five and half years of buying a term insurance plan

Question 149
Given below is a list of documents to be submitted for a normal death claim by all beneficiaries in the event of death of life insured. Pick the odd one out which is additionally required to be submitted only in case of death by accident.

I. Inquest report
II. Claim form
III. Certificate of burial or cremation
IV. Hospital's certificate

Question 150
As per IRDAI (Protection of Policyholders Interests) Regulations, 2002, a claim under a life policy shall be paid or be disputed, within 30 days from the date of receipt of all relevant papers and clarifications required.

I. 7 days
II. 15 days
III. 30 days
IV. 45 days

Question 151
As per guidelines, an insurance company has to process an insurance proposal within __________.

I. 7 days
II. 15 days
III. 30 days
IV. 45 days

Question 152
In case the premium payment is made by cheque, then which of the below statement will hold true?

I. The risk may be assumed on the date on which the cheque is posted
II. The risk may be assumed on the date on which the cheque is deposited by the insurance company
III. The risk may be assumed on the date on which the cheque is received by the insurance company

IV. The risk may be assumed on the date on which the cheque is issued by the proposer

Question 153
Which of the below statement is correct with regards to a warranty?

I. A warranty is a condition which is implied without being stated in the policy
II. A warranty is a condition expressly stated in the policy
III. A warranty is a condition expressly stated in the policy and communicated to the insured separately and not as part of the policy document
IV. If a warranty is breached, the claim can still be paid if it is not material to the risk

Question 154

If certain terms and conditions of the policy need to be modified at the time of issuance, it is done by setting out the amendments through __________.

I. Warranty
II. Endorsement
III. Alteration
IV. Modifications are not possible

Question 155

Which of the below statement is correct with regards to renewal notice?

I. As per regulations there is a legal obligation on insurers to send a renewal notice to insured, 30 days before the expiry of the policy
II. As per regulations there is a legal obligation on insurers to send a renewal notice to insured, 15 days before the expiry of the policy
III. As per regulations there is a legal obligation on insurers to send a renewal notice to insured, 7 days before the expiry of the policy
IV. As per regulations there is no legal obligation on insurers to send a renewal notice to insured before the expiry of the policy

Question 156

Though the duration of cover for pre-hospitalization expenses would vary from insurer to insurer and is defined in the policy, the most common cover is for ________ pre-hospitalization.

I. Fifteen days
II. Thirty days
III. Forty Five days
IV. Sixty days

Question 157

As per IRDA guidelines, a ________ grace period is allowed for renewal of individual health policies.

I. Fifteen days
II. Thirty days
III. Forty Five days
IV. Sixty days

Question 158

Which of the below statement is correct with regards to a hospitalization expenses policy?

I. Only hospitalization expenses are covered
II. Hospitalization as well as pre and post hospitalization expenses are covered
III. Hospitalization as well as pre and post hospitalization expenses are covered and a lumpsum amount is paid to the family members in the event of insured's death
IV. Hospitalization expenses are covered from the first year and pre and post hospitalization expenses are covered from the second year if the first year is claim free.

Question 159

Identify which of the below statement is correct?

I. Health insurance deals with morbidity
II. Health insurance deals with mortality

III. Health insurance deals with morbidity as well as mortality
IV. Health insurance neither deals with morbidity or mortality

Question 160

Which of the below statement is correct with regards to cashless service provided in health insurance?

I. It is an environment friendly go-green initiative started by insurance companies to promote electronic payments so that circulation of physical cash notes can be reduced and trees can be saved.
II. Service is provided free of cost to the insured and no cash is to be paid as the payment is made by the Government to the insurance company under a special scheme
III. All payments made by insured have to be made only through internet banking or cards as cash is not accepted by the insurance company
IV. The insured does not pay and the insurance company settles the bill directly with the hospital

Question 161
Identify the correct full form of PPN with regards to hospitals in health insurance.

I. Public Preferred Network
II. Preferred Provider Network
III. Public Private Network
IV. Provider Preferential Network

Question 162
Identify which of the below statement is incorrect?

I. An employer can take a group policy for his employees
II. A bank can take a group policy for its customers
III. A shopkeeper can take a group policy for its customers
IV. A group policy taken by the employer for his employees can be extended to include the family members of the employees

Question 163
Underwriting is the process of ___________.

I. Marketing insurance products
II. Collecting premiums from customers
III. Risk selection and risk pricing
IV. Selling various insurance products

Question 164
The principle of utmost good faith in underwriting is required to be followed by ___________.

I. The insurer
II. The insured
III. Both the insurer and the insured
IV. The medical examiners

Question 165
Insurable interest refers to ____________.

I. Financial interest of the person in the asset to be insured
II. The asset which is already insured
III. Each insurer's share of loss when more than one company covers the same loss
IV. The amount of the loss that can be recovered from the insurer

Question 166
Which of the following statements about medical underwriting is incorrect?

I. It involves high cost in collecting and assessing medical reports.
II. Current health status and age are the key factors in medical underwriting for health insurance.
III. Proposers have to undergo medical and pathological investigations to assess their health risk profile.
IV. Percentage assessment is made on each component of the risk.

Question 167
Which of the following statement is correct ?

1. In a group health insurance, any of the individual constituting the group could anti-select against the insurer.

2. Group health insurance provides coverage only to employer-employee groups.

I. Statement 1 is true and statement 2 is false
II. Statement 2 is true and statement 1 is false
III. Statement 1 and statement 2 are true
IV. Statement 1 and statement 2 are false

Question 168
Which of the following factor does not affect the morbidity of an individual?

I. Gender
II. Spouse job
III. Habits
IV. Residence location

Question 169
According to the principle of indemnity, the insured is paid for __________.

I. The actual losses to the extent of the sum insured
II. The sum insured irrespective of the amount actually spent
III. A fixed amount agreed between both the parties
IV. The actual losses irrespective of the sum assured

Question 170

The first and the primary source of information about an applicant, for the underwriter is his ____________.

I. Age proof documents
II. Financial documents
III. Previous medical records
IV. Proposal form

Question 171

The underwriting process is completed when ___________.

I. All the critical information related to the health and personal details of the proposer are collected through the proposal form
II. All the medical examinations and tests of the proposer are completed
III. The received information is carefully assessed and classified into appropriate risk categories
IV. The policy is issued to the proposer after risk selection and pricing.

Question 172

Which of the following statements about the numerical rating method is incorrect?

I. Numerical rating method provides greater speed in the handling of a large business with the help of trained personnel.
II. Analysis of difficult or doubtful cases is not possible on the basis of numerical points without medical referees or experts.
III. This method can be used by persons without any specific knowledge of medical science.
IV. It ensures consistency between the decisions of different underwriters.

Question 173

Who among the following is considered as primary stakeholder in insurance claim process?

I. Customers
II. Owners
III. Underwriters
IV. Insurance agents/brokers

Question 174

Girish Saxena's insurance claim was denied by insurance company. In case of a denial, what is the option available to Girish Saxena, apart from the representation to the insurer?

I. To approach Government
II. To approach legal authorities
III. To approach insurance agent
IV. Nothing could be done in case of case denial

Question 175

During investigation, of a health insurance claim presented by Rajiv Mehto, insurance company finds that instead of Rajiv Mehto, his brother Rajesh Mehto had been admitted to hospital for treatment. The policy of Rajiv Mehto is not a family floater plan. This is an example of ___________fraud.

I. Impersonatio.
II.Fabrication of documents
III. Exaggeration of expenses
IV. Outpatient treatment converted to in-patient / hospitalization

Question 176

Under which of the following condition, is domiciliary hospitalization is covered in a health insurance policy?

I. The condition of the patient is such that he/she can be removed to the Hospital/Nursing Home , but prefer not to
II. The patient cannot be removed to Hospital/Nursing Home for lack of accommodation therein
III. The treatment can be carried out only in hospital/ Nursing home
IV. Duration of hospitalization is exceeding 24 hours

Question 177

Which of the following codes capture the procedures performed to treat the illness?

I. ICD
II. DCI
III. CPT
IV. PCT

Question 178
The Agency appointment letter is given by

I. The Insurer
II.IRDA
III. IRDAI
IV. Government of India.

Question 179
The Insurance Agent Represents the ______

I. Broker
II. Policy holder
III.Insurance Company
IV. IRDAI

Question 180
What the latest Agents Regulation does not prohibits?

I. Commission.
II.Rebate
III. Multilevel selling
IV. Non Discloser

Question 181
Which of the following are not regulated by IRDA ?

I. Insurance Company
II .Insurance Agent
III. Broker.
IV.Employees of an Insurance Company

Question 182
Which of the statement is not correct in respect of Insurance agent.

I. Should disclose the commission is asked
II. Share the commission in the way of rebate
III. Disclose his licence on Demand
IV. Indicate the premium to be charged.

Question 183
Which is not a expected behaviour of an agent

I. Inform insurer about relevant facts of the prospect.
II. Advise the prospect for nominee.
III. Offer differential than those offered by his insurer.
IV. Render assistance in claim settlement.

Question 184
Which of the following acts is not linked to insurance business in India ?

I. ESI Act, 1948
II.ECGC Act, 1964
III.LIC Act, 1956
IV. Income Tax Act 1961.

Question 185
Which of the obligations prescribed by IRDA is not correct ?

I. At point of sale
II. Towards policy servicing
III. Towards Control of expenses
IV. Customer relationship management

Question 186
Minimum Qualification Required for An Insurance Agent is.

I.Graduation
II.Class 10th pass
III. Post Graduation
IV.Class VII.

Question 187
___________can deal with more than one insurance company.

I. Agent
II. Surveyor
III. Composite Agent
IV. None of the above.

Question 188
Which of the following statements is correct ?

I. National commission(Established by central Government by Notification)
II. State commission (Established by state Government in states)
III. District forum (Established by state Government in each states.
IV. All the above.

Question 189

Which of the following statements is correct ?

I. National Commission entertains cases which exceed any claim amount of Rs. 1 Crore.
II. State enter Commission entertains cases which exceed any claim amount of more than Rs. 20 lacks but less than Rs.1 Crore.
III. District forum exceed any claim amount does not exceeds Rs.20 Lakhs.
IV. All the above.

Question 190

Which of the following statements is correct?

I. National Commission entertains appeals against the orders of any state commission.
II. State commission entertains appeals against the orders of any district forum.
III. Both the statements are correct.
iv. Both the statements are wrong.

Question 191

A Question for Teachers of IC 38.

1. What is a level premium?
2. What are the two components of level premium?
3. What are Principles of Risk Pooling?

Level premiums

The level premium is a premium fixed such that it does not increase with age but remains constant throughout the contract period.

a) Components of level premium

The level premium has two components.

i. The first is known as the term or protection component, consisting of that portion of premium actually needed to pay the cost of the risk.

ii. The second is known as the cash value element. It is made up of accumulated excess payments of the policyholder. It constitutes the savings component.

This means that almost all life insurance policies contain a mix of protection and savings. The more the cash value element in the premium, the more it is considered as a savings oriented insurance policy.

4. The Principle of Risk Pooling

Life insurance companies have been classified as contractual financial institutions. This means that the benefits payable to policyholders have often taken the form of contractual guarantees. Life insurance and pensions have traditionally been purchased, above all things, for the sense of financial security they provide. This security arises as a result of the way the contracts are structured and certain safeguards are built to ensure that insurers are in a position to pay. The structure arises from the application of the mutuality or pooling principle.

Mutuality is one of the important ways to reduce risk in financial markets, the other being diversification. The two are fundamentally different.

Diversification	Mutuality
Under diversification the funds are spread out among various assets (placing the eggs in different baskets).	Under mutuality or pooling, the funds of various individuals are combined (placing all eggs in one basket).
Under diversification we have funds flowing from one source to many destinations	Under mutuality we have funds flow from many sources to one

Q No	1	2	3	4	5	6	7	8	9	10
Ans	c	b	d	b	d	d	b	a	a	b
Q No	11	12	13	14	15	16	17	18	19	20
Ans	b	a	a	b	d	d	b	d	d	d
Q No	21	22	23	24	25	26	27	28	29	30
Ans	c	b	b	c	d	a	c	c	B	b
Q No	31	32	33	34	35	36	37	38	39	40
Ans	b	a	c	c	c	b	c	c	a	c
Q No	41	42	43	44	45	46	47	48	49	50
Ans	d	c	a	c	c	b	c	c	c	d
Q No	51	52	53	54	55	56	57	58	59	60
Ans	C	b	d	a	b	a	b	d	b	d
Q No	61	62	63	64	65	66	67	68	69	70
Ans	b	a	c	c	a	c	c	b	c	c
Q No	71	72	73	74	75	76	77	78	79	80
Ans	b	d	a	c	c	a	c	b	c	d
Q No	81	82	83	84	85	86	87	88	89	90
Ans	b	b	b	b	c	b	b	b	b	c
Q No	91	92	93	94	95	96	97	98	99	100
Ans	b	b	b	d	d	a	c	c	d	b
Q No	101	102	103	104	105	106	107	108	109	110
Ans	C	a	b	d	b	c	a	d	c	c
Q No	111	112	113	114	115	116	117	118	119	120
Ans	b	a	a	c	d	a	b	a	c	d
Q No	121	122	123	124	125	126	127	128	129	130
Ans	b	b	c	d	b	a	c	b	d	a
Q No	131	132	133	134	135	136	137	138	139	140
Ans	b	d	c	b	c	a	d	b	a	b
Q No	141	142	143	144	145	146	147	148	149	150
Ans	a	b	d	a	a	c	b	d	a	c
Q No	151	152	153	154	155	156	157	158	159	160
Ans	B	c	b	b	d	b	b	b	b	d
Q No	161	162	163	164	165	166	167	168	169	170
Ans	B	c	c	c	a	d	d	b	a	d
Q No	171	172	173	174	175	176	177	178	179	180
Ans	C	b	a	b	a	b	c	a	c	a
Q No	181	182	183	184	185	186	187	188	189	190
Ans	d	b	c	d	d	b	c	d	d	c

TRAINER'S HAND BOOK

SECTION-1

Expected : 10-15

CHAPTER 1 : Introduction to Insurance

- The origins of modern commercial insurance business as practiced today can be traced to Lloyd's Coffee House in London.
- The ASSET may be physical (like a car or a building) or non-physical (like name and goodwill) or personal (like one's eyes, limbs and other aspects of one's body).
- Risk: The chance of loss or damage to the asset is called as risk.
- Peril: The cause of the risk event is known as peril.
- Burden of risk refers to the costs, losses and disabilities one has to bear as a result of being exposed to a given loss situation/event.
- Primary burden of risk consists of losses that are actually suffered by households (and business units), as a result of pure risk events. These losses are often direct and measurable and can be easily compensated for by insurance. Fire in a factory and loss of goods can be estimated.
- Secondary burden of risk consists of costs and strains that one has to bear merely from the fact that one is exposed to a loss situation. Even if the said event does not occur, these burdens have still to be borne.
- The need for setting aside reserves as a provision for potential losses in the future is a secondary burden of risk. Insurance is a method of risk transfer.
- Risk avoidance: One may not venture outside the house for fear of meeting with an accident or may not travel at all for fear of falling ill when abroad.
- Risk retention: One tries to manage the impact of risk and decides to bear the risk and its effects by oneself. This is known as self-insurance.
- Loss Prevention': The measures to reduce chance of occurrence are known as 'Loss Prevention'. The measures to reduce degree of loss are called as Loss reduction.
- Insurance Vs Assurance: Insurance refers to protection that might happen whereas Assurance refers to protection against an event that will happen.
- Pooling refers to collecting numerous individual contributions (known as premiums) from various persons. These persons have similar assets which are exposed to similar risks. This pool of funds is used to compensate the few who might suffer the losses as caused by a peril.

CHAPTER 2 : Customer Service

The role of customer service and relationships is far more critical in the case of insurance than in other products. This is because, insurance is a service and very different from real goods.

A well-known model on service quality (Named "SERVQUAL") would give us some insights.

It highlights five major indicators of service quality :

- Reliability, Responsiveness, Assurance, Empathy and Tangible
- Customer lifetime value may be defined as the sum of economic benefits that can be derived from building a sound relationship with a customer over a long period.

Active listening involves :

Paying attention , Demonstrating that you are listening, Providing feedback, Not being judgemental, Responding appropriately.

Chapter 3 : Grievance Redressal Mechanism

Importance of Customer Protection: Insurance agents are the representatives of the insurance company as far as the policyholders are concerned. They are the link between the insured and the insurer. It is hence essential that insurance agents understand the importance of customer protection measures.

Objectives of the Insurance Ombudsman

Ensuring speedy resolution of claims and disputes

Resolution of complaints in a cost effective, impartial and efficient manner

Allowing the insured to approach the Ombudsman for any unresolved complaints IRDA has launched an Integrated Grievance Management System (IGMS), which acts as a central

repository of insurance grievance data and as a tool for monitoring grievance redressal in the industry.

Consumer disputes redressal agencies are established in each district and state and at national level.

As far as insurance business is concerned, the majority of consumer disputes fall into categories such as delay in settlement of claims, non-settlement of claims, repudiation of claims, quantum of loss and policy terms, conditions and so on.

The Ombudsman, by mutual agreement of the insured and the insurer can act as a mediator and counsellor within the terms of reference.

If the dispute is not settled by intermediation, the Ombudsman will pass award to the insured, which he thinks is fair, and is not more than what is necessary to cover the loss of the insured.

Chapter 4 : Regulatory Aspects of Insurance Agent

The prime purpose of insurance regulation is to protect the policyholder. The policyholders pay money and buy the insurance policy. They should be assured that the insurance policy they bought will be honoured by the insurance company.

Insurance Regulatory and Development Authority (IRDAI) is the insurance regulator in India. The basic objective of IRDAI is to protect the interest of policyholders and to regulate, promote and ensure the orderly growth of the insurance industry.

Chapter 5: Legal Principles of Insurance

A contract is an agreement between parties, enforceable at law. The provisions of the Indian Contract Act, 1872 govern all contracts in India, including insurance contracts.

VALID CONTRACT:

Offer and Acceptance	There must be an agreement based on a lawful offer made by person to another and lawful acceptance of that offer made by the latter.
Consideration	Consideration means "something in return" (quid pro quo). It can be cash, kind, an act or abstinence. It can be past, present or future.
Capacity to Contract	Consideration means "something in return" (quid pro quo). It can be cash, kind, an act or abstinence. It can be past, present or future.
Legality of Purpose	The object of the agreement must not be illegal or unlawful.
Consensus ad idem	Both parties to the contract should have same understanding of the transaction.
Free Consent	There should be free consent without any coercion or influence while entering into a contract.

Coercion involves pressure applied through criminal means

SECTION-2

Expected : 15-18

Chapter 6: What Life Insurance Involves

Prof. Hubener devised the concept of Human Life Value (HLV).The HLV concept considers human life as a kind of property or asset that earns an income. It measures the value of human life based on an individual's expected net future earnings.

Mortality is related to age and hence young people who are less likely to die are charged lower premiums as compared to old people.

The level premium is a premium fixed such that it does not increase with age but remains constant throughout the contract period.

This means that premiums collected in early years would be more than the amount needed to cover death claims of those dying at these ages, while premiums collected in later years would be less than what is needed to meet claims of those dying at the higher ages. The level premium is an average of both. This means that the excess premiums of earlier ages compensate for the deficit of premiums in later ages.

Reserve: The Premiums collected in early years of the contract are held in trust by the insurance company for the benefit of its policyholders is called Reserves. An insurance company keeps this reserve to meet the future obligations of the insurer.

Life Fund: The excess amount also creates a fund known as the "Life Fund". Life insurers invest this fund and earn an interest.

The level premium has two components. (1) term or protection component, premium needed to pay the cost of risk (2) cash value element that constitutes the saving element.

Two ways to reduce risk in financial markets: Mutuality and diversification.

Diversification	Mutuality
Funds are spread out among various assets. Placing eggs in different baskets.	Funds of various individuals are combined (Placing all eggs in one basket.
Funds flow from one source to many destinations.	Funds flow from many sources to one.

Life insurance contracts involve both risk cover and a savings element. This makes it a financial product like other products in the financial market. Life insurance in fact has been less a protection product and more a way of holding wealth.

Term insurance does not have a savings element associated with it.

Chapter 7: Financial Planning

Savings may be considered as a composite of two decisions.

i. Postponement of consumption: an allocation of resources between present and future consumption

ii. Parting with liquidity (or ready purchasing power) in exchange for less liquid assets.

Three types of financial products -

Enabling Future Transactions: For meeting a range of anticipated expenditures.

Specific Transaction Needs: These needs are related to specific life events, which require a commitment of resources. Example: Making provision for higher education / marriage of dependents. General transaction needs: Amounts set aside from current consumption without being earmarked for any specific purposes - these are popularly termed as 'future provisions'

Meeting Contingencies: Contingencies are unforeseen life events that may call for a large commitment of funds. These are not met from the current income and hence need to be pre-funded. Examples: Death, disability or unemployment leading to loss of income

Wealth Accumulation: These needs arise from the desire to accumulate wealth by way of prudent investments in favourable market conditions.

Three types of products in the financial market:

Transactional products	Bank deposits and other savings instruments enable one to have adequate purchasing power with liquidity at the right time and the right quantum.
Contingency products like insurance	These provide protection against large losses that may be suffered in the event of sudden unforeseen events.
Wealth accumulation products	Shares, high yielding bonds or real estate are examples of such products. Here, the investment is made with a view to make more money.

Financial planning should ideally start the moment you earn your first salary.

Chapter 8 - Life Insurance Products -I

Life insurance is a product that is intangible. A life insurance agent has the responsibility to enable the customer to understand the features of a particular life insurance product, what it can do and how it can serve the customer's unique needs.
Life insurance products also offer savings and investment.
Rider in Life Insurance: A rider is a provision typically added through an endorsement, which then becomes part of the contract.

- Insurance riders are additional benefits added to insurance policies
- Insurance rider is a clause added to the base plan by paying an extra premium
- Insurance riders are options that allow the individual to enhance risk cover as per the terms and conditions of the policy

Types of Riders
Accidental Death Benefit (ADB) Rider: In the event of the death of the insured due to an accident, this rider provides for an additional amount over and above the normal sum insured, as specified at the time of taking the rider.

IRDA's New Guidelines for Traditional Products

Death Cover: New traditional products will have a higher death cover.

For single premium policies, it will be 125% of the single premium for those below 45 years and 110% of single premium for those above 45 years.

For regular premium policies, the cover will be 10 times the annualised premium paid for those below 45 years and seven times for others.

Chapter 9: Life Insurance Products II

Limitations of Traditional Insurance Products

Savings or cash value component is not well defined. It is determined by assumptions about mortality, interest rates, expenses and other parameters set by the life insurer, which can be arbitrary.

It is not easy to ascertain what would be the rate of return on these policies until the time when the contract ends.

The method of arriving at surrender value is not visible.

The yields on these policies may not be as high as can be obtained from more risky investments.

Advantages of Non-traditional plans:

Non-Traditional Plans:

Universal life insurance policy was introduced in the United States in 1979. It quickly grew to become very popular by the first half of the eighties.
Unit Linked Insurance Plan (ULIP) is a product offered by insurance companies. Unlike a pure insurance policy, ULIP gives investors the benefits of both insurance and investment under a single integrated plan. ULIP is basically a combination of insurance and investment.

ULIPs are suitable for those:

Who wish to monitor their investments closely Whose investment horizon is medium to long-term.

In ULIP, the premiums paid by the policyholders are invested in funds chosen by them. This is done after deducting the allocation charges and administration charges and for providing insurance cover.

ULIP's are transparent with regards to their term, expenses and savings components.

The value of each unit of a fund is determined by dividing the total value of the fund's investments by the total number of units.
Pension and annuities

Types of Pension Plans.

Public pensions are provided by the State. It is the State's responsibility to ensure that all citizens receive a minimum income during retirement. The schemes are publicly managed with mandatory membership. The schemes are typically funded on 'Pay As You Go' (PAYG) basis.

Occupational pensions have been set up by employers for the benefit of their employees.

Personal pensions are plans designed to provide an old age income. These are marketed by market.

Every pension is an annuity in the sense that it involves a regular stream of income payments. However, not every annuity is a pension.

Chapter 10 - Application of Life Insurance

Married Women's Property Act

Section 6 of the Married Women's Property Act, 1874 provides for security of benefits under a life insurance policy to the wife and children. Section 6 of the Married Women's Property Act, 1874 also provides for creation of a Trust.

It lays down that a policy of insurance effected by any married man on his own life, and expressed on the face of it to be for the benefit of his wife, or of his wife and children, or any of them, shall ensure and be deemed to be a trust for the benefit of his wife, or of his wife and children, or any of them, according to the interest so expressed, and shall not, so long any object of the trust remains, be subject to the control of the husband, or to his creditors, or form part of his estate.

Key man Insurance: An insurance policy taken out by a business to compensate that business for financial losses that would arise from the death or extended incapacity of an important member of the business.

The policy's term does not extend beyond the period of the key person's usefulness to the business.

> Key man insurance policies are usually owned by the business and the aim is to compensate the business for losses incurred with the loss of a key income generator and facilitate business continuity.
>
> Keyman is a term insurance policy where the sum assured is linked to the profitability of the company rather than the key person's own income.

A key person can be anyone directly associated with the business whose loss can cause financial strain to the business. For example, the person could be a director of the company, a partner or someone with specific skills or knowledge which is especially valuable to the company.

Mortgage Redemption Insurance (MRI) :

It is an insurance policy that provides financial protection for home loan borrowers.

It is basically a decreasing term life insurance policy taken by a mortgagor to repay the balance on a mortgage loan if he/she dies before its full repayment.

It can be called a loan protector policy.

This plan is suitable for elderly people whose dependents may need assistance in clearing their debts in case of the unexpected demise of the policyholder.

The policy bears on surrender value or maturity benefits. The insurance cover under this policy decreases each year unlike a term insurance policy where insurance cover is constant during the policy period.

Chapter 11 - PRICING AND VALUATION IN LIFE INSURANCE

The term premium denotes the price that is paid by an insured for purchasing an insurance policy.

The rates that are printed in these tables are known as "Office Premiums". They are typically level annual premiums which need to be paid every year. They are in most cases the same throughout the term and are expressed as an annual rate.

Standard life: Group of insured individuals who are not subject to any significant factors that would pose an extra risk.

Ordinary Rates: the rates charged on standard life individuals.

Sub-standard life: If a persons suffering from certain health problems like heart ailments or diabetes, which can pose a hazard to the life.

Extra charges: Insurers impose an extra premium by way of a health extra on substandard lives.

Mortality is the first element in premiums. It is determined by using a "Mortality Table", which gives us an estimate of the rate of mortality for different ages.

Gross premium = Net premium + Loading for expenses + Loading for contingencies + Bonus loading.

Surplus = Assets - Liabilities

Bonus: Bonus is paid as an addition to the basic benefit payable under a contract.

The most common form of bonus is the reversionary bonus. They are called 'Reversionary' bonuses because the policyholder only receives them when the contract becomes a claim by death or maturity.

Simple Reversionary Bonus: This is a bonus expressed as a percentage of the basic cash benefit under the contract. In India for example, it is declared as amount per thousand sum assured.

Compound Bonus: Here the company expresses a bonus as a percentage of basic benefit and already attached bonuses. It is thus a bonus on a bonus. A way to express it may be as @ 8% of basic sum assured plus attached bonus.

Terminal Bonus: This bonus attaches to the contract only on its contractual termination (by death or maturity). The bonus is declared only for claims of the ensuing year without any commitment about subsequent years (as in case of reversionary bonuses). Thus the terminal bonus declared for 2016 would only apply to claims that have arisen during 2016-17 and not for subsequent years.

Terminal bonuses depend on the time duration of the contract, and increases as the duration increases. Thus the terminal bonus for a contract that has run for 25 years would be higher than one which has run for 15 years.

ULIP premium comprises of policy allocation charge, investment risk premium and mortality charge.

Chapter 12 - Documentation - Proposal Stage

Prospectus: A prospectus is a formal legal document used by insurance companies that provides details about the product. The prospectus used by a life insurance company should state the following, under each of its plans of insurance:

i. The terms and conditions

ii. Scope of benefits - guaranteed and non-guaranteed

iii. The entitlements

iv. The exceptions

v. Whether the plan is participative or non-participative

Proposal Form: The insurance policy is a legal contract between insurer and the policyholder.

Moral hazard report:

Age Proof: The risk of mortality in life insurance increases with age. Hence age is a factor that insurance companies use to determine the risk profile of the life to be insured. Premiums are charged according to age proof. Valid age proofs may be standard or non-standard.

Anti-Money Laundering (AML): Money laundering is the process of bringing illegal money into an economy by hiding its illegal origin so that it appears to be legally acquired.

Know your customer(KYC) is the process used by a business to verify the identity of their clients.

KYC Documents:

i. Photographs

ii. Age proof

iii. Proof of address - driving license, passport, telephone bill, electricity bill, bank passbook etc.

iv. Proof of identity - driving license, passport, voter ID card, PAN card, etc.

v. Income proof documents in case of high-value transactions

Chapter 13: Documentation Policy Condition-1

First Premium Receipt: An insurance contract commences when the life insurance company issues a first premium receipt (FPR). The FPR is the evidence that the policy contract has begun.

Policy Document: It is evidence of the contract between the assured and the insurance company. It is not the contract itself.

Chapter 14 - Documentation - Policy Conditions-2

Grace Period: The "Grace Period" clause grants the policyholder an additional period of time to pay the premium after it has become due. The standard length of the grace period is one month or 31 days.

Lapse - Restatement and Revival

When a policy lapses, neither the insurer nor the insured benefits. Hence, the insurer takes all possible steps to bring the policy back into existence. This process is called "Revival", which is the opposite of lapse. A revival is as important as a new policy proposal.

Type: Ordinary Revival, Special Revival, Loan cum Revival and Instalment Revival.

Revival is often more advantageous because buying a new policy would call for a higher premium rate based on the age the insured has attained on the date of revival

The law in India, thus provides that if premiums have been paid for at least three consecutive years, there shall be a guaranteed surrender value. If the policy has not been surrendered, it shall subsist as a policy with a reduced paid-up value. The policy provisions usually provide for a more liberal surrender value than that required by law.

Surrender Value

Paid up value=no of instalments paid/no of instalments payable x sum assured(+bonus if any)

The amount the policyholder ultimately receives is the net surrender value. Surrender Value is a percentage of paid-up value.

Surrender Value arrived as a percentage of premiums paid is called Guaranteed Surrender Value.

The policy loan is usually limited to a percentage of the policy's surrender value (say 90%).

Nomination: Nomination is a process, which enables the settlement of claims in an easy way.

This is the place where the life assured proposes the name of the person(s) to whom the sum assured should be paid by the insurance company after his/her death.

- The life assured can nominate one or more than one person as nominee(s).
- Nomination can be done either at the time the policy is bought or later.
- Nomination only gives the nominee the right to receive the policy monies in the event of the death of the life assured. A nominee does not have any right to the whole (or part) of the claim.
- Where the nominee is a minor, the policyholder needs to appoint an appointee

Assignment

Types of Assignments

There are two types of assignments.

Absolute Assignment	All rights, title and interest, which the assignor has in the policy are transferred to the assignee without reversion to the former or his/her estate in any event. The policy, thus vests absolutely with the assignee. The latter can deal with the policy in whatever manner he or she likes, without the consent of the assignor.
Conditional Assignment	Conditional assignment provides that the policy shall revert to the life assured on his or her surviving the

Chapter 15: Underwriting

Acceptance at Ordinary Rates (OR): This rating indicates that the risk is accepted at the same rate of premium as would apply to an ordinary or standard life. If the person to be insured does not have any adverse features affecting the mortality, then the risk is considered to be normal, standard, first class or average life. In such cases, the premium charged would be as per tabular rates.

Acceptance With an Extra Premium: This is the most common way of dealing with the large majority of sub-standard risks. It involves charging an extra over the tabular rate of premium.

The underwriter has to decide whether to give an insurance cover to someone who has acute diabetics.

Acceptance with a Lien on the Sum Assured: A lien is a kind of hold, which the life insurance company can exercise (in part or whole) on the amount of benefit it has to pay in the event of a claim.

Chapter 16: Payments Under a Life Insurance Policy.

Definition

A claim is a demand that the insurer should make good the promise specified in the contract.

A claim under a life insurance contract is triggered by the happening of one or more of the events covered under the insurance contract. While in some claims, the contract continues, in others, the contract is terminated.

Claims can be of two types:

i. survival claims payable even when the life assured is alive and

ii. death claim

While a death claim arises only upon the death of the life assured, survival claims can be caused by one or more events.

ii. Repudiation of death claim

The death claim may be paid or repudiated. While processing the claim, if it is detected by the insurer that the proposer had made any incorrect statements or had suppressed material facts relevant to the policy, the contract becomes void. All benefits under the policy are forfeited.

iii. Section 45: Indisputability Clause

However this penalty is subject to Section 45 of the Insurance Act, 1938. : Claims LI

A claim is a demand that the insurer should make good the promise specified in the contract.

Under a life insurance contract, a claim is triggered by the happening of one or more of the events covered under the insurance contract. While in some claims, the contract continues, in others, the contract is terminated.

Claims are of two types. Death Claim and Survival Claim.

A death claim arises only upon the death of the life assured whereas survival claims can arise by one or more events.

Examples of events triggering survival claims are:

i. Maturity of the policy;

ii. Instalments payable on reaching milestones under money-back policy;

iii. Critical illnesses covered under the policy as a rider benefit,

iv. Surrender of the policy by either the policyholder or assignee.

SECTION-3

Expected : 10-15

CHAPTER 17
INTRODUCTION TO HEALTH INSURANCE

What is Healthcare?

You have heard of the saying "Health is Wealth". Have you ever tried to know what Health actually means? The word 'Health' was derived from the word 'hoelth', which means 'soundness of the body'.

The Indian system of Ayurveda which existed many centuries before Hippocrates, considered health as a delicate balance of four fluids: blood, yellow bile, black bile and phlegm and an imbalance of these fluids causes ill health. Susruta, the Father of Indian medicine is even credited with complex surgeries unknown to the West in those times.

Definition

World Health Organisation (WHO): Health is a state of complete physical, mental and social wellbeing and not merely the absence of disease.

Determinants of health

It is generally believed that the following factors determine the health of any individual:

a) Lifestyle factors

b) Environmental factors

c) Genetic factors

B. Levels of healthcare

- Appropriate to the needs of the people
- Comprehensive
- Adequate
- Easily available
- Affordable

C. Types of Healthcare

Healthcare is broadly categorized as follows:

1. Primary healthcare

Primary health care refers to the services offered by the doctors, nurses and other small clinics which are contacted first by the patient for any sickness, that is to say that primary healthcare provider is the first point of contact for all patients within a health system.

2. Secondary healthcare

Secondary health care refers to the healthcare services provided by medical specialists and other health professionals who generally do not have first contact with patient. It includes acute care requiring treatment for a short period for a serious illness, often (but not necessarily) as an in-patient, including Intensive Care services, ambulance facilities, pathology, diagnostic and other relevant medical services.

3. Tertiary healthcare

Tertiary Health care is specialized consultative healthcare, usually for inpatients and on referral from primary/ secondary care providers. The tertiary care providers are present mostly in the state capitals and a few at the district headquarters.

D. Factors affecting the health systems in India

1. Demographic or Population related trends

a) India is second largest populated country in the world.

b) This exposes us to the problems associated with population growth.

c) The level of poverty has also had its effect on the people's ability to pay for medical care.

2. Social trends

a) Increase in urbanization or people moving from rural to urban areas has posed challenges in providing healthcare.

b) Health issues in rural areas also remain, mainly due to lack of availability and accessibility to medical facilities as well as affordability.

c) The move to a more sedentary lifestyle with reduced need to exercise oneself has led to newer types of diseases like diabetes and high blood pressure.

3. Life expectancy

a) Life expectancy refers to the expected number of years that a child born today will survive.

b) Life expectancy has increased from 30 years at the time of independence to over 60 years today but does not address the issues related to quality of that longer lifespan.

c) This leads to a new concept of 'healthy life expectancy'.

d) This also requires the creation of infrastructure for 'Geriatric' (old age related) diseases.

E. Evolution of Health Insurance in India

a) Employees' State Insurance Scheme

ESIC (Employees State Insurance Corporation) is the implementing agency which runs its own hospitals and dispensaries and also contracts public/private providers wherever its own facilities are inadequate.
All workers earning wages up to Rs. 15,000 are covered under the contributory scheme wherein employee and employer contribute 1.75% and 4.75% of pay roll respectively; state governments contribute 12.5% of the medical expenses.

The benefits covered include:

a) Free comprehensive healthcare at ESIS facilities

b) Maternity benefit

c) Disability benefit

d) Cash compensation for loss of wages due to sickness and survivorship and

e) Funeral expenses in case of death of worker

It is also supplemented by services purchased from authorized medical attendants and private hospitals. The ESIS covers over 65.5 million beneficiaries as of March 2012.

b) Central Government Health Scheme

The ESIS was soon followed by the Central Government Health Scheme (CGHS), which was introduced in 1954 for the central government employees including pensioners and their family members working in civilian jobs. It aims to provide comprehensive medical care to employees and their families

Today, more than 300 health insurance products are available in the Indian market.

F. Health Insurance Market

A. INFRASTRUCTURE:

1. Public health sector

The Public health system operates at the national level, state level, district level and to a limited extent at the village level where, to implement the national health policies in villages, community volunteers have been involved to serve as links between the village community and government infrastructure. These include:

a) The Anganwadi workers (1 for every 1,000 population) who are enrolled under the nutrition supplementation programme and the Integrated Child Development Service scheme (ICDS) of Ministry of Human Resource Development.

b) The Trained Birth Attendants (TBA) and the Village Health guides (an earlier scheme of health departments in states).

c) ASHA (Accredited Social Health Activist) volunteers, selected by the community under the NRHM (National Rural Health Mission) programme, who are new, village-level, voluntary health workers trained to serve as health sector's links in the rural areas.

Sub-centres have been established for every 5,000 population (3,000 in hilly, tribal and backward areas) and are manned by a female health worker, also called the Auxiliary Nurse Mid-wife (ANM) and a male health worker.

Primary Health Centres which are referral units for about six sub-centres have been established for every 30,000 population (20,000 in hilly, tribal and backward areas). All PHCs provide outpatient services, and the majority also have four to six in-patient beds. Their staff comprises of one medical officer and 14 para-medical workers (which includes a male and a female health assistant, a nurse-midwife, a laboratory technician, a pharmacist and other supporting staff).
Community Health Centres are the first referral units for four PHCs and also provides specialist care. According

to the norms each CHC (for every 1 lakh population) should have at least 30 beds, one operation theatre, X -ray machine, labour room and laboratory facilities and should be staffed by at least four specialists i.e. a surgeon, a physician, a gynaecologist and a paediatrician supported by 21 para-medical and other staff.

Rural hospitals have also been set up and these includes the sub-district hospitals called as the sub -divisional / Taluk hospitals / specialty hospitals (estimated to be about 2000 in the country);

Speciality and teaching hospitals are fewer and these include the medical colleges (about 300 in number presently) and other tertiary referral centres. These are mostly in district towns and urban areas but some of them provide very specialized and advanced medical services.

Other agencies belonging to the government, such as hospitals and dispensaries of railways, defence and similar large departments (Ports/ Mines etc.) also play a role in providing health services. However, their services are often restricted to the employees of the concerned organizations and their dependents.

2. Private sector providers

India has a very large private health sector providing all three types of healthcare services - primary, secondary as well as tertiary. These range from voluntary, not-for-profit organisations and individuals to for-profit corporate, trusts, solo practitioners, stand-alone specialist services, diagnostic laboratories, pharmacy shops, and also the unqualified providers (quacks). In India nearly 77% of the allopathic (MBBS and above) doctors are practicing in the private sector. Private health expenditure accounts for more than 75% of all health spending in India. The private sector accounts for 82% of all outpatient visits and 52% of hospitalization at the all India level2.

India also has the largest number of qualified practitioners in other systems of Medicine (Ayurveda/ Siddha/ Unani/ Homeopathy) which is over 7 lakh practitioners. These are located in the public as well as the private sector.

Apart from the for-profit private providers of health care, the NGOs and the voluntary sector have also been engaged in providing health care services to the community.

It is estimated that more than 7,000 voluntary agencies are involved in health-related activities. A large number of secondary and tertiary hospitals are also registered as non-profit societies or trusts, and contribute significantly to provision of inpatient services to insured persons.

3. Pharmaceutical industry

Coming to provider of medicines and health related products, India has a large pharmaceutical industry, which has grown from a Rs 10 crore industry in 1950 to a Rs 55,000 crore business today (including exports). It employs about 5 million people, with manufacturing taking place in over 6000 units.

The central level price regulator for the industry is the National Pharmaceuticals Pricing Authority (NPPA), while the pharma sector is under

the Ministry of Chemicals. Only a small number of drugs (76 out of the 500 or so bulk drugs) are under price control, while the remaining drugs and manufacture are under the free-pricing regime, carefully watched by the price regulator. The Drug Controllers of the States manage the field force which oversees quality and pricing of drugs and formulations in their respective areas.

B. INSURANCE PROVIDERS:

Insurance Companies especially in the general insurance sector provide the bulk of the health insurance services. These have been listed earlier. What is most encouraging is the presence of stand-alone health insurance companies - five as on date - with likelihood of a few more coming in to increase the health insurance provider network.

C. INTERMEDIARIES:

A number of people and organizations providing services as part of the insurance industry also form part of the health insurance market. All such intermediaries are governed by IRDA. These include:

1. Insurance Brokers who may be individuals or corporates and work independently of insurance companies. They represent the people who want insurance and connect them to insurance companies obtaining best possible insurance covers at best possible premium rates. They also assist the insuring people during times of loss and making insurance claims. Brokers may place insurance business with any insurance company handling such business. They are remunerated by insurance companies by way of insurance commission.

2. Insurance Agents are usually individuals but some can be corporate agents too. Unlike brokers, agents cannot place insurance with any insurance company but only with the company for which they have been granted an agency. As per current regulations, an agent can act only on behalf of one general insurance company and one life insurance company one health insurer and one of each of the mono line insurers. at the most. They too are remunerated by insurance companies by way of insurance commission.

4. Insurance Marketing Firms are the latest types of intermediaries to be governed by IRDAI. They can perform the following activities by employing individuals licensed to market, distribute and service such products:

Summary

a) Insurance in some form or other existed many centuries ago but its modern form is only a few centuries old. Insurance in India has passed through many stages with government regulation.

b) Health of its citizens being very important, governments play a major role in creating a suitable healthcare system.

c) Level of healthcare provided depends on many factors relating to a country's population.

d) The three type of healthcare are primary, secondary and tertiary depending on the level of medical attention required. Cost of healthcare rises with each level with tertiary care being the costliest.

e) India has its own peculiar challenges such as population growth and urbanization which require proper healthcare.

f) The government was also the first to come up with schemes for health insurance followed later by commercial insurance by private insurance companies.

g) The health insurance market is made up of many players some providing the infrastructure, with others providing insurance services, intermediaries such as brokers, agents and third party administrators servicing health insurance business and also other regulatory, educational as well as legal entities playing their role.

CHAPTER 18

INSURANCE DOCUMENTATION, PROPOSAL FORMS

DOCUMENTATION

1. Proposal forms

Proposals are processed by the insurer with speed and efficiency and all decisions thereof are communicated by it in writing within a reasonable period.

Note on Underwriting and processing of proposals

As per IRDAI guidelines, the insurer has to process the proposal within 15 days' time. The agent is expected to keep track of these timelines, follow up internally and communicate with the prospect / insured as and when required by way of customer service. This entire process of scrutinizing the proposal and deciding about acceptance is known as underwriting.

C. Prospectus

A Prospectus is a document issued by the insurer or on its behalf to the prospective buyers of insurance. It is usually in the form of a brochure or leaflet and serves the purpose of introducing a product to such prospective buyers. Issue of prospectus is governed by the Insurance Act, 1938 as well as by Protection of Policyholders' Interest Regulations 2002 and the Health Insurance Regulations 2013 of the IRDAI.

I. Renewal Notice

Most of the non-life insurance policies are issued on annual basis.

There is no legal obligation on the part of insurers to advise the insured that his policy is due to expire on a particular date.

Anti-Money Laundering and Know Your Customer Guidelines

Criminals obtain funds through their illegal activities but seek to pass it on as legal money by a process called money laundering.

Money Laundering is the process by which criminals transfer funds to conceal the true origin and ownership of the proceeds of criminal activities. By this process, money can lose its criminal identity and appear valid.

CHAPTER 19
HEALTH INSURANCE PRODUCTS

A. Classification of health insurance products

1. Introduction to health insurance products

The Health Insurance Regulations of IRDA define health cover as follows

Definition

"Health insurance business" or "health cover" means the effecting of insurance contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, including assured benefits and long-term care, travel insurance and personal accident cover.

As per Insurance Regulatory and Development Authority (Health Insurance) Regulations, 2013

1. Life Insurance Companies may offer long term health products but the premium for such products shall remain unchanged for at least a period of every block of three years, thereafter the premium may be reviewed and modified as necessary.

2. Non-Life and Standalone Health insurance companies may offer individual health products with a minimum tenure of one year and a maximum tenure of three years, provided that the premium shall remain unchanged for the tenure.

Broad classification of health insurance products

Whatever be the product design, health insurance products can be broadly classified into 3 categories:

a) Indemnity covers

These products constitute the bulk of the health insurance market and pay for actual medical expenses incurred due to hospitalization.

b) Fixed benefit covers

Also called as 'hospital cash', these products pay for a fixed sum per day for the period of hospitalization. Some products also have a fixed graded surgery benefit incorporated in the product.

c) Critical illness covers

This is a fixed benefit plan for payout on occurrence of a pre-defined critical illness like heart attack, stroke, cancer etc.(LICs Jeevan Arogya)

Classification based on customer segment

2 Individual cover offered to retail customers and their family members

3 Group cover offered to corporate clients, covering employees and groups, covering their members

4 Mass policies for government schemes like RSBY covering very poor sections of the population. (Rastria Swastya Bima Yojana)

C. Hospitalization indemnity product

Hospitalization indemnity products(Mediclaim) protect individuals from the expenditure they may need to incur in the event of hospitalisation. In most of the cases, they also cover a specific number of days before and after hospitalisation, but exclude any expenses not involving hospitalisation.
PRE HOSPITALISATION EXPENSES.

FACTORS AFECTING UNDERWRITING :

1 Age.

2 Gender: However, men are more likely to get affected by heart attacks than women or suffer job related accidents than women as they may be more involved in hazardous employment.

3 Habits: Consumption of tobacco, alcohol or narcotics in any form has a direct bearing on the morbidity risk.

d) Occupation.

e) Family history: does impact the morbidity and should be taken into consideration while accepting risk.

f) Build: Stout, thin or average build may also be linked to morbidity in certain groups.

g) Past illness or surgery.

h) Current health status and other factors or complaints.

i) Environment and residence.

1. Underwriting purpose

We begin with examining the purpose of underwriting. There are two purposes

i. To prevent anti-selection that is selection against the insurer
ii. To classify risks and ensure equity among risks

Definition

The term selection of risks refers to the process of evaluating each proposal for health insurance in terms of the degree of risk it represents and then deciding whether or not to grant insurance and on what terms.

Anti-selection (or adverse selection) is the tendency of people, who suspect or know that their chance of experiencing a loss is high, to seek out insurance eagerly and to gain in the process.

a) Risk classification

i. Standard risks

ii. Preferred risks

iii. Substandard risks

iv. Declined risks

1. Basic principles relevant to underwriting

In any form of insurance, whether it is life insurance or general insurance, there are certain legal principles which operate along with acceptance of risks. Health insurance is equally governed by these principles and any violation of the principles results in the insurer deciding to avoid the liability, much to the dissatisfaction and frustration of the policyholders. These core principles are:

1. Utmost good faith (Uberrima fides) and the insurable interest

2. Tools for underwriting

a) Proposal form

This document is the base of the contract where all the critical information pertaining to the health and personal details of the proposer (i.e. age, occupation, build, habits, health status, income, premium payment details etc.) are collected.

b) Age proof

Premiums are determined on the basis of the age of the insured. Hence it is imperative that the age disclosed at the time of enrollment is verified through submission of an age proof.

1. Group health insuranceG. Group health insurance

1. Group health insurance

Group insurance is underwritten mainly on the law of averages, implying that when all members of a standard group are covered under a group health insurance policy, the individuals constituting the group cannot anti-select against the insurer. Thus, while accepting a group for health insurance, the insurers take into consideration the possibility of existence of a few members in the group who may have severe and frequent health problems.

Example

H. Underwriting of Overseas Travel Insurance

Since the main cover under Overseas Travel Insurance policies is the health cover, the underwriting would follow the pattern for health insurance in general.

The premium rating and acceptance would as per individual company guidelines but a few important considerations are given below:

1. Premium rate would depend on the age of the proposer and the duration of foreign travel.

2. As medical treatment is costly overseas, the premium rates are normally much higher compared to domestic health insurance policies.

3. Even among the foreign countries, USA and Canada premium is the highest.

4. Care should be taken to rule out the possibility of a proposer using the policy to take medical treatment abroad and hence the existence of any pre-existing disease must be carefully considered at the proposal stage.

CHAPTER 21

HEALTH INSURANCE CLAIMS

1. Stakeholders in claim process

Before we look in detail at how claims are managed, we need to understand who are the interested parties in the claims process.

Customer	The person who buys insurance is the first stakeholder and 'receiver of the claim'.
Owners	Owners of the insurance company have a big stake as the 'payers of the claims'. Even if the claims are met from the policy holders' funds, in most cases, it is they who are liable to keep the promise.
Underwriters	Underwriters within an insurance company and across all insurers have the responsibility to understand the claims and design the products, decide policy terms, conditions and pricing etc.
Regulator	The regulator (Insurance Regulatory and Development Authority of India) is a key stakeholder in its objective to: Maintain order in the insurance environment Protect policy holders' interest Ensure long term financial health of insurers.
Third Party Administrators	Service intermediaries known as Third Party Administrators, who process health insurance claims.