

SHAKTHII ACADEMY

Increasing Confidence; Reaching Goals.

INSURANCE AWARENESS PART - II

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INSURANCE AWARENESS

INSURANCE REPOSITORY

Role & Objectives of Insurance Repositories:

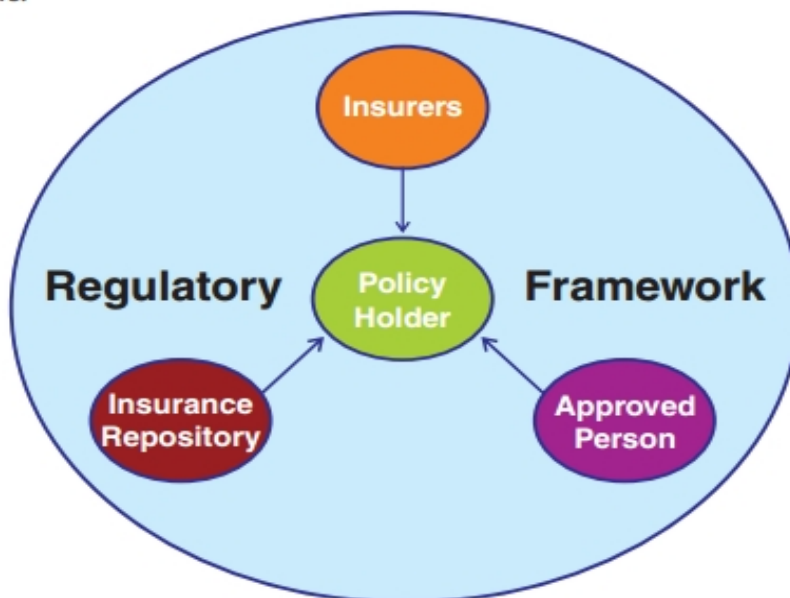
“Insurance Repository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration by Insurance Regulatory and Development Authority (IRDA) for maintaining data of insurance policies in electronic form on behalf of Insurers.

To implement the Insurance Repository System, IRDA has granted Certificate of Registration to the following five entities to act as Insurance Repositories.

- NSDL Database Management Limited
- Central Insurance Repository Limited
- SHCIL Projects Limited
- Karvy Insurance Repository Limited
- CAMS Repository Services Limited

A policy holder can buy and keep all the policies under an electronic Insurance Account (eIA) with any one of the Insurance Repository of his/ her choice. The existing policies in physical mode too can be dematerialized and held in the eIA. The access to all the policies is then available at a click of a button. The Insurance Repository System not only provides policyholders a facility to keep insurance policies in electronic form but also enables them to undertake changes, modifications and revisions in the insurance policies with speed and accuracy. In addition, the Repository acts as a ‘single stop shop’ for policy servicing.

Diagrammatic representation of the policy servicing framework is as follows:

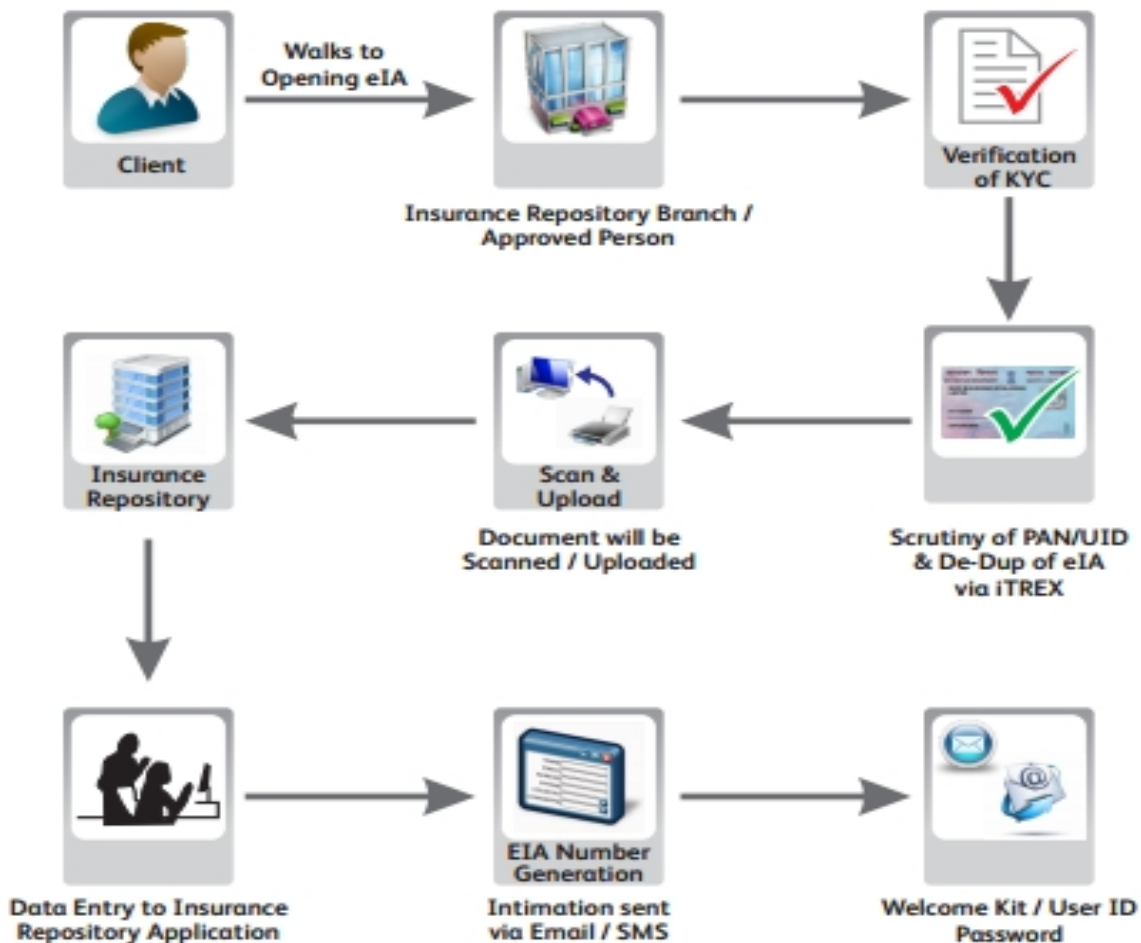


What's in it for Policyholders.....

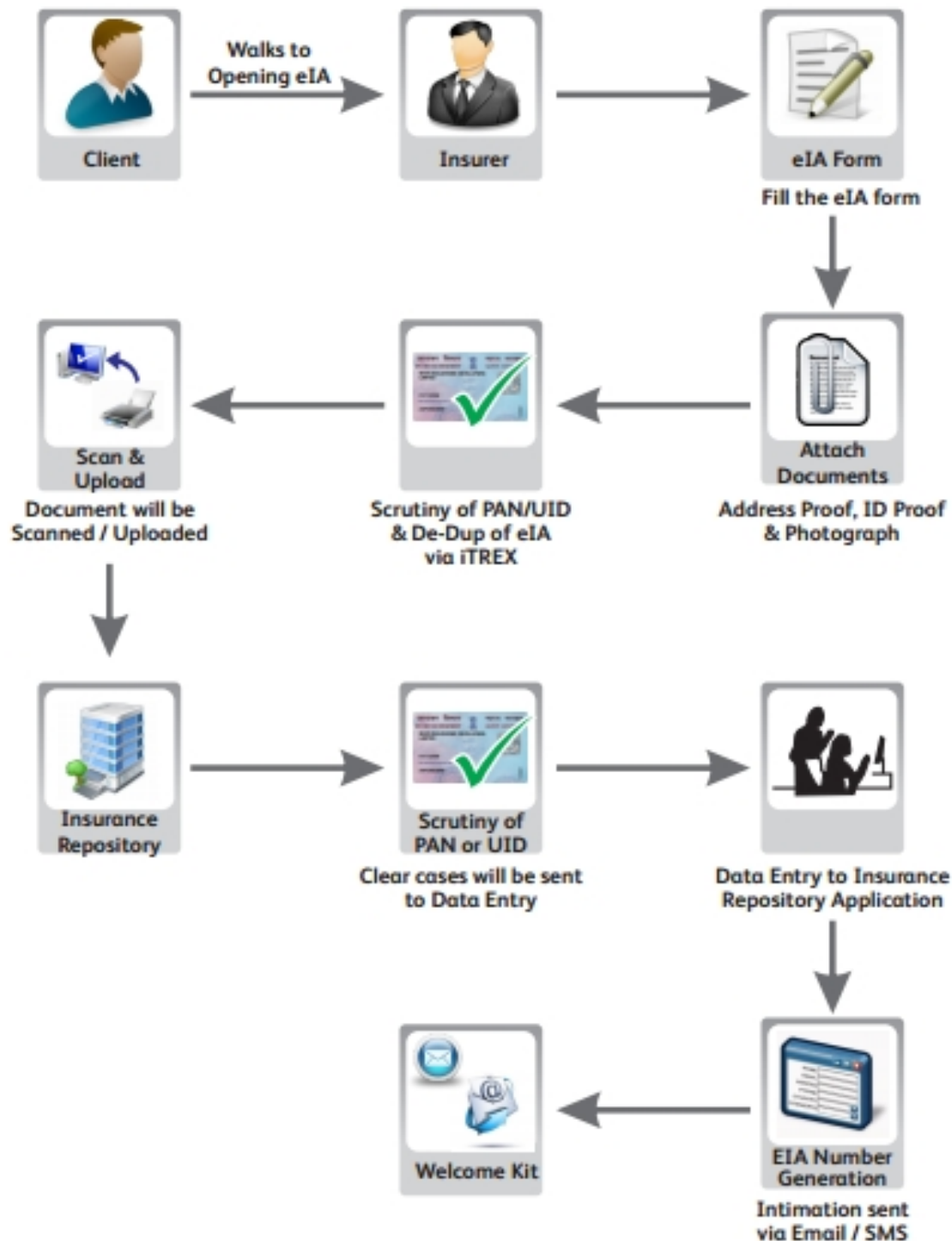
- Convenience : Single Point of Contact
- Aggregation and Single View
- Safety : Elimination of paper & Storage risks.
- Service on demand.
- Efficiency & Transparency.
- Ease of maintenance.
- Potentially Reduced Premium.

Diagrammatic representation of the policy servicing framework is as follows:

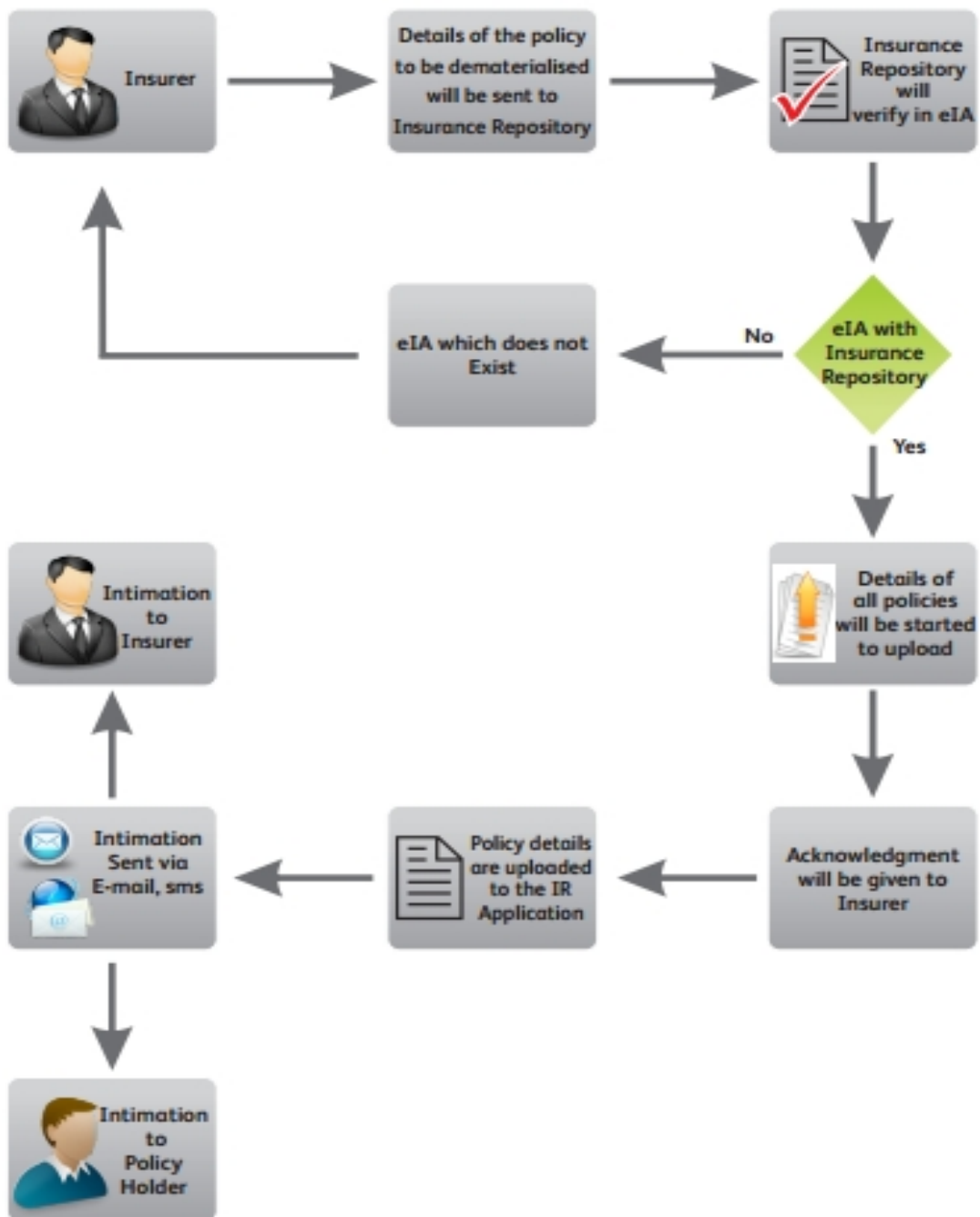
eIA opening by Insurance Repository Branch & Approved Person



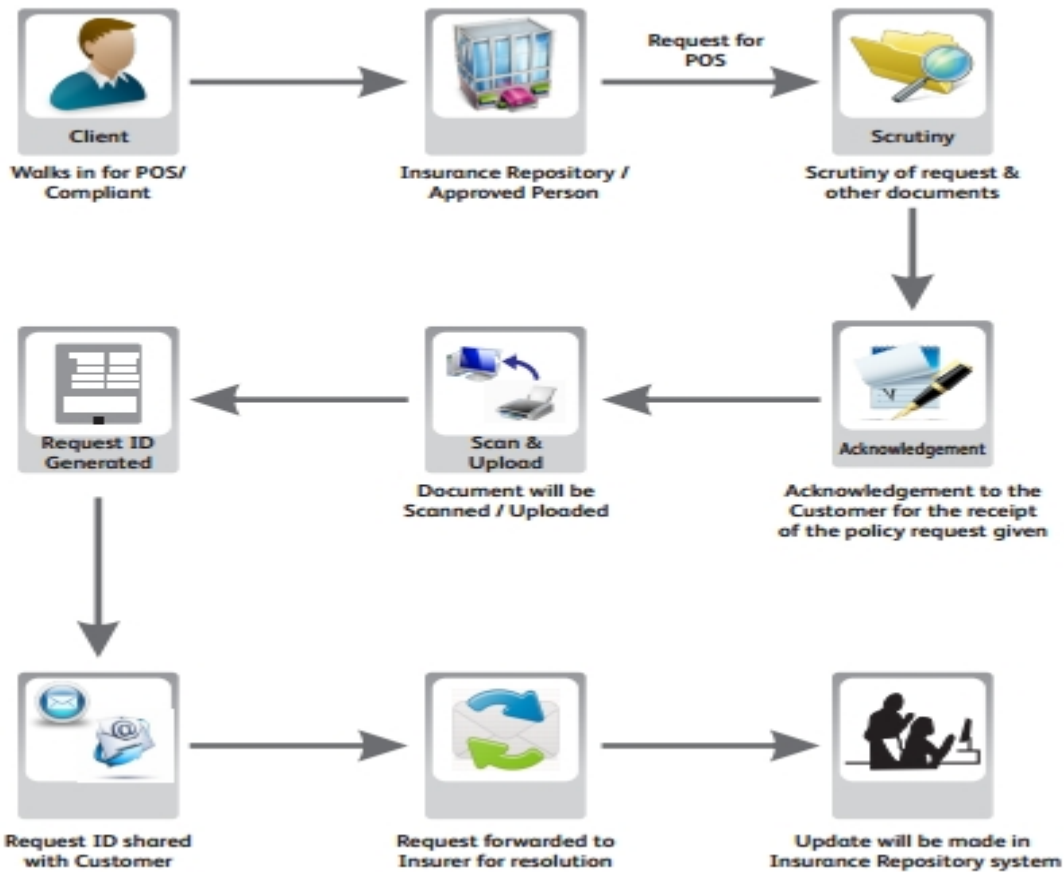
Opening of eIA by Insurer



Issuance of e-Policy



Policy Servicing



The Repository Eco-System:

- Insurance Repositories enter into an agreement with the insurers who share the electronic data pertaining to the insurance policies with the Repositories.
- The Insurance Repository does a KYC to open an e-Insurance Account and provides a welcome kit and helps with the details of how to use the account.
- The policyholders at the time of taking a policy or any time later can make a request for an e-Insurance account with the Insurance Repositories and have the policies credited to the account.
- Both new and existing Life, Annuities, Health and General insurance policies can all be credited to this account. However, during the initial phase, the Life insurance policies would be credited to this account. The General insurance and Group insurance policies would be credited subsequently.
- The e-Insurance Account and all servicing would be offered 'Free of cost' to the policyholder.
- The Insurers would be sending an insurance information sheet containing the basic details of insurance policy when a new electronic policy is issued.
- The Insurance Repositories provide facility for online payment of premiums by the policyholders' and payouts (claims) by the Insurers and handle several other servicing needs.
- Upon receipt of a service request, the Insurance Repository would handle areas that fall within scope of their services directly and would forward the others to the Insurer.

- The policyholder can appoint an Authorized Representative who can access the e-Insurance Account on the demise/disability of the policyholder to facilitate the nominees in the claim processing.
- The e-Insurance Account holder will have an option to shift from one repository to the other.
- A statement of account giving the details of all policies held electronically shall be provided annually by the Insurance Repository.

1. What is Insurance Repository?

“Insurance Repository” means a company formed and registered under the Companies Act, 1956 (1 of 1956) and which has been granted a certificate of registration by Insurance Regulatory and Development Authority (IRDA) for maintaining data of insurance policies in Electronic form on behalf of Insurers. The Insurance Repositories provide the ease of holding insurance policies issued in an electronic form.

2. What is the objective of an Insurance Repository?

The objective of creating an insurance repository is to provide policyholders a facility to keep insurance policies in electronic form and to undertake changes, modifications and revisions in the insurance policy with speed and accuracy. In addition, the repository acts as a single stop for several policy service requirements. The Insurance repository system also brings about efficiency and transparency in the issuance and maintenance of insurance policies.

3. Can any individual/firm act as an Insurance Repository?

No, only an entity which is registered under company’s act and who is granted a ‘Certificate of Registration’ by Insurance Regulatory and Development Authority (IRDA) can act as an Insurance Repository.

4. Can Insurance repository sell/solicit Insurance policy?

No, Insurance repositories cannot sell/solicit insurance policies. They are authorized only to maintain the policies in electronic form and provide a service record of all insurance policies.

5. What is an eIA (eInsurance account)?

eIA stands for eInsurance Account or “Electronic Insurance Account” which will safeguard the insurance policy documents of policyholders in electronic format. This

eInsurance account will facilitate the policyholder by providing access to the insurance portfolio at a click of a button through internet. IRDA

has granted the Certificate of Registration to the following five entities to act as ‘Insurance repositories’ that are authorized to open eInsurance Accounts.

M/s NSDL Database Management Limited

M/s Central Insurance Repository Limited

M/s SHCIL Projects Limited

M/s Karvy Insurance Repository Limited

M/s CAMS Repository Services Limited

Each eInsurance Account will have a unique Account number and each account holder will be granted a unique Login ID and Password to access the electronic policies online.

6. Do I need to pay for opening of eInsurance Account or on periodic basis?

NO. eInsurance account is offered ‘free of cost’ to the applicants.

7. Can any individual open more than one eInsurance account with any Insurance Repository?

NO. As per the IRDA guidelines, an individual cannot open multiple eInsurance accounts.

8. Who is an Approved Person (AP)?

An Approved Person is a Point of Sale (PoS) appointed by Insurance Repository and will be working on behalf of Insurance Repository to extend the IR services.

9. What is an eInsurance account application form? Where can it be obtained from?

An eInsurance account application form is one that is used by an individual to open an eInsurance account with the Insurance Repository. This form would be available with Insurance Company, Insurance Repository or an Approved Person.

10. What are the requirements to be completed for opening an eInsurance account?

An eInsurance account holder or policyholder is required to

- a. Fill the eInsurance account form and
- b. Submit
 - Photo ID,
 - Recent passport size photograph,
 - Cancelled Cheque (In case of ECS/NEFT services for insurance premium payment transaction) and
 - Address proof to the office of Insurance Repository or Insurance company or authorized Approved Person (AP) appointed by Insurance Repository.

11. List of valid KYC documents:

Identity Proof (Any One)

PAN card , UID

Address Proof (Any One)

Ration Card, Passport, Aadhar letter, Voter ID Card, Driving license, Bank Passbook (not more than 6 months old), Verified copies of Electricity bills (not more than 6 months old), Residence Telephone bills (not more than 6 months old) and

· Registered Lease and License agreement / Agreement for sale.

Selfdeclaration

by High Court and Supreme Court judges, giving the new address in respect of their own accounts.

Identity card/document with address, issued by

- Central/State Government and its Departments,
- Statutory/Regulatory Authorities,
- Public Sector Undertakings,
- Scheduled Commercial Banks,
- Public Financial Institutions,
- Colleges affiliated to universities; and
- Professional Bodies such as ICAI, ICWAI, Bar Council etc. to their Members

12.Can I open an eInsurance account without having a life or non life policy for my own self?

Yes, an individual who is not having any insurance policy can open an eInsurance account. After buying a policy, the policyholder can give a request for dematerialization to the Insurer or Insurance Repository or Approved Person.

13.How many days does it take to open an eInsurance account after all the necessary formalities are completed?

An eInsurance account will be opened within 7 days from the date of submission of application complete in all respects. Once, an account is opened, a welcome kit with the details of how to operate the same would be sent to the applicant/eInsurance account holder.

14.How will I come to know that my eInsurance account has been opened & how will I receive my User ID & Password?

Once eInsurance account is created, you will receive a welcome kit. A pin mailer shall be sent separately. Using the login credentials and PIN, you can access and start using your eInsurance account.

15.Can I convert my existing paper polices into electronic policies?

Yes, it is possible to convert the existing paper policies into electronic form. A service request may be made to the Insurance Repository or Insurer or the Approved person in this regard.

16.If I already have an eInsurance account, how do I buy a new policy in electronic form?

Once you have opened an e Insurance Account, to buy a new policy in electronic form, you just need to quote your unique eInsurance account number in your new insurance proposal form and make a request to issue policy in an electronic form.

17. Which are the insurance policies that can be held in electronic form?

All Life insurance, Health insurance, General insurance & Annuity policies that are issued by registered insurance companies with IRDA and who have signed up with the Insurance Repositories are eligible to be held in the electronic form.

18.How can I come to know that my policy is successfully credited into my eInsurance Account?

You will receive a mail and SMS on your registered email id and mobile number.

19.What are the charges for maintaining policies in electronic form?

All the services provided by Insurance repositories are FREE of charge.

20. What are the benefits of holding Insurance Policies in electronic form?

The following are the broad benefits of holding Insurance Policies in electronic form:

Safety: There is no risk of loss or damage of a policy as is common with paper policies; the electronic form ensures that the policies are in safe custody and can be easily accessed whenever and wherever needed. A copy of the policy can be downloaded at any time by accessing the eInsurance account.

Convenience: All insurance policies, be it life, pension, health or general, can be electronically held under a single eInsurance account. This means all details of all policies are available in a single account (place). The details of any of the policies can be accessed at any time by logging on to the online portal of Insurance Repository.

Single Point of Service: Service requests in respect of eInsurance account or any of the electronic policy can be submitted at any of Insurance Repository's service points. A single request can sometimes cater to the requirements of several Insurers. As an illustration, a single change of address request made to the Insurance Repository can update the policies issued by multiple Insurers. There would be no need to go to several offices of individual Insurers for service. Less Paper work and savings in time.

An eInsurance account holder is freed from the trouble of submitting KYC details each time a new policy is taken. Further, any changes in personal details like address or contact number can be effected through a single request thus saving on paper and time.

Statement of Account: At least once every year, the Insurance repository would send a statement of account to the eInsurance account holder with the details of the policies of the account holder.

Payment Options: Premium for all the policies can be paid online and several service requests can be logged from the eInsurance account.

Increased number of service touch points: Since, the Insurance repositories function in addition to the Insurers, the policyholders will have increased number of touch points for having their servicing needs attended.

Easy payout transfers: Policy benefits would be paid through electronic facility to the registered bank account, thus ensuring speedier and convenient settlement.

Single view: Single view of all policies will be made available to an authorized person in case of death of the eInsurance account holder.

21. What all policy details will be available in the eInsurance account?

A list of all policies that are credited will be available in the eInsurance account. For each policy, policy level details like the status, commencement, maturity/expiry, nomination, assignment, endorsement, address, terms and conditions etc., would be available. In addition, the eInsurance account holder will be able to download a copy of the policy bond.

22. What is the procedure to effect changes in my policy or eInsurance Account? Should the request be made to the Insurance Company or IR?

All requests in respect of either your eInsurance account or any of the electronic policies may be made to the Insurance Repository. However, requests in respect of the policies can also be made directly with the Insurer concerned.

Upon a request, the Insurance repository would handle all servicing needs that fall within scope of their services directly and would forward the others to the Insurer concerned. An update to the policyholder would be provided by the Insurance Repository on the status of the request in respect of all the requests that it receives.

23. Who is an Authorized Representative and what is his/her role?

An Authorized Representative is a person who is appointed by eInsurance account holder to operate his/her eInsurance account in case of unfortunate demise or incapability of eInsurance account holder to operate the account.

The Authorized Representative will intimate the Insurance Repository about the demise / incapability of policyholder with valid proof.

An Authorized Representative has only access rights to the eInsurance account in the event of demise of the policy holder. The Authorized Representative would only to act as a facilitator and is not entitled to receive any policy benefits unless designated as a 'nominee' or 'assignee' by the deceased policy holder.

24. Can an Authorized Representative be changed?

Yes. Authorized Representative can be changed by making a request to the Insurance Repository. 25. Can 'Nominee' and 'Authorized Representative' be the same person?

Yes both Nominee and Authorized Representative can be the same person.

26. What is the grievances redressal mechanism at Insurance Repository?

Every Insurance repository will have a policyholders' grievances cell to address the grievances in respect of repository services and electronic policies held by them.

27. What communications shall the eInsurance account holder receive in a hard copy?

Welcome Kit with details of eInsurance Account and modus operandi of its operation, the login ID.

A Pin mailer with the password.

The statement of account giving the details of all policies held whenever additional insurance is taken or a policy matures/ surrendered/ lapses would be provided to the eInsurance account holder.

When a new policy is issued the insurer shall send an insurance information sheet containing the basic details of insurance policy to the address stated.

28. Is it possible to shift from one Insurance repository to the other?

Yes, the eInsurance account holder will have an option to shift from one Insurance Repository to the other. All the policy details and transaction history would then be transferred to the new Insurance repository.

29. Is it possible to opt out of the Insurance repository system?

Yes, the policyholder shall make a request to his insurer and upon completion of all formalities in respect of the same, the hard copy of the policy document shall be made available.

30. How will the Authorized person deal with the eInsurance account?

After the demise of the eInsurance account holder and after settlement of all insurance claims, the Authorized representative needs to

make a request to the Insurance Repository to close the eInsurance account.

INSURANCE INTERMEDIARY

Who is an Insurance Intermediary?

An Insurance Intermediary means individual agents, corporate agents including banks and brokers –they intermediate between the customer and the insurance company. Insurance Intermediary also includes Surveyors and Third Party Administrators but these intermediaries are not involved in procurement of business. Surveyors assess losses on behalf of the insurance companies. Third Party Administrators provide services related to health insurance for insurance companies.

Who is an Agent?

An agent is a person who is licensed by the Authority to solicit and procure insurance business including business relating to continuance, renewal or revival of policies of insurance. An agent could be an Individual Agent or a Corporate Agent. An Individual Agent, as the name suggests is an individual who in an intermediary representing an insurance company while a corporate agent is an intermediary other than an individual, representing an insurance company.

What does Designated Person of a Corporate Agent mean?

A Designated Person means an officer normally in charge of marketing operations, as specified by an insurer, and authorized by the Authority to issue or renew licences under the applicable regulations.

Who is a Composite Insurance Agent?

A Composite Insurance Agent means an insurance agent who holds a licence to act as an insurance agent for a life insurer and a general insurer.

Who is an Insurance Broker?

An Insurance Broker means a person licensed by Insurance Regulatory and Development Authority who arranges insurance contracts with insurance companies on behalf of his clients. An Insurance Broker may represent more than one insurance company.

What is the difference between an “Agent” and a “Broker”?

While an Agent represents only one insurance company (one general, one life or both if he is a composite agent, apart from a health insurance company), a Broker may deal with more than one life or general or both.

Are “Surveyors” and “ Third Party Administrators” also Intermediaries?

Ans. Surveyors and Third Party Administrators are also termed as Intermediaries but they are not involved in marketing of insurance.

Are “Agents” and “Brokers” required to be licensed?

Agents and Brokers have to be licensed by the Insurance Regulatory and Development

Authority (IRDA) for life insurance or general insurance or both. They also are bound by a Code of Conduct laid down in the respective regulations.

Can the Intermediary give me a discount on the premium I am supposed to pay?

No intermediary can offer any discount to you to induce you to take the policy. If any such inducement is resorted to, it is in violation of Section 41 of the Insurance Act, 1938 and all parties involved would be subject to prosecution as provided by the Law.

Any discount on premium you receive would be only in terms of what the policy allows and it is given by the insurance company.

INDIAN INSURANCE MARKET

- The insurance industry of India consists of 52 insurance companies of which 24 are in life insurance business and 28 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurers there are six public sector insurers. In addition to these, there is sole national re-insurer, namely, General Insurance Corporation of India. Other stakeholders in Indian Insurance market include Agents (Individual and Corporate), Brokers, Surveyors and Third Party Administrators servicing Health Insurance claims.
- Out of 28 non-life insurance companies, 5 private sector insurers are registered to underwrite policies exclusively in Health, Personal Accident and Travel insurance segments. They are Star Health and Allied Insurance Company Ltd, Apollo Munich Health Insurance Company Ltd, Max Bupa Health Insurance Company Ltd, Religare Health Insurance Company Ltd and Cigna TTK Health Insurance Company Ltd. There are two more specialised insurers belonging to public sector, namely, Export Credit Guarantee Corporation of India for Credit Insurance and Agriculture Insurance Company Ltd for Crop Insurance

	List of Life Insurance Companies in India	List of Non-Life Insurance Companies in India
1.	Aegon Religare Life Insurance Co. Ltd.	Agriculture Insurance Co. of India Ltd.
2.	Aviva Life Insurance Co. India Ltd.	Apollo Munich Health Insurance Co. Ltd.
3.	Bajaj Allianz Life Insurance Co. Ltd.	Bajaj Allianz General Insurance Co. Ltd.
4.	Bharti AXA Life Insurance Co. Ltd.	Bharti Axa General Insurance Co. Ltd.
5.	Birla Sun Life Insurance Co. Ltd.	Cholamandalam MS General Insurance Co. Ltd.
6.	Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.	Cigna TTK Health Insurance Co. Ltd.

7.	DHFL Pramerica Life Insurance Co. Ltd.	Export Credit Guarantee Corporation of India Ltd.
8.	Edelweiss Tokio Life Insurance Co. Ltd	Future Generali India Insurance Co. Ltd.
9.	Exide Life Insurance Co. Ltd.	HDFC ERGO General Insurance Co. Ltd.
10.	Future Generali India Life Insurance Co. Ltd.	ICICI Lombard General Insurance Co. Ltd.
11.	HDFC Standard Life Insurance Co. Ltd.	IFFCO Tokio General Insurance Co. Ltd.
12.	ICICI Prudential Life Insurance Co. Ltd.	L&T General Insurance Co. Ltd.
13.	IDBI Federal Life Insurance Co. Ltd.	Liberty Videocon General Insurance Co. Ltd.
14.	IndiaFirst Life Insurance Co. Ltd	Magma HDI General Insurance Co. Ltd.
15.	Kotak Mahindra Old Mutual Life Insurance Ltd.	Max Bupa Health Insurance Co. Ltd.
16.	Life Insurance Corporation of India	National Insurance Co. Ltd.
17.	Max Life Insurance Co. Ltd.	The New India Assurance Co. Ltd.
18.	PNB MetLife India Insurance Co. Ltd.	The Oriental Insurance Co. Ltd.
19.	Reliance Life Insurance Co. Ltd.	Raheja QBE General Insurance Co. Ltd.
20.	Sahara India Life Insurance Co. Ltd.	Reliance General Insurance Co. Ltd.
21.	SBI Life Insurance Co. Ltd.	Religare Health Insurance Co. Ltd.
22.	Shriram Life Insurance Co. Ltd.	Royal Sundaram Alliance Insurance Co. Ltd.
23.	Star Union Dai-Ichi Life Insurance Co. Ltd.	SBI General Insurance Co. Ltd.
24.	Tata AIA Life Insurance Co. Ltd.	Shriram General Insurance Co. Ltd.
25.		Star Health and Allied Insurance Co. Ltd.
26.		Tata AIG General Insurance Co. Ltd.
27.		United India Insurance Co. Ltd.
28.		Universal Sompo General Insurance Co. Ltd.

Regulated Entities

Apart from registering insurance companies, IRDA also grants licenses to the following entities:

- Insurance Brokers
- Individual Agents
- Corporate Agents
- Surveyors & Loss Assessors
- Third Party Administrators

IRDA approves the following entities:

- Referral Providers and
- Web Aggregators

In the case of Individual Agents, IRDA has authorised insurance companies to grant licenses to their respective agents within the framework of IRDA Regulations.

Insurance Brokers: Insurance Brokers represent the customer, and are licensed to give you policies from any insurance company. They can provide expert advice on the insurance policies and are paid a brokerage by the company whose policy finally chooses.

Individual Agents: An individual agent is one who has undergone requisite training, passed an

examination and been duly licensed by IRDA to sell insurance policies to the public and provide after-sales service including assisting at the time of a claim. His licence may be for life insurance, general insurance or both. In addition to representing one life insurance company and one non-life insurance company an agent can also represent one standalone health insurance

company as well as Agriculture Insurance Company of India for selling crop insurance and Export Credit Guarantee Corporation of India for credit insurance.

When you are buying a policy please verify the credentials of the agent by asking for his licence and identity card.

Many IRDA licensed insurance agents also represent other financial sector entities like mutual funds or the National Small Savings Organisation and help you to buy their products and schemes.

Corporate Agents: Corporate entities represent an insurance company and sell its policies.

Usually they are engaged in a particular business and sell insurance policies to their existing customers based on the situation. For example, a travel agent may offer you a travel insurance policy or a vehicle dealer a motor insurance policy. When a bank becomes the corporate agent of an insurance company it is referred to as a bancassurance arrangement or partnership.

Banks offer insurance policies to their customers based on their knowledge of their situation and needs.

Corporate Agents can represent one life insurer, one non-life insurer and one standalone health

insurer. In addition they can represent the two specialised insurance companies, Export Credit Guarantee Corporation and Agriculture Insurance Corporation of India.

Surveyors: Surveyors and Loss Assessors are service providers to a general insurance company, usually at the time of a fire or motor insurance claim. They carry out claim surveys and estimate the quantum of loss.

TPAs: Third Party Administrator (Health Services) is service providers to insurance companies for processing health insurance claims and offering facilities like cashless settlement of claims.

Referral Providers: A referral entity provides data of its clients to an insurer who wishes to sell policies to them. It does not actually sell the policies. It may also introduce its clients to the insurer; provide space in its office for the use of the employees of the insurer and for display of publicity material to help the insurer sell policies.

Web Aggregators: Web Aggregators compile and provide information about insurance policies of various companies on a website.

IMPORTANT GLOSSARY

Age Limits: Stipulated minimum and maximum ages below and above which the company will not accept applications or may not renew policies.

Agent: An insurance company representative licensed by the state who solicits, negotiates or effects contracts of insurance, and provides service to the policyholder for the insurer.

Annuity Plans: These plans provide for a "pension" (or a mix of a lump sum amount and a pension) to be paid to the policy holder or his spouse. In the event of death of both of them during the policy period, a lump sum amount is provided for the next of kin.

Accident: An event or occurrence causing damage/injury to an entity, and is unforeseen and unintended.

Accident Benefit: Provides for payment of an additional benefit equal to the sum assured in instalments on permanent total disability and waiver of subsequent premiums payable under the policy.

Application Form: Supplied by the insurance company, usually filled in by the agent and medical examiner (if applicable) on the basis of information received from the applicant. It is signed by the applicant and is part of the insurance policy if it is issued.

Assignment: Assignment means legal transference. A method by which the policy

holder can person on his interest to another person. An assignment can be made by an endorsement on the policy document or as a separate deed. Assignment can be of two types (i) Conditional and (ii) absolute.

Beneficiary: The person(s) or entity (i.e.) (e.g. corporation, trust, etc.) named in the policy as the recipient of insurance proceeds upon the death of the insured.

Business Insurance: A policy which primarily provides coverage of benefits to a business as contrasted to an individual. It is issued to indemnify a business for the loss of services of a key employee or a partner who becomes disabled.

Cancelable

A contract of health insurance that may be cancelled during the policy term by the insurer or insured.

Coinurance

1) A provision under which an insured who carries less than the stipulated percentage of insurance to value, will receive a loss payment that is limited to the same ratio which the amount of insurance bears to the amount required;

2) a policy provision frequently found in medical insurance, by which the insured person and the insurer share the covered losses under a policy in a specified ratio, i.e., 80 per cent by the insurer and 20 per cent by the insured.

Convertible Whole Life Policy

A mix of "whole life policy" and "endowment policy", it provides for very low insurance premiums with maximum risk cover while the life assured is just beginning his working career, and the possibility of converting the policy to an "endowment" policy after five years of commencement.

Coverage

The scope of protection provided under a contract of insurance; any of several risks covered by a policy.

Days of Grace

Policy holders are expected to pay premium on due dates. a period is 15-30 days is allowed as

grace to make payment of premium; such period is days of grace.

Deferment Period

Period between the date of subscription to an insurance-cum-pension policy and the time at which the first installment of pension is received. Such policies generally prescribe a minimum and maximum limit on the deferment period.

Depreciation

A decrease in the value of property over a period of time due to wear and tear or obsolescence. Depreciation is used to determine the actual cash value of property at time of loss.

Double/Triple Cover Plans

These offer to the beneficiaries double/triple the sum assured on death of life assured during the term of the policy. On survival to the date of maturity, the basic sum assured is paid to the assured. These are low-premium plans, most useful for situations such as housing.

Embezzlement

Fraudulent use or taking of another's property or money which has been entrusted to one's care.

Endowment Policy

The assured has to pay an annual premium which is determined on the basis of the assured's age at entry and the term of the policy. The insured amount is payable either at the end of specified number of years or upon the death of the insured person, whichever is earlier.

Excess And Surplus Insurance

1) Insurance to cover losses above a certain amount, with losses below that amount usually covered by a regular policy.

(2) Insurance to cover an unusual or one-time risk, e.g., damage to a musician's hands or the multiple perils of a convention, for which coverage is unavailable in the normal market.

Exclusions

Specific conditions or circumstances for which the policy will not provide benefits.

Facultative Reinsurance

A type of reinsurance in which the reinsurer can accept or reject any risk presented by an insurance company seeking reinsurance.

Family Insurance.

A life insurance policy providing insurance on all or several family members in one contract, generally whole life insurance on the principal breadwinner and small amounts of term insurance on the other spouse and children, including those born after the policy is issued

Fiduciary

A person who holds something in trust for another.

Fire Insurance

Coverage for losses caused by fire and lightning, plus resultant damage caused by smoke and water. Flood insurance Coverage against loss resulting from the flood peril, available at low cost under a programme developed by the Central government.

Franchise Insurance

A form of insurance in which individual policies are issued to the employees of a common employer or the members of an association under an arrangement by which the employer or association agrees to collect the premium and remit them to the insurer.

Guaranteed Insurance Sum (GIS)

A lump sum purchase price is given to purchase future pensions under the Jeevan Akshay Plan of Life Insurance Corporation of India. This amount is referred to as GIS. The monthly pension that is payable one month after payment of first premium is calculated on the basis of the age at entry.

Gross Insurance Value Element (GIVE)

The amount payable on the deferred date under Jeevan Dhara Life of Life Insurance Corporation of India. An annuity of 1% of the GIVE is payable per month after the deferment period. And the entire GIVE is payable on death after deferment period.

Group Life Insurance

Life insurance usually without medical examination, on a group of people under a master policy. It is typically issued to an

employer for the benefit of employees, or to members of an association, for example a professional membership group. The individual members of the group hold certificates as evidence of their insurance

Guaranteed Policies

These are policies where the payment stays fixed.

Indemnity

Legal principle that specifies an insured should not collect more than the actual cash value of a loss but should be restored to approximately the same financial position as existed before the loss.

Insurable Interest

A condition in which the person applying for insurance and the person who is to receive the policy benefit will suffer an emotional or financial loss, if any untouchable event occurs. Without insurable interest, an insurance contract is invalid.

Insurability

All conditions pertaining to individuals that affect their health, susceptibility to injury and life expectancy; an individual's risk profile.

Insurance

Social device for minimizing risk of uncertainty regarding loss by spreading the risk over a large enough number of similar exposures to predict the individual chance of loss.

Insured

The person whose life is covered by a policy of insurance.

Joint Life Endowment Assurance Plans

The sum assured (plus any accrued bonuses) under this type of policy is payable on the end of the endowment term or on the first death of the two lives assured, whichever is earlier. Typically (though not a necessity) taken out by a couple, a variation is available for couples only. In this case, the sum assured will be payable on first death and then again on the second death (along with all vested bonuses) if both deaths occur during the term of the policy. If one or both lives survive to the maturity date, the sum assured along with all vested bonuses will be payable on

maturity date. Premiums during this plan cease on the first death or the expiry of the selected term, whichever is earlier. Another variation provides for annuity to both/surviving spouse, or a lump sum amount to the legal heirs.

Keyman Insurance Policy

A life insurance policy taken by a person on the life of another person who is or was his employee/connected to his business in any manner whatsoever.

Lapsed Policy

A policy which has terminated and is no longer in force due to non-payment of the premium due

Limited Payment Life Policy

Premiums need to be paid only for a certain number of years or until death if it occurs within this period. Proceeds of the policy are granted to the beneficiaries whenever death of the policy holder occurs. Again, this policy can also be of the "with profits " or "without profits" type.

Loyalty Additions

The loyalty addition is given upon the maturity of the policy, and not before. It's a small percentage of the sum assured. Broadly speaking, loyalty addition is the difference between the performance, of the insurance company and the guaranteed additions. It is LICs effort to further share its surplus after valuation with the policy holders, as LIC is a non-profit organization.

Life Assured

The person whose life is insured by an individual life policy is called life assured.

Maturity

The date upon which the face amount of a life insurance policy, if not previously invoked due to the contingency covered (death), is paid to the policyholder.

Maturity Claim

The Payment to the policy holder at the end of the stipulated term of the policy is called maturity claim.

Misrepresentation

Act of making, issuing, circulating or causing to be issued or circulated an estimate, an illustration, a circular or a statement of any kind

that does not represent the correct policy terms, dividends or share of surplus or the name or title for any policy or class of policies that does not in fact reflect its true nature.

Money Back Policy

Unlike endowment plans, in money back policies, the policy holder gets periodic "survival payments" during the term of the policy and a lump sum amount on surviving its term. In the event of death during the term of the policy, the beneficiary gets the full sum assured, without any deductions for the amounts paid till date, and no further premiums are required to be paid. These type of policies are very popular, since they can be tailored to get large amounts at specific periods as per the needs of the policy holder.

Moral Hazard

Risk depends on the need for insurance, state of health, personal habits standard of living and income of insured person. Moral hazard is the risk factors that affects the decision of the insurance company to accept the risk.

Nomination

An act by which the policy holders authorises another person to receive the policy moneys. The person so authorised is called Nominee.

Non-cancelable policies

Such policies stay in effect regardless of whatever that might happen and as long as the premium is paid from time to time

Premium

The payment, or one of the regular periodic payments, that a policy holder makes to an insurer in exchange for the insurer's obligation to pay benefits upon the occurrence of the contractually-specified contingency (e.g., death).

Premium Back Term Insurance Plans

These provide for refund of all the premiums paid, in the event of the life assured surviving to the end of the policy term. The total sum assured is paid to the beneficiaries in the event death occurs during the policy term.

Reinstatement

The restoration of a lapsed policy to in-force status. Reinstatement can only occur after the

expiration of the grace period. The company may require evidence of insurability (and, if health status has changed, deny reinstatement), and will always require payment of the total amount of past due premium.

Risk

The obligation assumed by the insurer when it issues a policy. The spreading of risk across a broad base of the population, adjusted for statistical probability, and the protection against catastrophic loss, is the entire purpose of insurance. For risk assumption purposes, death is viewed as a contingency. That is, although death is certain, its timing is unknown. The process of evaluating and selecting risk is known as underwriting.

Salary Saving Scheme

This scheme provides for payment of premiums by money deduction from the salary of the employees by one employer.

Sub Standard Risk

Person who is considered an under-average or impaired insurance risk because of physical condition, family or personal history of disease, occupation, residence in unhealthy climate or dangerous habits.

Surrender Value

The value payable to the policy holder in the event of his deciding to terminate the policy before the maturity of the policy.

Survival Benefit

The payment of sum assured to the incurred person which has become due by instalments under a money back policy.

Vesting Age

The age at which the receipt of pension starts in an insurance-cum-pension plan.

Whole Life Policy

Premiums are paid throughout the life time of life assured . This can be with profits or without profits (A "with profit" policy is eligible for various bonuses declared by LIC every year, while a "without profits" policy does not have this privilege)

With-Profit policy

Policies entitled to bonus, which is paid at the time of claim-death or maturity one with-profit policies.

Without-Profit policy

These policies are not entitled to participate in bonuses

***** ALL THE BEST *****