

- d) **Acceptance with a restrictive clause:** For certain kinds of hazards a restrictive clause may be applied which limits death benefit in the event of death under certain circumstances.
- e) **Decline or postpone:** Finally, a life insurance underwriter may decide to decline or reject a proposal for insurance. This would happen when there are certain health /other features which are so adverse that they considerably magnify the incidence of the risk.

#### Non-medical underwriting

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A large number of life insurance proposals may typically get selected for insurance without conducting a medical examination to check the insurability of a life to be insured. Such cases are termed as **non-medical proposals**.

The case for non-medical underwriting lies in the finding that medical examinations bring out adverse features only in a small proportion (say one tenth) of the cases. The rest can be found out from the answers given in the proposal or the proposed life's leave records and other documents.

Conducting a medical examination by a qualified doctor would require that fees be paid to the doctor. The cost that can be saved by not conducting such examination is found to be much more than the loss that the life insurer may suffer on account of extra death claims arising as a result of bypassing a medical test. Life insurers have hence adopted the practice of granting insurance without insisting on a medical examination.

#### Conditions for non-medical underwriting

However non-medical underwriting calls for certain conditions to be followed.

- i. **Firstly only certain categories** of females, like working women, may be eligible.
- ii. **Upper limits on sum insured** may be imposed. For example, any case having a sum assured beyond five lakhs may need to be subjected to a medical examination.
- iii. **Age at entry limits** may be imposed - for example, anyone above 40 or 45 years of age has to compulsorily get a medical examination done.
- iv. Restriction being imposed with regard to **certain plans of insurance** - term insurance for example may not be allowed under non-medical category.
- v. **Maximum term of insurance** may be limited to twenty years /up to age 60.
- vi. **Class of lives:** Non-medical insurance may also be allowed to certain specific categories of individuals, for instance, non-medical special is provided to employees of reputed firms - having one year service. These companies have proper leave records and may also have periodic medical examinations so that the employee's medical status can be easily verified.