

In the life insurance industry we deal with a large number of forms and documents. These are required for the purpose of bringing clarity in the relationship between the insured and the insurer. In this chapter, we shall deal with the various documents that are involved at the proposal stage and their significance. The documents we shall consider include

- Prospectus
- Proposal form
- Agent's report
- Medical examiner's report
- Moral hazard report
- Age proof
- Know Your Customer (KYC) documents

#### **Life insurance - Proposal stage documentation**

##### **1. 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

##### **2. Proposal form**

The insurance policy is a legal contract between insurer and the policyholder. As is required for any contract, it has a proposal and its acceptance. The application document used for making the proposal is commonly known as the 'proposal form'. All the facts stated in the proposal form become binding on both the parties and failure to appreciate its contents can lead to adverse consequences in the event of claim settlement.

##### **3. Agent's report**

The agent is the primary underwriter. All material facts and particulars about the policyholder, relevant to risk assessment, need to be revealed by the agent in his / her report. Matters of health, habits, occupation, income and family details need to be mentioned in the report.

##### **4 Medical examiner's report**