Training Module for Point of Sales Person (PoSP)

BY THE END OF THIS SESSION, YOU WILL BE ABLE TO UNDERSTAND...

- What is life insurance?
- The Indian insurance market
- The principles and practice of insurance
- Point of Sale Persons- Guidelines and life Insurance products
- AML/KYC guidelines

Module 1
– Introduction to Insurance

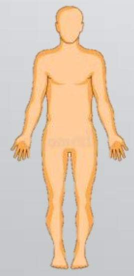
What is an asset

An asset is something which has an economic value

An Asset may be…

❖ *Physical* **like a car or a house**

❖ *Non – Physical* **like brand name or goodwill**



❖ *Personal* **like a pair of eyes, pair of limbs or even a human body**

What would happen…

If your car met with an accident

If your house caught fire

Breadwinner of the family died prematurely

In each case there would be a financial loss to the person or the family

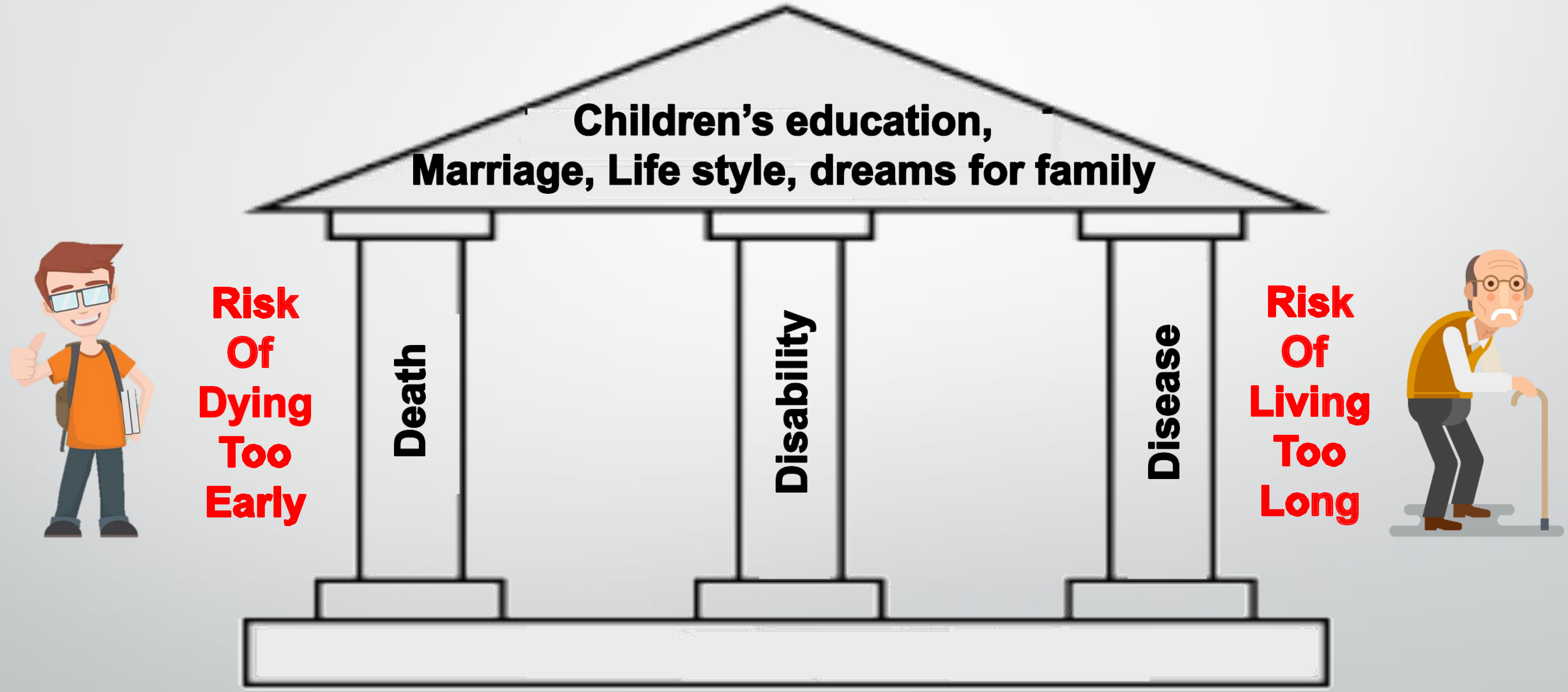
Life Insurance Defined

Insurance protects against the financial loss happening due to risk i.e. insurance compensates for the loss occurred due to risk

How does Insurance Work?

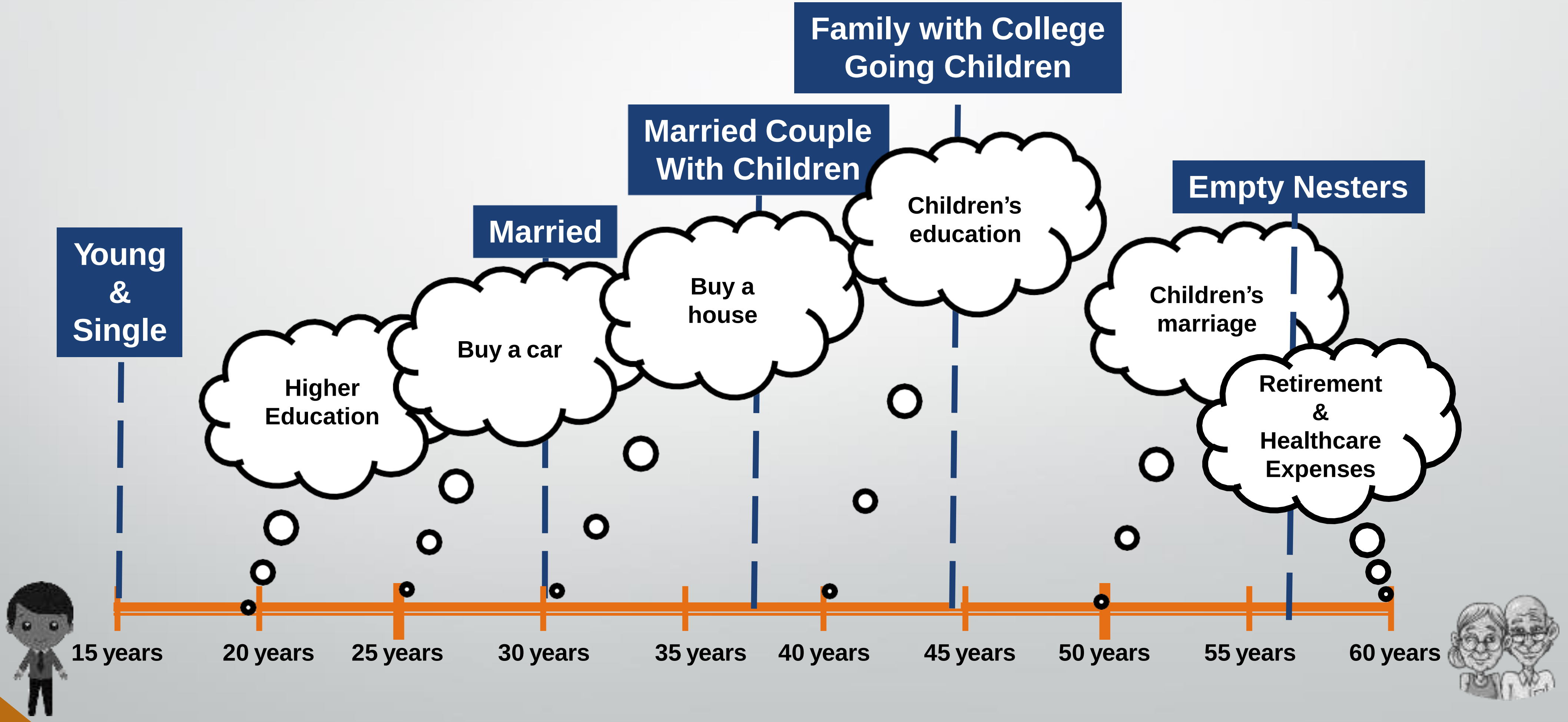
- A common fund by a group used to compensate loss suffered by a few unfortunate in that group.
- Administered by the insurer
- Transfers the chance of loss from one to many

Why Life Insurance?



Human Life

– Risks and Concerns –

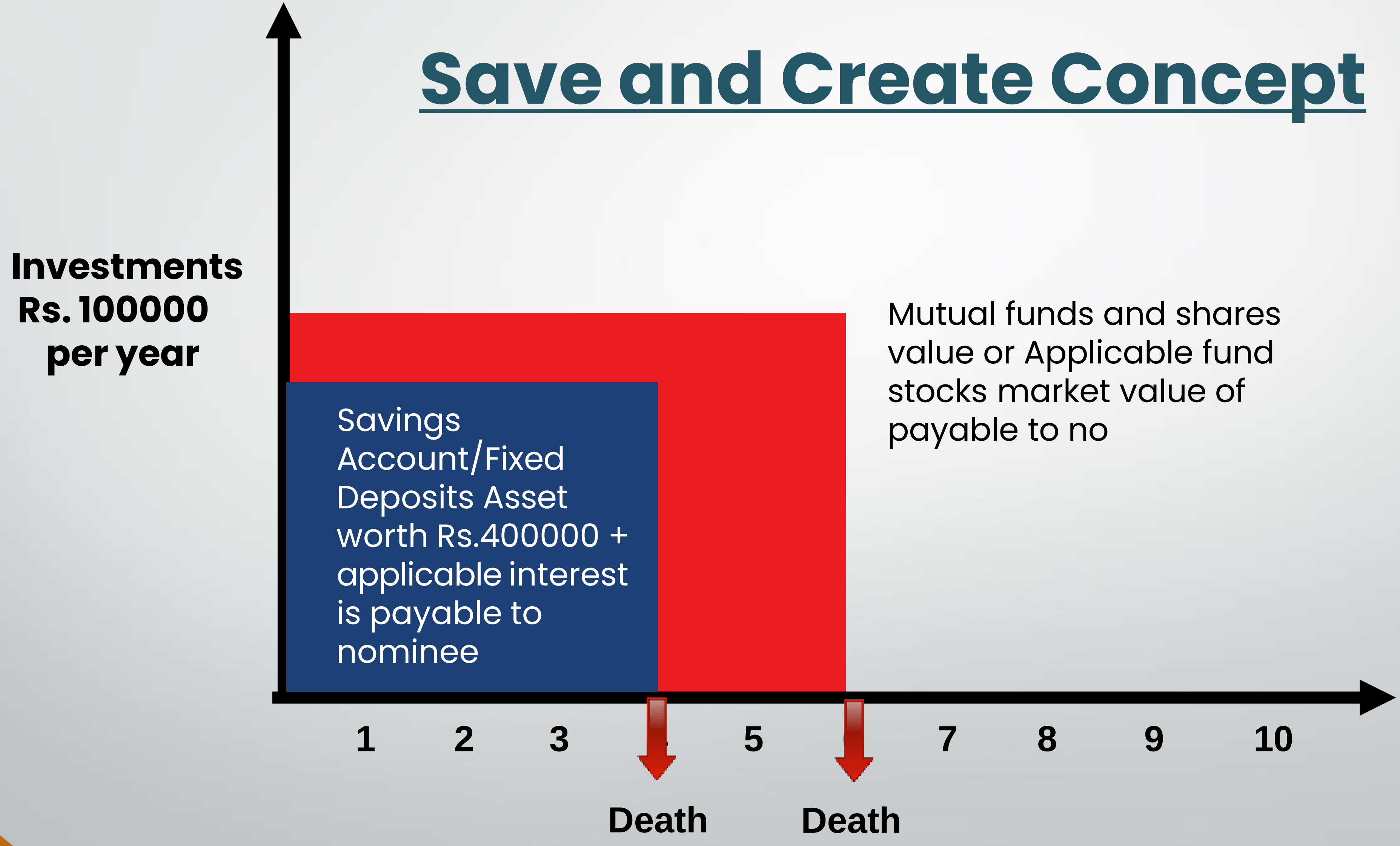


Life Insurance – Unique Asset

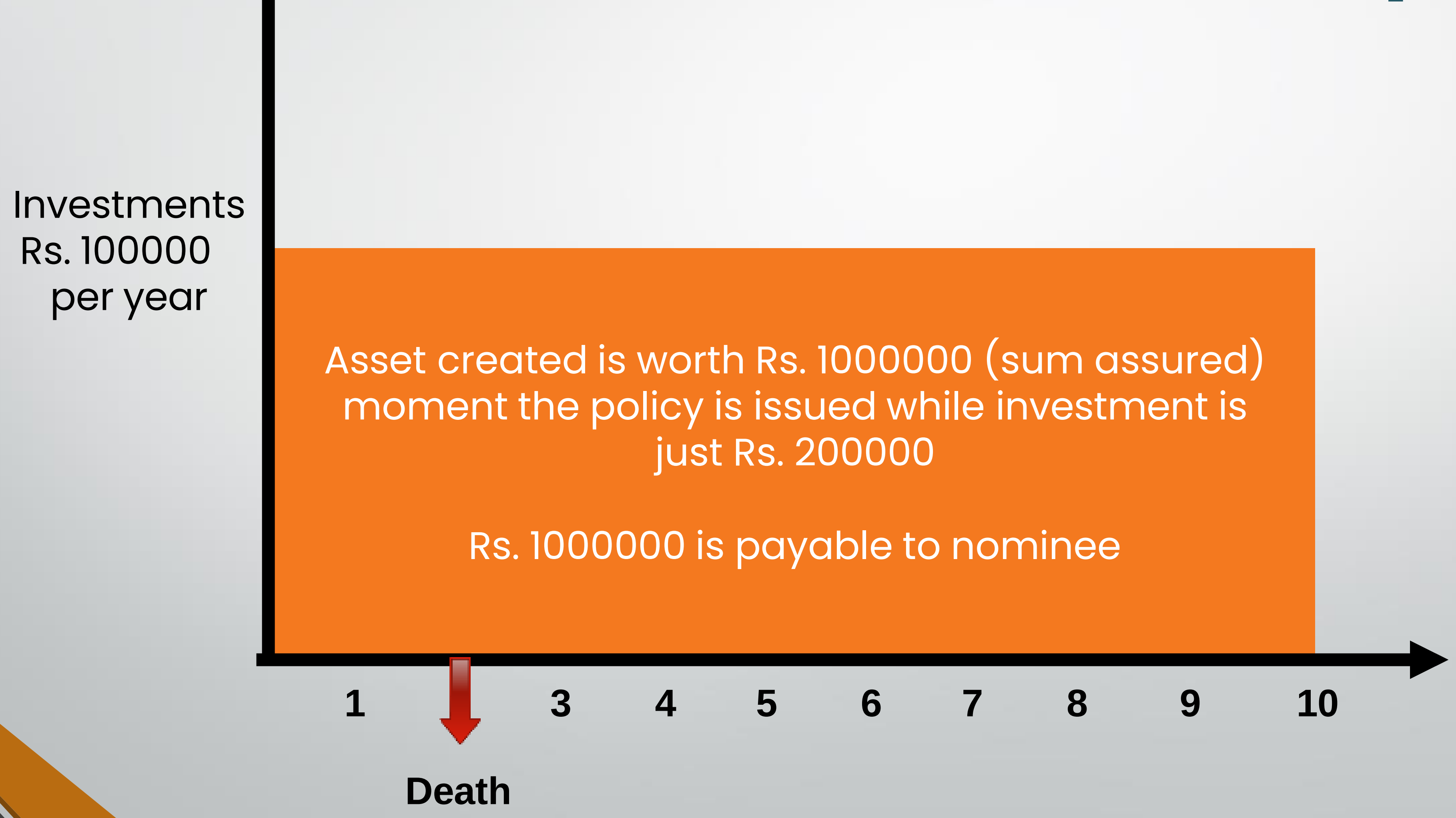
- Insurance creates an assets first & then asks for saving

- Reduces risk and enhances returns in long term

Save and Create Concept



Create and Save Concept



Value of an asset

An asset is a kind of property that yields value or returns

Loss to an asset

Similarly the amount of loss of value can also be measured

For example

When a car meets with an **accident,** the amount of damage or loss can be estimated say, **Rs. 50,000,** which an insurance company will compensate

Human Life Value

- Human beings are considered to be an income generating asset
- We all have a human life value and insuring this value is the primary purpose of life insurance
- How do you think human life can be valued?
- How do we estimate the amount of loss to a family when a person dies?
- Would it be Rs. 100000 or Rs. 500000 or Rs. 1000000?

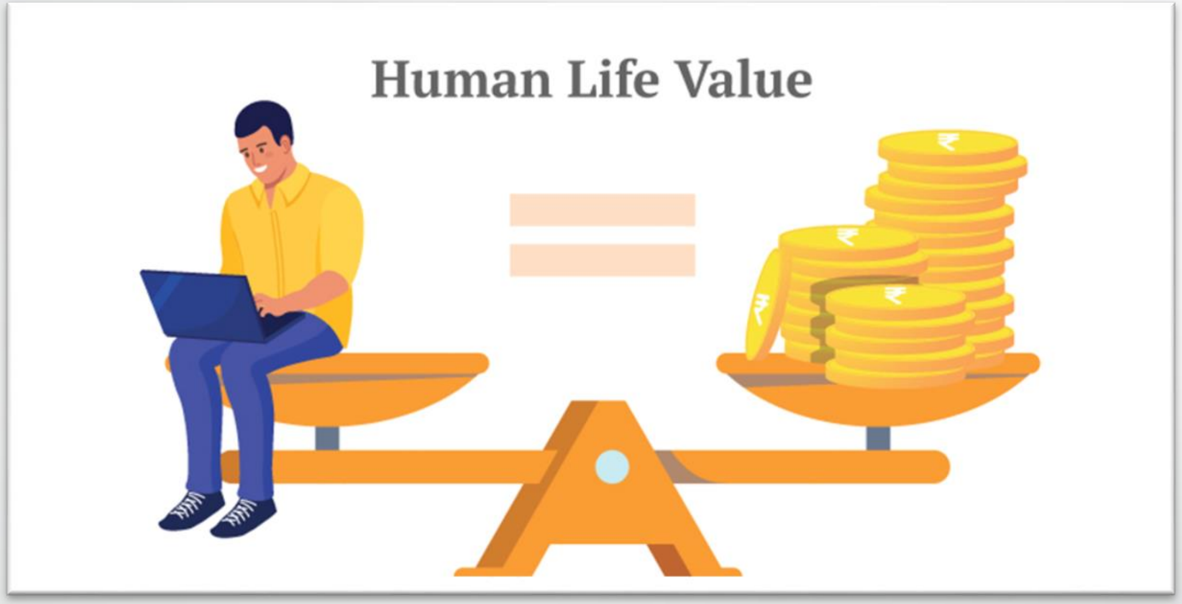
Ever thought how much is your replacement value?

What is Human Life Value?

Solomon S. Huebner

" Human Life Value is that amount, which can ensure that the standard of living of the family is not affected even if the earning member is not around"

How to arrive at Human Live Value?



HLV of a person is equal to an amount, which when invested in an instrument like fixed deposit, generates annual return equivalent to the an amount earned by the person when he was living

Liabilities

Any outstanding liabilities that the person has needs to be added to that amount to arrive at final HLV

Let us see this through an example

- 40 year old Daniel Fernandes earns Rs. 1500000 per annum
- His family includes his wife, 10-year-old son, 7-year-old daughter, and his retired parents
- After paying taxes and his personal expenses, Daniel contributes Rs. 1200000 per year to his family
- He has an outstanding housing loan of Rs. 20 lakh
- Let us calculate Daniel's HLV assuming FD the interest rate at 6% per annum

HLV Calculation

The table below explains human life value calculation for Daniel

Annual Income	Rs. 1500000
Taxes and personal expenses	Rs. 300000
Contribution to family	Rs. 1200000
Bank FD interest rate	6%
HLV Calculation	= 1200000 / 6%
	= 1200000 * 100 / 6
	= 1200000 / 0.06
	=20000000
Outstanding loan	2000000
	20000000 + 2000000
Final HLV	22000000

Hence, Daniel should have life insurance worth Rs. 22000000

In case of Daniel's unfortunate death in 1st year itself…

- Daniel's wife would receive Rs. 22000000
- She can pay off the outstanding loan of Rs. 2000000
- Balance Rs. 20000000 she can invest in fixed deposit at 6% interest
- Thisinvestment would fetch her an income which would replace the income which Daniel brought home

The thumb rule is that one should have life insurance 12 to 15 times his annual income

It's time to check what you have learned

An asset may be…

- Physical
- Non – Physical
- Personal
- All of the above

CORRECT ANSWER

- Physical
- Non – Physical
- Personal
- **All of the above**

If a house caught fire, then there would be__________loss to the owner.

- Emotional
- Personal
- Financial
- None of the above

CORRECT ANSWER

Emotional

Personal

Financial

None of the above

The Company which pools the money and compensates the unfortunate few is called as ___________________

Insured

Insurer

Compensator

Policyholder

Correct Answer

Insured

Insurer

Compensator

Policyholder

Life insurance is required to face the risk of ______________

Dying too early

Living too long

Both of the above

None of the above

CORRECT ANSWER

Dying too early

Living too long

Both of the above

None of the above

Human beings are considered to be an ________________ generating asset.

Income

Expense

Cost

Emotion

CORRECT ANSWER

Income

Expense

Cost

Emotion

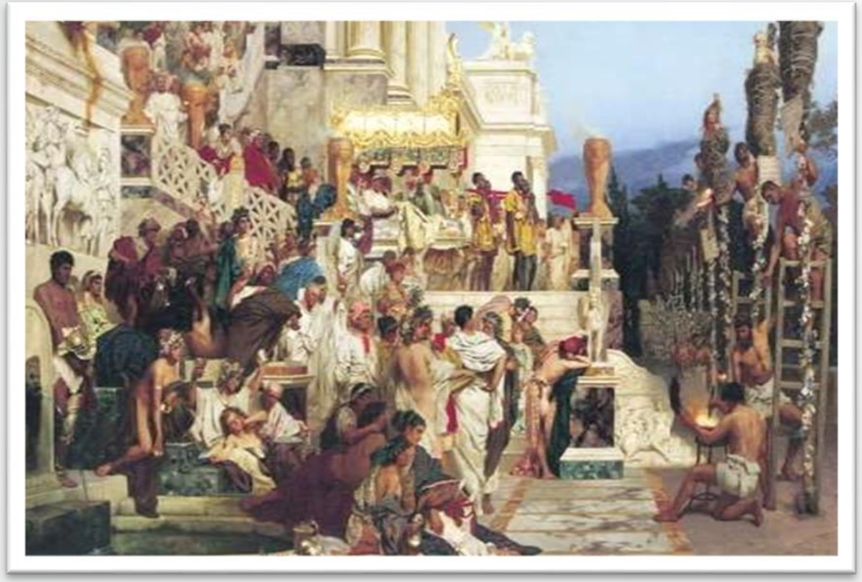
Module 2 –

Indian Insurance Market

History of Insurance

Insurance has been known to exist in some form or other since 3000 BC. Some of the ways in which this concept was applied are given in the next few slides

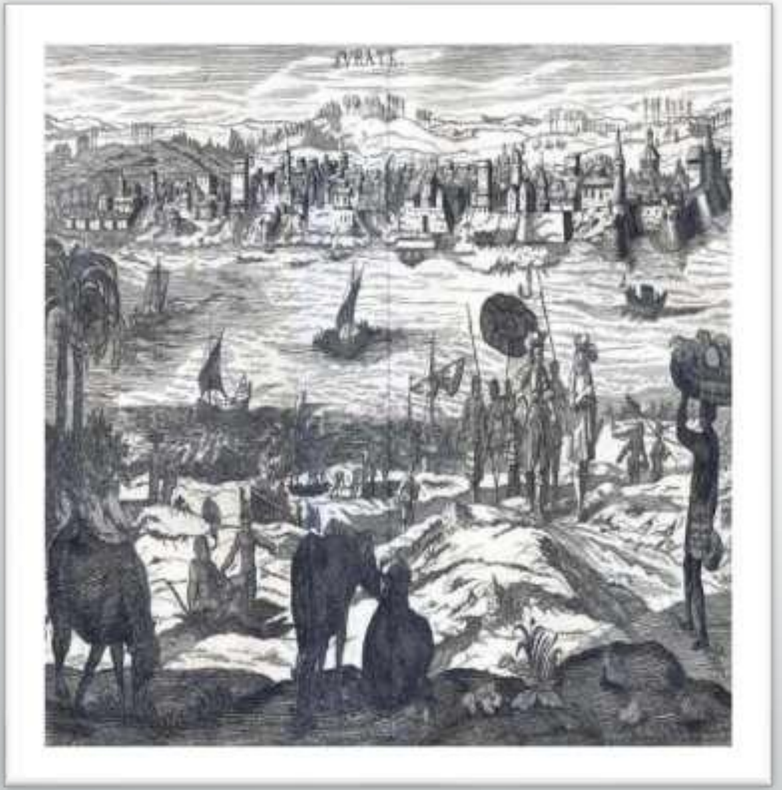
Babylonian Traders



- The Babylonian traders had agreements where they would pay additional sums to lenders, as a price for writing off their loans, in case a shipment was lost or stolen: Called "Bottomry Loans"

- The loan taken against the security of the ship or its goods had to be repaid only if and when the ship arrived safely, after the voyage, at its destination

Traders from Bharuch and Surat



Practices similar to Babylonian traders were prevalent among traders from Bharuch and Surat, sailing in Indian ships to Sri Lanka, Egypt and Greece

Greeks

The Greeks had started benevolent societies in the late 7th century AD, to take care of the funeral – and families – of members who died

The Friendly Societies of England were similarly constituted

Inhabitants of Rhodes

The inhabitants of Rhodes adopted a practice whereby, if some goods were lost due to jettisoning during distress, the owners of goods (even those who lost nothing) would bear the losses in some proportion

Chinese Traders

- Chinese traders in ancient days would keep their goods In different boats or ships sailing over the treacherous rivers.
- They assumed that even if any of the boats suffered such a fate, the loss of goods would be only partial and not total.
- The loss could be distributed and thereby reduced

History of Insurance in India

The Oriental Insurance Co. Ltd.	Triton Insurance Co. Ltd.	Bombay Mutual Assurance Society Ltd.	National Insurance Company Ltd.
The first life insurance company to be set up in India was an English company	**The first non-life insurer to be established in India**	**The first Indian insurance company. It was formed in 1870 in Mumbai**	**The oldest insurance company in India. It was founded in 1906 and it is still in business**

Development of Insurance in India

- Modern insurance in India began in the early 1800 with agencies of foreign insurers starting the marine insurance business.

- In 1912, the Life Insurance Companies Act and the Provident Fund Act were passed to regulate the insurance business

- It made compulsory that premium-rate tables and periodical valuation of companies be certified by an actuary

- The Insurance Act 1938 was the first legislation enacted to regulate the conduct of insurance companies in India. This Act continues to be in force thereafter

Nationalisation of Life Insurance

- The life insurance business was nationalized on 1st September 1956 and the Life Insurance Corporation of India (LIC) was formed
- There were 170 companies and 75 provident fund societies doing life insurance business in India at that time
- From 1956 to 1999, the LIC held exclusive rights to do life insurance business in India

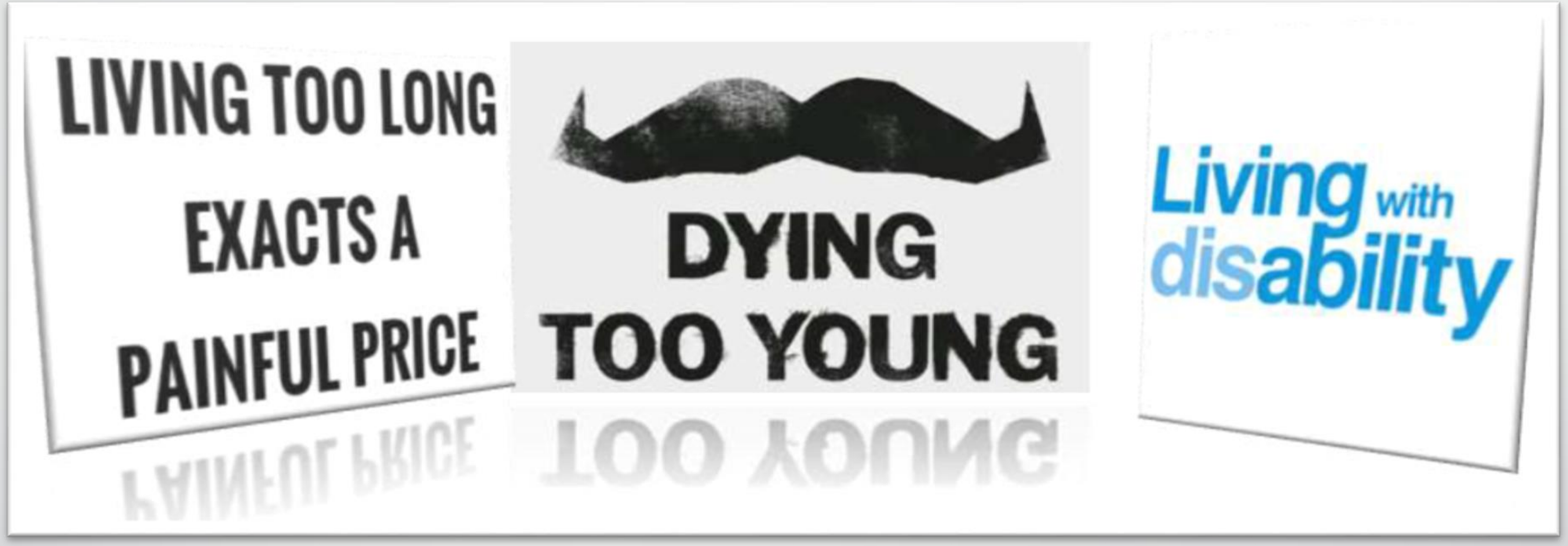
Nationalisation of Non – Life Insurance

- With the enactment of the general insurance business nationalization Act(GIBNA) in 1972, the non-life insurance business was also nationalized.
- the General Insurance Corporation of India (GIC) and its four subsidiaries were set up
- At that point in time, 106 insurers in India doing non–life insurance business was amalgamated with with the formation of four subsidiaries of the GIC of India.

Concept of Risk

- Every asset is exposed to risk of getting damaged or lost
- Risk is uncertainty about the future
- The cause of risk is called Peril e.g. fire
- Risk is an adverse event which may incur financial loss to someone
- The chance of loss is called Risk e.g. financial loss due to house getting burnt

Risk



Life insurance provides protection against those risk events that can destroy or diminish the value of human life as an asset.
There are three typical concerns which ordinary people face

Risk

General insurance deals with risks that affect Property such as fire, loss of cargo, theft, burglary, motor accident, liability insurance, and personal risk.

Insurer

- A company that, through a contractual agreement, undertakes to compensate specified losses, liability, or damages incurred by another individual
- An insurer is frequently an insurance company
- An insurance company that agrees to pay someone who pays them for insurance for losses suffered pursuant to the terms of an insurance policy
- For this benefit, the customer pays the company a fee, called a premium
- Insurers hire intermediaries to sell insurance policies
- These intermediaries could be agents, Bancassurance, Insurance brokers and even comparison websites
- Insurers may also use direct sales channels or even conduct e – sales or online sales of their products

Agents

- Agents contribute the major percentage of insurance sales in India
- It is the agent's primary responsibility to meet the prospective client, understand their needs, and accordingly recommend suitable products
- They are hired by insurance companies and given the required training
- After passing the prescribed examination and getting their license, these agents seek and gain insurance business for the insurer
- Agents are not on the payroll of the insurance company but are paid commission based on the sales they make
- Current regulations in India mean that an individual can act as an insurance agent for only one life insurance company at a time

Banks

- Insurance companies partner with banks to sell their products through them.

- Current regulations in India state that a bank can only act as an insurance agent for three life insurance companies at a time

Brokers

1. Brokers can sell the products of a number of life insurance companies

2. They have the advantage of being able to compare the insurance products of various insurance companies and then offer a plan that best suits the requirements of the customer

3. The broker represents the client; they keep in mind the customer's requirements rather than favouring any specific products of any specific insurance company

Point of Sales Persons

- Point of Sales Persons (POSP) is an individual who possesses desired minimum qualifications, has undergone training for 15 Hours and passed the examination as specified in the guidelines
- Minimum Qualification: He should be above 18 years of age and should be minimum 10th standard pass
- He is allowed to market only specific products as mentioned in the guidelines
- POSP is identified either by his PAN Card or Aadhaar Card
- Every policy sourced by him, along with collected documents, would be tagged to the POSP to understand who is selling it

Malhotra Committee and IRDAI

- Setup in 1993 to explore and recommend changes for the development of the industry including the reintroduction of competition

- The Committee submitted its report in 1994. In 1997 the Insurance Regulatory Authority (IRA) was established

- The passing of the Insurance Regulatory& Development Act, 1999(IRDAI) led to the formation of Insurance Regulatory and Development Authority of India (IRDAI) in April 2000 as a statutory regulatory body both for life, non-life and health insurance industry

- IRDA has been subsequently renamed as IRDAI in 2014

Current Scenario

Currently, there are 24 life insurance companies operating in India as detailed hereunder:

23 life insurance companies in the private sector

Life Insurance Corporation (LIC) of India is a public sector company

The postal department, under the Government of India, also transacts life insurance business via Postal Life Insurance, but is exempt from the purview of the regulator

IRDAI

The Insurance Regulatory and Development Authority (IRDA) Act 1999 was passed by Parliament in December 1999. The Act provided for the establishment of the IRDA as a corporate body:

- **To regulate, promote and ensure orderly growth of the insurance industry**
- **For other related matters**
- **To protect the interest of holders of insurance policies**

IRDAI

The IRDA Act 1999 led to amendments in the Insurance Act 1938, the Life Insurance Corporation Act 1956, and also the General Insurance Business (Nationalisation) Act 1972

Section 4 of the IRDA Act 1999 specifies the composition of the IRDAI. It consists of a Chairperson, not more than five whole-time members and not more than four part-time members. All the members are appointed by the Government of India. Section 14 of the Act lays down the duties, powers and functions of the IRDAI

It's time to check what you have learned

Life Insurance business was nationalized in _____

1954

1956

1958

1966

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CORRECT ANSWER

1954

1956

1958

1966

Non- Life Insurance business was nationalized in _____

1956

1962

1972

1975

CORRECT ANSWER

1956

1962

1972

1975

Risk is an _ _ _ _ _ event which may incur financial loss to someone.

Adverse

Preferred

Beneficial

Favoured

CORRECT ANSWER

Adverse

Preferred

Beneficial

Favoured

POSP should be above 18 years of age and should be minimum _______ Pass.

- Post Graduate
- Graduate
- 12^{th} Standard
- 10^{th} standard

ANALAH INSURANCE

CORRECT ANSWER

Post Graduate

Graduate

12th Standard

10th standard

Insurance Regulatory and Development authority (IRDA) act was passed by parliament in ____

1998

1999

2000

2001

CORRECT ANSWER

1998

1999

2000

2001

Module 3 –

Practice of Insurance

Insurance as a Contract

An Insurance Contract is an agreement, enforceable by Law and is between the Insurance Company and the Insured Person

An insured person pay premium (Consideration) to the Insurer

On the happening of the specified event, Insurer pays the a sum of money (Sum Assured) to the Insured Person /Nominee

Features of a Valid Contract

Offer and Acceptance

A contract comes into existence when one party makes an offer that the other party accepts unconditionally

Consideration

- A contract must be supported by consideration in order to be valid
- The payment of money is a common form of consideration, although not the only form
- In terms of insurance policies, we refer to the premium as the insured's consideration

Capacity to Contract

- An individual is said to be competent to enter into a contract if they are of the age of majority (age 18) of sound mind and
- Not disqualified, by law, from entering into contracts
- Any contracts entered into by other than the above people will be null and void

Features of a Valid Contract

Consensus ad idem

- This means both the parties to the contract must understand and agree upon the same thing, in the same sense
- The proposer should have understood the features of the insurance policy in the same sense (manner) in which it was explained to them by the agent

The legality of Object or Purpose

- The objective of both the parties to the contract should be to create a legal relationship
- The purpose of the contract should also be legal

Capability of Performance

- The contract must be capable of being performed by both parties
- For example, a person requesting life insurance for a very high amount should be capable of paying the premium required

Invalid Contract

Coercion	• Coercion means applying pressure through criminal means
Undue Influence	• When a person who is able to dominate the will of another • Uses his / her position to obtain an undue advantage over the other
Fraud	• When a person induces to act on a false belief that is caused by a representation he or she does not believe to be true • It can arise either from deliberate concealment of facts or through misrepresenting them
Mistake	• Error in one's knowledge or belief or interpretation of a thing or event • This can lead to an error in understanding and agreement about the subject matter of the contract

Insurance Contract

- When both the insured person and the insurance company are clear as to the terms that have been agreed between them, a policy is issued

- The policy contains all the details of cover, period of cover, exceptions, conditions, the premium and other relevant information

- The policy is not the contract of insurance in itself; rather, it is evidence of the contract

- The absence or loss of the policy does not invalidate the contract, but the policy is useful as proof in the event of a dispute over the terms agreed

Premium

- Premium is the price paid by the insured for an insurance policy
- It is expressed at the rate of per thousand sum assured
- Premium rates are available in the form of tables
- The printed rates on the tables are called as office premium
- These are level premiums which need to be paid on yearly basis
- In some policies, the premiums need to be paid either once or only for a few years

Rebates

Rebate

- Rebate for sum assured
- Rebate for mode of premium

Rebates

Rebate for sum assured

The gain that an insurer enjoys while servicing policies of high value are passed to the customer.

The cost incurred in servicing a 50,000 policy is the same as servicing a 5,00,000 policy.

Rebate for mode of premium

The cost incurred in servicing policies in quarterly and monthly mode is higher than the cost in case of yearly and half yearly mode.

In case of yearly mode, the entire premium is available with the insurer for the whole year.

Extra Charges

- The premium quoted in the premium table is for normal healthy individuals called standard life
- An individual with health ailments is likely to have a higher death risk and is charged extra premium
- Extra premium may also be imposed on the basis of occupational hazards as well

Components of Premium

Bonus Loading

Mortality

Interest

Management Expenses

Reserves

Mortality and Interest

Mortality

Mortality is a measure of the number of deaths in a population, scaled to the size of that population, per year

Interest

Interest is the return expected to be earned on investment

Mortality and Interest –
How it impacts the premium?

- Mortality is the element in the premium determined using a mortality table
- If the mortality rate for a 35 year old person is 0.0035, it means 35 out of 10,000 would die before reaching the age of 36
- The table may be used to calculate the mortality cost for different ages. For a 35-year-old person, 35-year-old cost would be Rs.3.50 per thousand sums assured
- The prudent practice followed by insurers requires them to assess the present value of future claims
- In simple terms, the company needs to know how much money is required to fulfill its obligations
- The higher the mortality rate, the higher would be the premium
- The higher the interest rate, the lower would be the premium

Different Types of Expenses

Life insurers have to incur various types of operating expenses including:

- Agents training and recruitment,
- Commissions of agents,
- Staff salaries,
- Office accommodation,
- Office stationery,
- Electricity charges,
- System, IT, Policy Administrative System Cost,
- Other miscellaneous etc.

All these have to be paid from premiums that are collected by insurers. These expenses are loaded to the premium.

A life insurer incurs two types of expenses:

a) The first, known as "New Business Expenses", are incurred at the beginning stage of the contract

b) The second type of expenses, known as "Renewal Expenses," is incurred during subsequent years.

Expenses

- The initial expenses along with the margins required to be maintained as reserves are typically higher than the initial premiums received

- Initial or new business expenses can be substantial

- Life insurers are also required by law to hold certain margins as reserves to Ensure they can meet their obligations, even when their actual experience is worse than assumed

Reserves

Mortality, Interest, Expenses are main component of the basis for reserve calculations

Reserve is the money which insurer set aside to meet the future obligations

Reserve required to be calculated on a cautious basis

Assumptions Made

Life insurers must also be prepared for the eventuality that the assumptions on basis of which they set their premiums differ from actual experience. Such a contingency can arise from two reasons:

- Firstly the assumptions themselves may have been inappropriate. For example the life insurer may use a mortality table that does not reflect the current mortality or has not adequately factored for inflation

- Secondly there are random fluctuations that may belie the assumptions.

Loading for Bonus

Bonus is expressed as percentage of Sum Assured and applicable to with- profit policies

There are two main type of bonus Reversionary bonus and Terminal Bonus

Terminal bonus, if any is usually credited and paid at the time of exit(e.g maturity)

Reversionary bonus, if any is credited to policies on a yearly basis and payable in full at the time of maturity

In nutshell…

Gross Premium

=

Net Premium +Loading for Expenses

+

Loading for Contingencies + Bonus Loading

Grace Period

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Every life insurance contract undertakes to pay the death benefit on the condition that the premiums have been paid up to date and the policy is in force

The "Grace Period" clause grants the policyholder an additional period of time to pay the premium after it has become due

The premium however remains due and if the policyholder dies during this period, the insurer may deduct the premium from the death benefit

If premiums remain unpaid even after the grace period is over, the policy would then be considered lapsed and the company is not under obligation to pay the death benefit

The only amount payable would be whatever is applicable under the non-forfeiture provisions. In a sense the insured may thus be said to have received free insurance during the grace period

The standard length of the grace period is one month or 31 days. The days of grace may be computed from the next day after the due date fixed for payment of the premium

The provision enables a policy that would otherwise have lapsed for non-payment of premium, to continue in force during the grace period

Lapse and Reinstatement / Revival

- Policy is said to be in lapse condition if premium has not been paid even after the completion of grace period
- Life insurance contracts permit reinstatement (revival) of a lapsed policy
- Reinstatement is the process by which a life insurance company puts back into force a policy that has either been terminated because of non-payment of premiums or has been continued under one of the non – forfeiture provisions

Revival of Policy

A revival of the policy can be done only
Under certain conditions:

No increase in
risk for insurer

Payment of outstanding
loan, if any

Creation of reserve

Payment of overdue
premiums with interest

Revival application within
specific time period

Satisfactory evidence of
continued insurability

Non-Forfeiture Provision

- The Policy conditions provide various safeguards to policyholders, when there is a premium default.
- These provisions are called Non Forfeiture provisions

- If three years' premiums have been paid and discontinued thereafter, the non forfeiture clause comes into play

- Consequently, Insurers do not forfeit the premiums once the policy lapses after three years of payment.
- The Insurance Act does not allow such forfeiture

Non-Forfeiture Provision

- To return to the policyholder an amount that represents the reserve
- Surrender Value arrived as a percentage of premiums paid is called Guaranteed Surrender Value

Cash Value or Surrender Value

- The right to borrow money from the insurer by using the cash value of the policy as a security for the loan
- The policy loan is limited to a percentage of the policy's surrender value (say 90%)
- The policyholder borrows from his own account.

Policy loans

Nomination

As per section 39 of the insurance act 1938, the holder of a policy on his own life may nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death

It can be made at the time of proposal or at any time during the currency of the policy

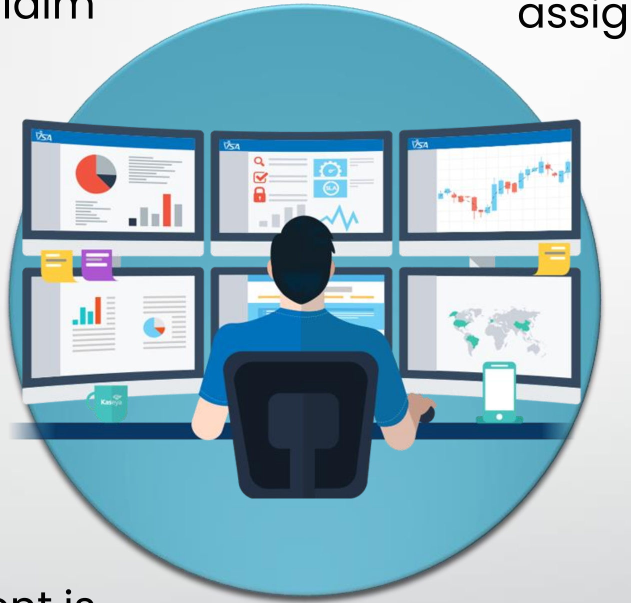
A nomination can be changed by the policy holder by making endorsement on the policy

The nominee has the right to receive the claim money on the event of life- insured's death

Assignment

A life insurance policy is a property, it represents rights and as per Transfer of Property Act 1882, it is an actionable claim

An assignment transfers the rights, title & interest of the policy from assignor to assignee



It must be sent to the insurer along with a notice

The assignment can be done by an endorsement on policy or by a separate deed

The assignment is effective as soon as it is executed

Separate deed has to be stamped

Assignment

- In India assignment is governed by Section 38 of the Insurance Act.

- On execution of the assignment, the assignee gets all rights title and interest in respect of the property assigned and becomes the owner of the policy, subject to the provision that the assignee cannot have a better title than the assignor

Assignment

Absolute Assignment	Conditional Assignment
The title cannot be reverted back to the assignor unless the assignee reassigns the policy through a deed	The title automatically reverts back to the assignor on fulfilling of the specified condition

Alteration

Provision to alterations in policy terms and conditions is allowed, subject to consent of both the insurer and assured.

Alterations may not be permitted during the first year of the policy, except for change in the mode of premium or alterations which are of a compulsory nature like:

- change in name or / address;
- readmission of age in case it is proved higher or lower;
- request for grant of double accident benefit or permanent disability benefit etc.

Some alterations may be affected by placing a suitable endorsement on the policy or on a separate paper. Other alterations, may require the cancellation of existing policies and issue of new policies.

It’s time to check what you have learned

In insurance contract, the insured gives _____ to the insurer, in turn insurer gives _____ to the insured as benefit.

Premium and sum Assured

Sum Assured and Premium

Charges and facility

Facility and charges

CORRECT ANSWER

Premium and sum Assured

Sum Assured and Premium

Charges and facility

Facility and charges

It is expressed at the rate of per ______ sum assured.

- Hundred
- Thousand
- Lakh
- Million

CORRECT ANSWER

Hundred

Thousand

Lakh

Million

Rebates in premium are available as rebate for _________

Sum Assured

Mode of Premium

Both of the above

None of the above

CORRECT ANSWER

Sum Assured

Mode of Premium

Both of the above

None of the above

The standard length of the grace period is

____

- One Day
- One Week
- One Fortnight
- One Month

CORRECT ANSWER

- One Day
- One Week
- One Fortnight
- One Month

In _______ assignment, the title automatically reverts back to the assignor on fulfilling of the specified condition

- Absolute
- Conditional
- Both of the above
- None of the above

CORRECT ANSWER

Absolute

Conditional

Both of the above

None of the above

Module 4 –

Principles of Insurance

Principles of Life Insurance

Principles of Life Insurance

- Insurable Interest
- Utmost Good Faith

Insurable Interest

Insurable interest is a very important principle of insurance

Insurable interest is the legal right of the person to insure the subject matter with which they have a legal relationship recognized by law

In order to take out insurance, an individual has to have insurable interest in the subject matter they wish to insure

Insurable interest forms the legal basis for deciding whether insurance can be taken out or not

The subject matter is the event insured and can be a person's own life, the life of others or property

Insurable Interest

- Insurable Interest distinguishes an insurance contract from a wagering contract as later is not enforceable in a court of law
- It would be relevant here to make a distinction between the subject matter of insurance and the subject matter of an insurance contract
- The insurance policy Actually covers the insured's financial interest in the property
- It is only when the insured has such an interest in the property that he has the legal right to insure
- The subject matter of insurance relates to the property being insured against, which has an intrinsic value of its own
- The subject matter of an insurance contract is the insured's financial interest in that property

Existence of Insurable Interest

- Self
- Spouse
- Assets
- Parents
- Children
- Creditor in Debtor (to the extent of outstanding loan amount)
- Employer in Employees
- Employees in Employer (to the extent of outstanding payments from employer)

Important Points

- Court judgments have established the circumstances in which Insurable Interest is deemed to exist
- In life insurance, Insurable Interest needs to exist (be proven) at the time of taking out the policy, i.e. at the inception of the policy
- In event of a claim, Insurable Interest may or may not exist and is not required to be proved
- Insurable interest is the legal right of the Person to insure the subject matter with which they have a legal relationship recognised by law

Case Study

Imagine the following scenario…

- Ganesh is a 30-year-old man for a working multinational company (MNC)

- His wife works for a domestic firm and she is a co- applicant in the loan on their home together with Ganesh

- Whilst Ganesh has a well – paid job and is managing the monthly living expenses, he has a running home loan and a car loan to take care of

- He has worked hard to build these assets and so far everything has been going as Ganesh has planned

Scenario 1: Ganesh meets with an accident and is hospitalised for a month

- He will not be able to work for at least a month

- He will not receive a salary for that time and will also have to pay his hospital bills which could be very expensive

- To avoid this situation he should ensure that he has adequate health insurance to cover him against unexpected medical emergencies and to cover him against loss of pay if he is absent from work due to medical reasons

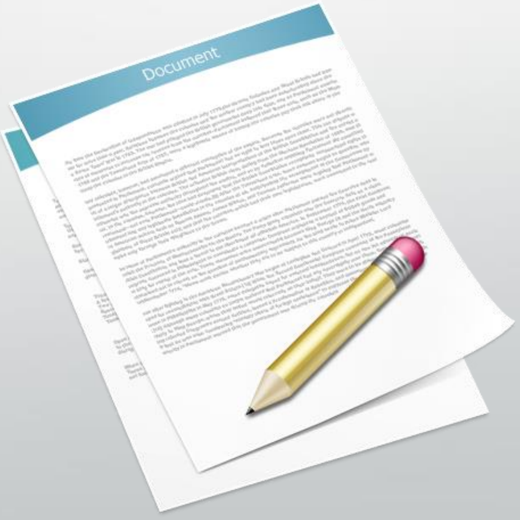
Scenario 2: Ganesh's wife dies unexpectedly

- Ganesh's wife, apart from contributing to the family income, also takes care of the family
- Following her unexpected death, Ganesh will face financial difficulties in repaying the home loan and meeting other financial commitments
- To protect against the above scenario Ganesh can take out life insurance on his wife's life which will pay out in the event of her unexpected death, thus ensuring that the family's finances are not put in jeopardy
- Ganesh's wife can also take out life insurance on Ganesh's life which would pay out on his unexpected death

What is the Principle of Utmost Good Faith?

Concept of Uberrima Fides:

It is “a positive duty to voluntarily disclose, accurately and fully, all facts material to the risk being proposed, whether requested or not".



Why Utmost Good Faith?

- Insurance contracts stand on a different footing
- Firstly, the subject matter of the insurance is intangible and cannot be easily known through direct observation or experience by the insurer
- Again there are many facts, by their very nature, may be known only to the proposer. The insurer has to often rely entirely on the latter for information
- Hence the proposer has a legal duty to disclose all material information about the subject matter of insurance to the insurers who do not have this information

Example

- 30 year old David made a proposal for an insurance policy
- David was suffering from Diabetes which he did not disclose this fact to the insurance company
- Being in thirties, insurance company issued the policy without asking David to undergo medical tests
- Few years later, David's health deteriorated and was hospitalised
- David could not recover and died. A claim was raised on insurance company

Why Utmost Good Faith?

- To the surprise of David's nominee, the claim was rejected
- Upon investigation, insurance company found out that David suffered from diabetes when he purchased the policy
- This fact was deliberately and intentionally hidden by David
- Hence the insurance contract was declared null and void and the claim was rejected

Utmost Good Faith applies to both the insured and the insurer

If utmost good faith is not observed by either party, the contract may be avoided by the other. This essentially means that no one should be allowed to take advantage of his own wrong especially while entering into a contract of insurance

An individual has a congenital hole in the heart and reveals it in the proposal form. The same is accepted by the insurer and proposer is not informed that pre-existing diseases are not covered for at least 4 years. This is misleading of facts by the insurer

An executive is suffering from hypertension and had a mild heart attack recently following which he decides to take a medical policy but does not reveal the same. The insurer is thus duped into accepting the proposal due tomisrepresentation of facts by insured

What is a Material Fact?

A fact that would affect the **judgment of a prudent insurance underwriter** in deciding whether to accept the risk and if so, the rate of premium and the terms and conditions

What material facts need to be disclosed?

The law imposed an obligation to disclose all material facts

a) They need to be answered truthfully in all respects

b) Facts that increase the risk being covered

c) Past policies are taken from all insurers and their status

d) Questions are related to the life insured and its exposure to risk

e) All questions in the proposal form are considered to be material

What material facts need not be disclosed?

- **Measures implemented to reduce the risk.**
  - The presence of a fire extinguisher
- **Facts which the insured does not know or is unaware of**
  - An individual, who suffers from high blood pressure but was unaware about the same at the time of taking the policy, cannot be charged with non-disclosure of this fact.
- **Which could be discovered, by reasonable diligence?**
  - It is not necessary to disclose every minute material fact. The underwriters must be conscious enough to ask for the same if they require further information.
- **Matters of law**
  - Everybody is supposed to know the law of the land.
- **About which insurer appears to be indifferent (or has waived the need for further information)**
  - The insurer cannot later disclaim responsibility on grounds that the answers

Utmost Good Faith

Non – Disclosure

- If the insured is in material breach of the duty of disclosure, the insurer may avoid the contract entirely, *ab initio* (from the beginning)
- In other words, no claims are payable. If the non-disclosure is fraudulent (often termed 'concealment') the insurer may keep the premium

Lapsed Policies

- In the event that a lapsed policy is revived, the insurance company may ask the insured to disclose all material facts along with proof of continued good health
- In certain cases, the insurer may ask the insured to undergo medical tests and decide about reviving the policy

Representation

- Any statement made during negotiation of a contract of insurance is called representation.

- A representation may be a definite statement of fact or a statement of belief, intention or expectation that must be substantially correct. When it comes to representations that concern matters of belief or expectation, it is held that these must be made in good faith

Representation

Innocent Misrepresentation

Innocent Misrepresentation relates to inaccurate statements, which are made without any fraudulent intention

Fraudulent Misrepresentation

Fraudulent Misrepresentation on the other hand refers to false statements that are made with deliberate intent to deceive the insurer or are made recklessly without due regard for truth

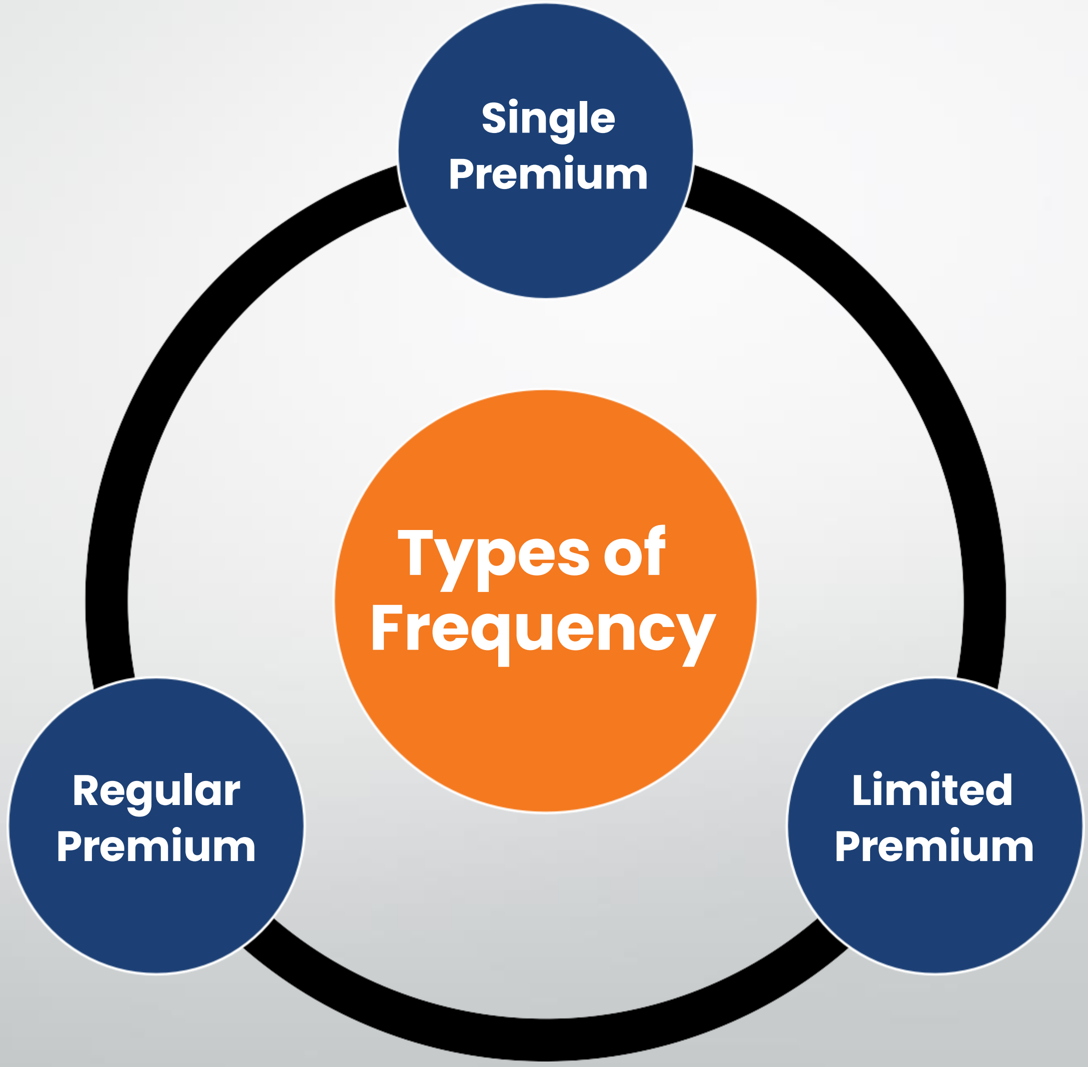
An insurance contract generally becomes void when there is a clear of concealment with intent to deceive, or when there is fraudulent misrepresentation

Premium Payment Modes

Modes

- Annual
- Monthly
- Quarterly
- Super-frequent
- Bi-monthly

Premium Payment Frequency



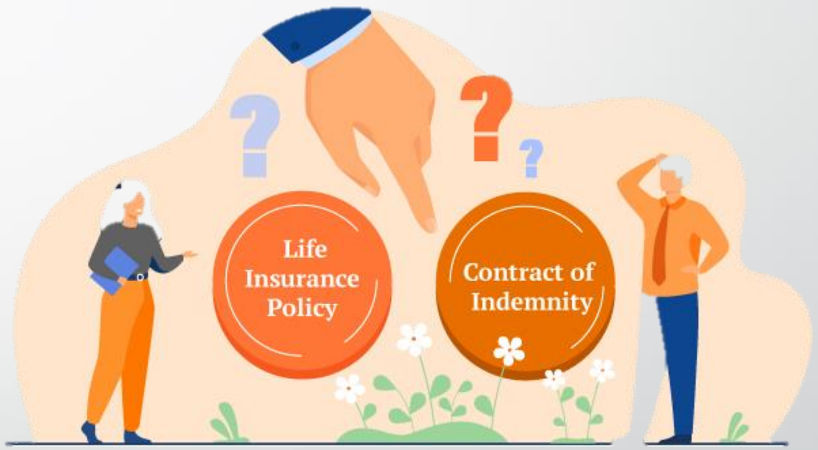
Principle of Indemnity

- Indemnity means that in the event of a loss the insurance company indemnifies (compensates) the insured for the loss they incur, under the terms and conditions of the policy

- Insurance cannot be used to make a profit.

- The principle of indemnity makes sure that the insured is compensated only to the extent to which they have suffered a loss.

- Thus the insured cannot profit from insurance



Example – General Insurance

- Suresh has taken out an individual health insurance policy with a sum insured of Rs. 2,00,000. Suresh falls ill and has to be hospitalized, resulting in a hospital bill of Rs. 40,000. So in this case the insurance company will compensate (indemnify) Suresh with Rs. 40,000

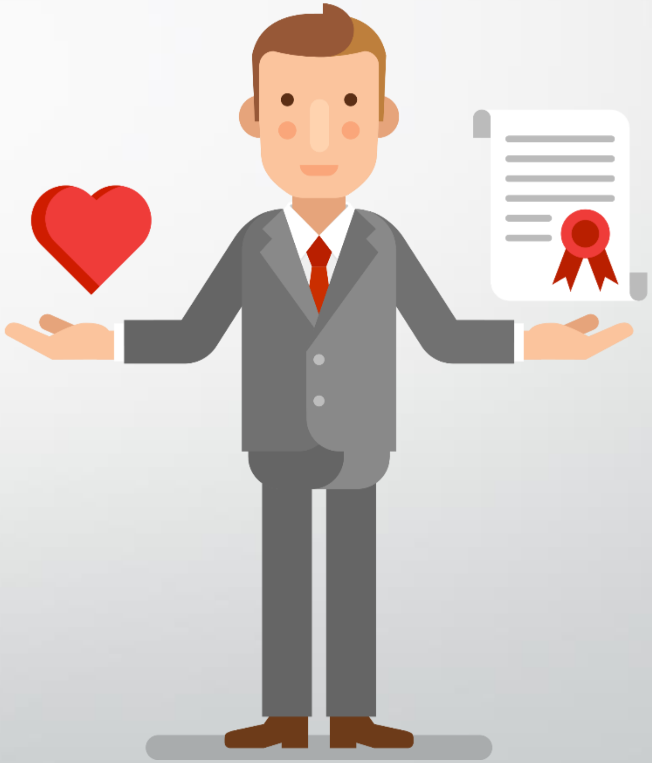
- General insurance policies and health insurance policies are contracts of indemnity whereby the insured is compensated for the loss incurred in line with the principles explained above

- But the same does not apply to life insurance

Example – Life Insurance

Indemnity

If Ajit has taken out an endowment policy of Rs.1,00,000 for 10 years with an annual premium payment of Rs. 10,000 and he dies in the fourth year of the policy, the beneficiary will get the full amount of Rs. 1,00,000 (plus the bonuses accumulated up to that point), even though Ajit has paid premiums for only four years



Life Insurance contracts are also known as value contracts and the principle of indemnity does not apply to them. In the case of life insurance, even if a person takes out multiple policies, the insured's death will result in all the insurance companies paying the full sums insured

Section 64VB of Insurance Act, 1938

Section 64VB

No insurer shall assume any risk in India in respect of any insurance business on which premium is not ordinarily payable outside India unless and until the premium payable is received by him or is guaranteed to be paid by such person in such manner and within such time as may be prescribed or unless and until a deposit of such amount as may be prescribed, is made in advance in the prescribed manner

For the purposes of this section, in the case of risks for which premium can be ascertained in advance, the risk may be assumed not earlier than the date on which the premium has been paid in cash or by cheque to the insurer

Explanation – Where the premium is tendered by postal money order or cheque sent by post, the risk may be assumed on the date on which the money order is booked or the cheque is posted, as the case may be

Section 64VB of Insurance Act, 1938

Section 64VB

Any refund of premium which may become due to an insured on account of the cancellation of a policy or alteration in its terms and conditions or otherwise shall be paid by the insurer directly to the insured by a crossed or order cheque or by postal money order and a proper receipt shall be obtained by the insurer from the insured, and such refund shall in no case be credited to the account of the agent
Where an insurance agent collects a premium on a policy of insurance on behalf of an insurer, he shall deposit with, or despatch by post to, the insurer, the premium so collected in full without deduction of his commission within twenty four hours of the collections excluding bank and postal holidays
The Central Government may, by rules, relax the requirements of sub-section (1) in respect of particular categories in insurance policies

It’s time to check what you have learned

Insurable interest forms the ______ basis for deciding whether insurance can be taken out or not.

- Formal
- Personal
- Legal
- Official

CORRECT ANSWER

Formal

Personal

Legal

Official

Insurable interest is deemed to exist in the following relationship.

Self

Spouse

Both of the above

None of the above

CORRECT ANSWER

Self

Spouse

Both of the above

None of the above

The concept of Uberrima fides is also known as principle of ____

- Normal faith
- Utmost Good Faith
- Insurable Interest
- Indemnity

CORRECT ANSWER

Normal faith

Utmost Good Faith

Insurable Interest

Indemnity

A fact that would affect the judgment of a prudent insurance underwriter in deciding whether to accept the risk or not is called _______.

Normal fact

Desired fact

Prudent fact

Material fact

CORRECT ANSWER

Normal fact

Desired fact

Prudent fact

Material fact

Life Insurance contracts are also known as ______ contracts and the principle of indemnity does not apply to them

Value

Profit

Loss

Forfeiture

CORRECT ANSWER

Value

Profit

Loss

Forfeiture

Module 5 –

Documentation

Prospectus

1. A prospectus is a formal legal document used by insurance companies that provides details about the product

2. It is like an introductory document that helps the prospective policyholder to get familiar with the company's products

3. It contains all facts that are necessary for a prospective policyholder to make an informed decision regarding purchase of a policy

Prospectus

The prospectus used by a life insurance company should state the following, under each of its plans of insurance:

Terms & Conditions

Entitlements

Whether the plan is Participative or Non - Participative

Scope of Benefits (Guaranteed and Non – Guaranteed)

Exceptions

Proposal Form

- The proposal form has been defined under IRDA Protection of Policyholders' Interests, 2002, as:

- "It means a form to be filled by the proposer for furnishing all material information required by the insurer in respect of a risk, in order to enable the insurer to decide whether to accept or decline, to undertake the risk, and in the event of acceptance of the risk, to determine the rates, terms and conditions of a cover period to be granted"

- "Material" for the purpose of these regulations shall mean and include all important, essential and relevant information in the context of underwriting the risk to be covered by the insurer

Proposal Form – Important Information

- ❖ While the IRDA defined the proposal form, the design and content of the form was left open to the discretion of the insurance company.
- ❖ However based on the feedback received from the policyholders, intermediaries, ombudsman and insurance companies, the IRDA felt it necessary to standardise the form.
- ❖ The IRDA has issued the IRDA (Standard Proposal Form for Life Insurance) Regulations, 2013.
- ❖ While the IRDA has prescribed the design and content, it has provided flexibility to the insurance companies for seeking additional information.
- ❖ The proposal form carries detailed instructions not only for the proposer and the proposed life insured but also for the intermediary who solicits the policy and assists in filling up the form.

Agent's Report

- Agents as the primary underwriter should include all material facts and particulars about the policyholder, relevant to risk assessment

- Matters of health, habits, occupation, income, and family details need to be mentioned

Medical Examiner's Report

- Details pertaining to physical features like height, weight, blood pressure, cardiac status etc. are recorded and mentioned by the doctor in his report called the medical examiner's report

- It is required typically when the proposal cannot be considered under non-medical underwriting as either the sum proposed or the age of the life insured is high or medical check-up is required

Moral Hazard Report

1. Moral hazard is the likelihood that a client's behaviour might change as a result of purchasing a life insurance policy and such a change would increase the chance of a loss
2. It has to be submitted by an official of the insurance company
3. Before completion of the report the reporting official should satisfy himself regarding the identity of the proposer
4. He should meet him preferably at his residence before completing the report
5. The reporting official should make independent enquiries about the life to be assureds' health and habits, occupation, income, social background and financial position etc.

Age Proofs

Standard

Non – Standard

Age Proofs

- School or College Certificate
- Passport
- PAN Card
- Service Register
- Certificate of Baptism
- Certified extract from a family bible if it contains date of birth
- Identity Card in case of Defence Personnel
- Marriage Certificate issued by a Roman Catholic Church

Standard Age Proof

- Horoscope
- Ration Card
- An affidavit by way of self – declaration
- Certificate from Village Panchayat

Non–Standard Age Proof

First Premium Receipt (FPR)

- 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
- The first premium receipt contains the following

information

- Name and address of the life assured
- Policy number
- Premium amount paid
- Method and frequency of premium payment
- Next due date of premium payment
- Date of commencement of the risk
- Date of final maturity of the policy
- Date of payment of the last premium
- Sum assured

Renewal Premium Receipt (RPR)

- After the issue of the FPR, the insurance company will issue subsequent premium receipts when it receives further premiums from the proposer
- These receipts are known as renewal premium receipts (RPR)
- The RPRs act as proof of payment in the event of any disputes related to premium payment

Policy Document

- The policy document is the evidence of the contract between the assured and the insurance company
- It is not the contract in itself
- If the policy document is lost by the policyholder, it does not affect the insurance contract
- The insurance company will issue a duplicate policy without making any changes to the contract
- The policy document has to be signed by a competent authority and should be stamped according to the Indian Stamp Act

Policy Document

Key Components

1. Specific Policy provision
2. Policy schedule
3. Standard Provisions

Policy Schedule

The policy Schedule of life insurance contracts would contain the following information:

- Name of the insurance company
- The insurer’s promise to pay. This forms the heart of the insurance contract
- Some specific details for the particular policy
- The address of the local Insurance Ombudsman
- The signature of the authorized signatory and policy stamp

Policy Schedule

Some specific details for the particular policy like:

- Policy owner's name and address
- Date of birth and age last birthday
- Plan and term of policy contract
- Sum assured
- Amount of premium
- Premium paying term
- Date of commencement, date of maturity and due date of last premium
- Whether policy is with or without profits
- Name of nominee
- Mode of premium payment: yearly, half – yearly, quarterly, monthly or via deduction from salary
- The policy number – which is the unique identity number of the policy contract

Standard Provisions

1

The second component of the policy document is made up of standard policy provisions, which are normally present in all life insurance contracts, unless specifically excluded

2

Some of the provisions may not be applicable in the case of certain kinds of contracts, like term, single premium or non-participating (in profits) policies

3

Standard provisions define the rights and privileges and other conditions, which are applicable under the contract

Specific Policy Provisions

The third part of the policy document consists of specific policy provisions that are specific to the individual policy contract

Specific policy provisions may be printed on the face of the document or inserted separately in the form of an attachment

Example: A clause precluding death due to pregnancy for a lady who is expecting at the time of writing the contract

While standard policy provisions, like days of grace or non-forfeiture in case of lapse, are often statutorily provided under the contract, specific provisions generally are linked to the particular contract between the insurer and insured

It’s time to check what you have learned

Agent as the _____ underwriter should include all material facts and particulars about the policyholders.

Primary

Secondary

Tertiary

Official

Documentation

CORRECT ANSWER

Primary

Secondary

Tertiary

Official

Details pertaining to physical features like height, weight, etc. would be included in the _______ report.

Underwriting

Financial

Medical Examiner’s

Legal

CORRECT ANSWER

- Underwriting
- Financial
- Medical Examiner’s
- Legal

Age proof are categorised as ______

Standard age proof

Non-standard age proof

Both of the above

None of the above

CORRECT ANSWER

- Standard age proof
- Non-standard age proof
- Both of the above
- None of the above

An insurance contract commences when the life insurance company issues a ______

Renewal premium receipt

Subsequent premium receipt

First premium receipt

Normal premium receipt

CORRECT ANSWER

- Renewal premium receipt
- Subsequent premium receipt
- First premium receipt
- Normal premium receipt

Key components of policy document are_____

Policy Schedule

Standard Provisions

Specific Policy Provisions

All of the above

CORRECT ANSWER

Policy Schedule

Standard Provisions

Specific Policy Provisions

All of the above

Module 6 –

Point of Sales:

Life Insurance Guidelines

POSP – LI: Guidelines

- Every proposal form and insurance policy and other related documents shall be tagged to POSP by capturing Aadhaar Card number of PAN Card number of POSP
- The life insurer shall be responsible to record Aadhaar Card number or PAN Card number in proposal form and insurance policy
- For sales effected through insurance intermediary, the intermediary shall be responsible to record Aadhaar Card number or PAN Card number in proposal form and the insurer shall record the same in the insurance policy
- The insurer / intermediary appointing POSP shall be responsible for the conduct of the POSP and any misconduct by POSP shall be liable for penalty under Section 102 of the Act
- One of the factors to be considered while renewing the certificate of registration of the insurance intermediary shall be the conduct of the POSP working with the intermediary

Guidelines – Tagging of Policies

- An insurer or insurance intermediary can appoint a POSP
- POSP engaged by an insurance intermediary can sell products of all life insurers whose products the intermediary is authorized to sell
- POSP shall be identified by his Aadhaar Card or PAN Card
- POSP shall be at least 18 years of age and shall have educational qualifications of 10th standard pass
- POSP – LI is authorized to source only POSP Life Insurance products

Role of POS Person

- POS person should meet the proposer and life assured personally
- POS person should conduct need analysis and recommend products based on need analysis
- POS person should clearly explain all the benefits and limitations of the product being offered
- POS person should encourage the prospect to disclose all the material information truthfully

Role of POS Person
(continued)

- POS person can only sell POS products and no other products
- POS person has to mandatorily undergo 15 hours of training and pass the required exam to sell the products
- POS person should mandatorily have either PAN Card or Aadhaar Card for tagging of policies
- Conduct of Point of Sales Person (appointed by an insurance intermediary) shall be one of the points considered for the renewal of Certificate of Registration of insurance intermediary

Guidelines – Tagging of Policies

- Insurer or Intermediary shall conduct an in – house 15 hours training
- The insurer or Intermediary shall conduct an examination after completion of training
- Upon successfully passing the examination, he/she shall be awarded a certificate
- Insurer or Intermediary shall enter into a written agreement with successful candidates specifying terms and conditions
- Insurer or Intermediary shall maintain training and examination records for at least 5 years

POSP – LI: Product Categories

- ❖ **Point of Sales (POS) Product means the simple vanilla type of product wherein each and every benefit is predefined and disclosed upfront clearly at the time of sale itself and is very simple to understand**

- ➢ Pure term insurance product with or without return of premium
- ➢ Immediate Annuity Product
- ➢ Non – Linked Non – Par health insurance products with fixed benefits
- ➢ Any other product/product category, if permitted by the Authority
- ➢ Non–Linked Non-Participating Endowment Product (Money Back feature also allowed)

ANALAH INSURANCE

Pure Term Plan

(With or Without Return of Premium)

Minimum Age at Entry	18 years	
Maximum Age at Maturity	65 years	
Policy Term	Minimum 5 years	Maximum – as proposed in F&U
Sum Assured on Death (in multiples of Rs. 50000 only)	Minimum – as proposed in F&U	Maximum Rs. 25 lakh (excluding ADB rider)
Waiting Period (other than accidental death)	Allowed up to maximum of first 90 days	
Death Benefit (other than accidental death)	During Waiting period, if any – 100% of premium paid	
	After Waiting period – Sum Assured on Death	
Accidental Death Benefit	Equal to sum assured (no waiting period is applicable)	
Maturity Benefit (without return of premium)	Nil	
Maturity Benefit (with return of premium)	At least 100% of premium paid	
Underwriting Conditions	Only Non – Medical underwriting	
Accidental Death Benefit (in – built)	In – built ADB only allowed	

Non–Linked, Non – Participating Endowment Product

Maximum Age at Maturity	65 years	
Policy Term	Minimum 5 years	Maximum 20 years
Sum Assured on Death	Maximum 10 lakh (excluding ADB)	
Sum Assured on Maturity	Guaranteed Maturity Benefit in absolute amount	
Death Benefit (other than accidental death)	During Waiting period, if any – 100% of premium paid	
	After Waiting period – Sum Assured on Death	
Accidental Death Benefit	Equal to sum assured (no waiting period is applicable)	
Maturity Benefit	Guaranteed Maturity Benefit in absolute amount	
Underwriting Conditions	Only Non – Medical underwriting	
Waiting Period (other than accidental death)	Allowed up to maximum of first 90 days from acceptance of risk	
Accidental Death Benefit (in – built)	In – built ADB only allowed	
Loan Facility and Surrender Value	Allowed	

Immediate Annuity Product

Annuity Option	Only Life Annuity with Return of Purchase Price on Death allowed	
Age at Entry	Minimum 40 years	Maximum 70 years
Mode of Premium	Only Single Premium allowed	
Maximum Premium	No limit	
Minimum Annuity	As per regulatory provisions	
Death Benefit	Return of Purchase Price	

Non – Linked, Non – Par Health Insurance Products with fixed benefits

Minimum Age at Entry	90 days	As per health regulations
Maximum Age at Maturity	As per health regulations	
Policy Term	Minimum 5 years	Maximum – as proposed in F&U
Sum Assured (in multiples of Rs. 5000)	Minimum – as proposed in F&U	Maximum Rs. 15 lakh (individual) Maximum Rs. 20 lakh (Floater and Individual)
Waiting Period (other than accidental death)	Allowed up to maximum of first 90 days	
Benefits	During Waiting period, if any – 100% of premium paid	
	After Waiting period – Full Sum Assured	
Underwriting Conditions	Only non – medical underwriting	
Mode of Premium	Annual / Single	

It’s time to check what you have learned

The point of a Salesperson is identified by his _ _ _ _ _ _ _

Aadhaar Card

PAN Card

Either of the above

None of the above

CORRECT ANSWER

Aadhaar Card

PAN Card

Either of the above

None of the above

POSP has to mandatorily undergo _____ training and pass the required exam to sell the products.

- 10 hours
- 15 hours
- 25 hours
- 50 hours

CORRECT ANSWER

10 hours

15 hours

25 hours

50 hours

POSP can sell only _____ type of products.

- Simple products
- Complex products
- All products
- Only health products

CORRECT ANSWER

Simple products

Complex products

All products

Only health products

POSP can sell pure-term plans____

With Return of Premium

Without Return of Premium

Both of the above

None of the above

CORRECT ANSWER

- With Return of Premium
- Without Return of Premium
- Both of the above
- None of the above

Among pension plans, POSP can sell only ______

Immediate Annuity Plans

Deferred Annuity Plans

Single Premium Deferred Annuity Plans

Limited Premium Deferred Annuity Plans

ANALAH INSURANCE

CORRECT ANSWER

Immediate Annuity Plans

Deferred Annuity Plans

Single Premium Deferred Annuity Plans

Limited Premium Deferred Annuity Plans

Module 7 –

Miscellaneous

AML / KYC Guidelines

AML/KYC	Annual Premium Band			
	<10,000	10,001 to 49999	50,000 to 99,999	1 Lac and More
Photo ID	√	√	√	√
Photo		√	√	√
Address proof		√	√	√
PAN card			√	√
Aadhaar Card	√	√	√	√
Bank Statement with premium transaction				√
Income proof				√

AML / KYC Guidelines

Premium Amount (in Rs)	AML Requirement
• Up to 99999	No Income proof
• 100,000 to 500,000	Surrogate Income proof (for e.g. all investment proofs, Bank statements etc.)
• Above 5 Lacs	Standard Income Proof

AML / KYC Guidelines

SURROGATE INCOME PROOFS

1. Investment bonds
2. Loan Statement
3. 7/12 Extract
4. Mutual Fund Statement
5. Sale deed of land /property
6. Bank statement
7. Rent Agreement Copy
8. Credit Card Statement
9. CA Certificate
10. NSC/KVP/Postal Deposits
11. Fixed deposit / Recurring Deposit Statement

Utility bills which are upto 2 months old will only be considered as address proof

Do's of POSP

Meeting the Customer

- Meet both the proposer and life assured personally during the solicitation.
- Conduct a proper assessment of the physical, financial and general well - being of the prospect

Perform Need Analysis

- Discuss the needs of the customer and intention for a life insurance policy
- Discuss the available disposable income to justify the proposed premium
- Discuss the Company POS products which will satisfy customer needs and ensure that suggested product is suitable as per Customer's Age, Life Stage, Risk Appetite, Existing Life Cover and Occupation

Key Disclosures

- Clearly explain the policy that is being offered and the benefits associated with the same

Do's of POSP

Disclosures

- Prospect to be encouraged to truthfully disclose all information required in the proposal form and also explain the benefits of doing the same, ensuring that claim is not repudiated at a later stage due to non – disclosure
- Prospect to be encouraged to personally fill or cross – check all sections of the proposal form truthfully

KYC Obligations

- Prospect should be encouraged to provide their Aadhaar number for ekyc and explain the benefits of the same for easier processing
- POS Person should be satisfied about the identity of the prospect and necessary documentation related to KYC
- POS Person must verify all documents collected from the customer in case of non – e KYC process

Premium Deposit

- POS – Person must ensure that premium collected to be deposited to the company Account within 24 hours of collection

Do’s of POSP

❖ Important Information

- ✓ Prospects must be informed about all relevant information on the POS Product features, terms and conditions, various taxes and tax benefits, if any, under a product
- ✓ Prospect must be informed about their right to cancel the policy within 15 days of receiving the policy document in the event of dissatisfaction over terms and condition
- ✓ Inform the prospect that if the proposal is not accepted for any what so ever, the refund of payment would be done to them within 7 days from the date of decision
- ✓ POS – Person must share the copy of Key Feature Document with the prospect at point of sale
- ✓ Check for the complete information populated in the Key Feature Document along with the reference number
- ✓ If required, POS – Person to show their certification to the prospect

Do’s of POSP

Mis – selling

- Do not sell insurance as a fix deposit, recurring deposit or mutual funds
- Do not sell regular premium plans as single premium plans
- Do not provide any offer/rebate/discount/gift to the prospect for buying an insurance
- Do not encourage customers to surrender or discontinue their existing policies and buy a new one

Information

- Do not provide your contact/email/address/mobile no. in the proposal form instead of customers
- Do not accept blank or incomplete application forms
- Do not conceal or misrepresent any material information that might impact the underwriting decision or claim
- Do not share unapproved marketing collaterals/advertisements with the prospect

Collection

- Do not collect blank cheques against premium from the prospect

Mis – Doings

- Do not use customer premium for personal transactions

IRDA's Policy on Complaint Management

- Customers who have complaints are required to first approach the Grievance/ Customer Complaints Cell of our company
- If the customers do not receive a response from us within a reasonable period of time or if they are dissatisfied with our response, they can then approach the Grievance Cell of the IRDA
- The IRDA has set up a web-based complaint tracking system.
- This enables the complainant and the IRDA to check the status of the complaint.
- The complaints registered by an insurer are integrated with the IGMS (Integrated Grievance Management system) which are monitored by the regulator from time to time

Customers can register a complaint using the following channels –

Channel	Details
Phone Number	+91 9920878181
E-mail	grievance@analahinsurance.com
Post	Unit -1407, B Wing, 14th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra (E), Mumbai 400051
Customer Portal	www.analahinsurance.com

Insurance Ombudsman

- **The Government of India has appointed 17 Insurance Ombudsmen across the country.**
- **They have been assigned different areas of jurisdiction.**
- **Their functions include –**
  - Receiving and considering complaints from any individual with respect to personal line products against us.
  - Based on the case they make an award with us that we need to honor within three months

It's time to check what you have learned

Photo ID proof is the only document required for premium below ______

Rs. 1,00,000

Rs. 50,000

Rs. 25,000

Rs. 10,000

CORRECT ANSWER

Rs. 1,00,000

Rs. 50,000

Rs. 25,000

Rs. 10,000

Standard income proof is required for annual premium above _____

Rs. 5,00,000

Rs. 1,00,000

Rs. 50,000

Rs. 10,000

CORRECT ANSWER

Rs. 5,00,000

Rs. 1,00,000

Rs. 50,000

Rs. 10,000

POSP must ensure that the premium collected is to be deposited to the Company account within _____

12 Hours

24 Hours

36 Hours

48 Hours

CORRECT ANSWER

12 Hours

24 Hours

36 Hours

48 Hours

Customer logs a complaint through _ _ _ _ _

Email

Letter

Both of the above

None of the above

CORRECT ANSWER

Email

Letter

Both of the above

None of the above

Customers who have complaints are required to first approach the grievance/customer complaints cell of _____

Our Company

IRDA

Government of India

Ombudsman

CORRECT ANSWER

Our Company

IRDA

Government of India

Ombudsman

THANK YOU