

Ethics and code of conduct

Contents	Syllabus learning outcomes
Learning objectives	
Introduction	
Key terms	
A What do we mean by ethics?	15.4
B Typical unethical behaviour	15.5
C The business benefits of ethics	15.4
D Typical ethical behaviour	15.3

E Ethical frameworks including ethical codes F Underpinning professional responsibilities G Evaluation, monitoring and discipline H Code of Conduct prescribed by the IRDA Key points

Question answers

Self-test questions

15.1, 15.2

15.2

15.4

15.1

Learning objectives

After studying this chapter, you should be able to:

- . • discuss the meaning of ethics;
- . • analyse the dangers of unethical behaviour;

- . • discuss the importance of ethics for individuals and insurers;
- . • analyse typical ethical behaviour;
- . • explain the elements of an ethical framework;
- . • explain the importance of underpinning professional responsibilities;
- . • discuss the importance of evaluation, monitoring and discipline for ethical practices followed by insurance companies;
- . • discuss the Code of Conduct prescribed by the IRDA.

Introduction

As we discussed in chapter 10 it is important that insurance agents behave in a professional and ethical manner towards their clients at all times. But what do we mean by 'ethics'?

The word 'ethics' comes from the Greek word 'ethikos' which relates to a person's character. Ethics in insurance pertain to certain standards or principles that are followed by insurance agents and insurers in the course of their business, while maintaining the profitability of the business.

In simple terms, sales targets aside, the main concern for an insurance company should be the policyholder's needs and requirements and in providing assistance to them and their family at the time of a claims situation, should the need arise.

Unethical practices may result in short-term profits, but in the long run, they will tarnish the image of the company. A negative image can result in a loss of business – both existing and new business.

In this chapter we will highlight the importance of following ethical practices in insurance business and we will also highlight the adverse effects of following unethical practices.

Finally, we will discuss the Code of Conduct that has been prescribed by the IRDA to monitor and discipline the conduct of insurance agents.



Key terms

This chapter features explanations of the following terms and concepts:

Ethics	Churning	Discipline	Unethical behaviour
Delay in claims settlement	Ethical codes	Underpinning professional responsibilities	Overselling of insurance policies
Positive image	Evaluation and monitoring	Underselling of insurance policies	Embedding ethics

A What do we mean by ethics?

Considering the many instances of mis-selling that have been reported in the recent past, one of the biggest concerns and issues of debate for the insurance industry in India is the need for a high standard of ethical behaviour when selling insurance.

Ethics can be defined as:

- Those values we commonly hold to be 'good' and 'right'; ?
- Behaviour that is based upon the moral judgments of an individual; and?
- A study of what makes one's own actions right and wrong.?

Ethical standards depend upon the actions – whether they are right or wrong – practised by all those involved in the process of advising on, selling and servicing insurance products. This includes the insurance agents themselves and the officers and managers of insurance companies.

The ethical standards of an insurance agent will be demonstrated by the actions he takes to achieve his desired end result, i.e. his sales target. For example, behaving in an ethical manner means not suggesting products to clients that will help the agent earn a high amount of commission, irrespective of the fact that the product might not be suitable for the client.



Be aware

The agent has a responsibility to ensure that he only recommends suitable needs-based products to his clients. If the agent uses unethical conduct to sell an insurance product to his client then he has failed in his duty to provide his client with the best service. ?

The objectives of ethics in the insurance industry can be described as follows:?

- To establish moral standards for insurance agents/insurers in insurance selling.?
- To define 'dos' and 'don'ts' in insurance selling.?
- To address the ethical and unethical conduct of insurers.?
- To give guidance on the correct/appropriate behaviour for an insurance agent to follow in a specific situation. ?
- To regulate the wrong and inappropriate practices followed by insurers and intermediaries.?

Case study

Sushil Mehta is a newly appointed life insurance agent. Being newly recruited, he doesn't have much experience in the business and he will struggle initially to create a name for himself. He has been asked to sell at least three insurance policies each month.

It's the end of the month and Sushil has not been able to sell even one policy. He is under tremendous pressure to perform and achieve his monthly target. He has been preparing a presentation on financial planning for five prospective clients whom he is scheduled to meet in the next three days.

Sushil decides to modify his presentation and suggest a newly launched product by the insurance company to all his prospective clients, irrespective of whether they require that product or not.

In his meetings with the clients he highlights only some of the good benefits about the product and hides certain charges, exclusions, terms and conditions from them. He does this because he fears it will result in refusal from the clients to buy the product. He is able to convince two of his clients to purchase the product even though it is not the most suitable product for them based on their needs.

Is this ethical behaviour on the part of Sushil?

No, it is not – Sushil has resorted to unethical behaviour by focusing on meeting his sales target rather than meeting the needs of his clients.

Insurance agents should never resort to such unfair and unethical practices. They should always put the clients' needs ahead of their own interests.



Consider this...

In your opinion, what should be the role of the insurance company in the above case study? What steps can the insurance company take to avoid such instances from occurring?



B Typical unethical behaviour

In the past a common statement made about the insurance industry was 'Life insurance is seldom bought; rather it is sold to clients'. This statement still holds good today and underlines the importance of insurers and agents avoiding unethical practices in the course of their dealings with customers.

Some of the common forms of unethical behaviour in the Indian insurance market have been as follows:

- . • Projecting exorbitant benefits under the plan (for example promising that the amount invested would double in three to five years).
- . • Passing off a regular premium payment policy as a single premium payment policy or limited premium payment policy.
- . • Not making complete and true disclosures about the product and its features.
- . • Not obtaining complete information about the prospective client.
- . • Offering a rebate or inducement in return for purchasing a policy.
- . • Selling a policy saying that the client does not have to pay premiums for the full term while the actual features of the product do not substantiate this statement.

B1 Dangers of unethical behaviour

Unethical behaviour such as that outlined above has consequences for the whole insurance industry. In this section we will discuss the consequences of the following unethical practices:

- **The overselling of insurance policies.** An overambitious insurance agent can mislead clients and sell them more insurance cover than they actually require or can afford. The overselling of insurance policies can result in lapsed policies if the policyholder is not able to pay the premiums.

Example

The sale of a term insurance policy and an unit-linked insurance plan (ULIP) to an unmarried individual is an example of ? overselling. An unmarried young individual may not need a term insurance policy if they do not have any dependants. ? The basic need of an unmarried individual is to invest their surplus money and to increase their overall wealth. For such ? an individual a ULIP would be sufficient as it would take care of their protection needs and would also increase their ? investments at the same time.?



- **The underselling of insurance policies.** In order to achieve their sales targets, insurance agents may compromise on the insurance cover and suggest a lower sum insured to clients. This is done because an insurance policy with a lower cover and hence a lower premium is more attractive to the client and enables a higher success rate for the agent. Suggesting a high premium amount can sometimes result in a loss of business for the agent due to the client's financial limitations. In such cases the consequences of underinsurance will have to be borne by the family in the event of the premature death of the policyholder, as the insurance cover would not be enough to meet the family's financial liabilities.

- **Churning.** Churning (refer back to chapter 10, section D4A for an explanation) should only be recommended in very rare cases; however, it is often used for the purposes of mis-selling products by insurance agents. Some agents recommend certain policies to clients with the advice that they can surrender the policy after a certain period of time and withdraw their funds. Churning is often recommended to clients by insurance agents with the purpose of withdrawing invested funds and reinvesting them in a new insurance plan launched by the company for which they have to meet a certain sales target.

In this unethical process of churning, the policyholder is the biggest loser. They may incur a loss on their investments and they may not even recover the original investment amount. The insurance company also suffers a loss in this case as the policy is closed ahead of its normal tenure.

. • **Delay/refusal to make a claim payment** during the claim settlement process. If the policy has been sold on unethical grounds (such as suggesting benefits to the client for which they might not be eligible), this can result in a delay/refusal in making a claim settlement payment. Due to mis-selling, an individual may not be able to get the benefits falsely promised by the agent and this can result in both a loss of money to the individual and also a loss of faith in the insurance company. Unnecessary delay in making a claim payment during the claim settlement process can also result in negative publicity for the company and should be avoided. The claim settlement period is a difficult time for families and the insurer should help them in the best possible way during this time.



Be aware

One of the biggest concerns in the insurance industry is the unethical practice followed by some insurance agents in the selling of products which provide them with high amounts of commission.?

It is these types of unethical practice which have resulted in creating a poor public image for insurance agents and the companies they represent which in turn results in a loss of trust for the whole insurance industry. As a result of this, a priority of the IRDA has been to encourage the industry to be proactive in adopting ethical standards with the hope that these unethical practices will no longer take place.

C The business benefits of ethics

If an insurance company follows ethical practices in the selling of its insurance products and in the claim settlement process, this will help build a good long-term reputation for the company. But the use of inappropriate practices by a company and its agents to achieve sales targets will tarnish the company's image which in turn harms the business of the insurance company and, in the long run, the whole industry.

C1 The importance of ethics for individuals and the insurance company

Ethical standards will help to increase business for the company. Ethical selling of insurance products not only benefits the company itself but also helps to build a good reputation for the individual insurance agent. More importantly, if the insurance company and agent have been ethical in selling an insurance policy to an individual and an appropriate policy has been sold, it will help to save the client from a huge financial burden should an unfortunate event occur and a claim need to be made.

The importance of ethics for individual agents and their insurance companies can be summed up as follows:

Positive image	If an insurance company adopts a high standard of ethical practice this will help to build trust and confidence among the public. A positive image is an indicator of success for the company in the long term. Selling the insurance products of a reputable company makes the process of selling insurance comparatively easy for an insurance agent.
Goodwill	Ethical practices help to develop the goodwill of the company. Once public support is obtained, it will have a direct effect on the sales and the profitability of the company. Positive word of mouth publicity about the company and its insurance agents helps in establishing long-term trust with clients who in turn will refer new customers to the company.
Protection by both sides	High ethical standards are of benefit both to the company and also individuals. Insurance selling on ethical grounds also helps the insurance company to expedite the process of claims settlement. Receiving the claim payment on time can also help family members in dealing with the emotional and financial losses.
Model for others	An insurance company that follows high standards of ethical practices leads by example for other companies to follow, in terms of its business success and the loyal clientele it will build up over a period of time.
Confidentiality	During the fact-finding process a client reveals all personal, professional and family information about themselves to the agent. In terms of ethical conduct the agent should make sure all client information is always kept confidential and that there is no misuse of this information in anyway.

Question 15.1

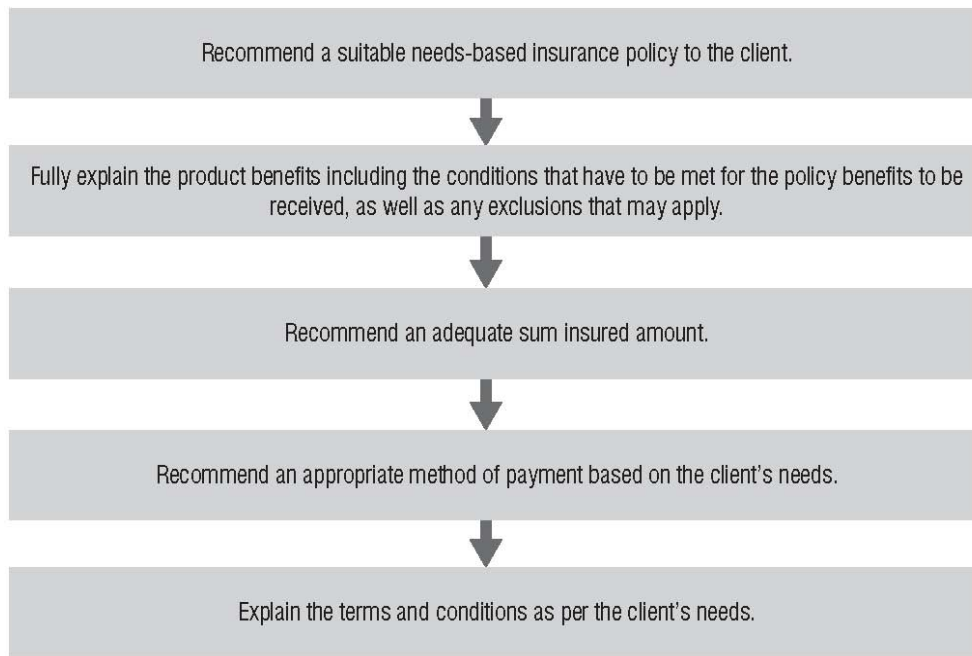
What can be the impact on the life insured's family members in the case of insurance underselling?



D Typical ethical behaviour

When advising a client, in order to be sure he is behaving ethically, an agent should always work through the following steps:

Figure 15.1



Case study

Madan Mohan is a junior engineer with a telecoms company. He has a three year old son, Rohan. Madan wants to ? invest for Rohan's education and marriage. He telephones the customer care division of an insurance company and ? enquires about its child plans. He asks the customer care executive to send an insurance agent to his home so that he ? can talk to him in more detail about the company's child plans. ?

Rahul Gupte is a newly appointed insurance agent who visits Madan's home. Rahul starts explaining his company's ? child plans to Madan. While talking to him, he realises that Madan is very aware of the various insurance plans that ? are available in the market. He learns that Madan has already invested in a term plan for income protection and has a ? ULIP to increase his funds. Rahul also realises that Madan has done quite a bit of research about child plans as he has ? spoken with friends and colleagues and has also read the various published materials that are available.?

Madan then asks Rahul about the various terminologies used in a child plan like the 'deferment period', the 'vesting date' ? and the 'risk commencement date' of the policy. As Rahul is a newly appointed agent he is unsure about the particular ? information that has been requested by Madan. Rahul looks through the various pamphlets his manager has provided ? him with but he can't find the relevant information he needs to answer Madan's questions.?

In such a scenario what would be the ethically appropriate way of proceeding for Rahul? ?

1. Should Rahul try to divert the attention of his client to other features of the product such as pricing, which Rahul is ? well aware of?
2. Should Rahul talk about the maturity amount that will be available to Madan after 15-20 years for his child's education ? (as Madan is already well informed about child plans)?
3. Should Rahul call upon his sales manager who is more experienced and knowledgeable and will be able to answer ? Madan's queries?

The answer is number 3. Ethically, it would be more appropriate for Rahul to call upon his sales manager who is more ? experienced and knowledgeable to answer Madan's questions so that Madan is provided with all the correct information ? regarding the policy conditions as to when the risk will commence, the deferment period and the importance of vesting. ?

You can see then that it is very important that the insurance agent and the insurance company provide complete information to the client to help them understand a policy's features and the various conditions associated with it. Nothing should be hidden. The fact that a client may be more aware about child plans than the insurance agent does not change that.

E Ethical frameworks including ethical codes

It is very important to embed an ethical culture within an organisation. This can be done by developing a coherent framework with the following elements:

- Ethical codes.
- Structures and processes to embed ethics.

E1 Ethical codes

Ethical codes are critical to an insurance company. They are developed to establish accountability among employees and board members with regards to their conduct. Everyone within an insurance company, from the CEO to directors to employees, is expected to comply with these ethical codes. The board members and employees have a duty to avoid situations that could lead to violations of these codes.

Insurance companies can define their own standard ethical code which is unique to their company, or they can adopt industry-specific codes.

It is important to note that behaving ethically will depend on an individual's judgment of right and wrong in a given set of circumstances, but an insurance agent cannot follow a defined checklist for each and every situation. However, general checklists and codes can be an important means for providing guidance to the insurer as well as the insurance agent for monitoring and evaluating ethical conduct.



Be aware

In India the insurance regulator, the IRDA, has prescribed the Code of Conduct for insurance agents in the IRDA ? (Licensing of Insurance Agents) Regulations 2000. (See section H for the IRDA Code of Conduct.)?

E2 Embedding ethics

Embedding means ensuring that ethics are practised at all levels of a business, coherently and consistently in all situations. All employees should be aware of the ethical codes followed by their company and should apply good judgments to ensure that these codes are adhered to. In order to do this, companies need to be able to demonstrate the values that underpin an ethical code. This may involve

staff practising ethical decision-making in roleplay situations.

Be aware

Insurance companies have a responsibility towards their customers to:

- Avoid the use of misleading promotions and ensure appropriate products are sold; ?
- Provide complete information about the terms and conditions of the policy; ?
- Recommend and provide an adequate amount of insurance cover to clients; and ?
- Make the specified amount of claim payments to clients and avoid unnecessary delays in making the payment of a ? claim. ?

If an insurance company fails to provide the above services to its clients, then the ethical conduct of that insurance ? company can be questioned. ?



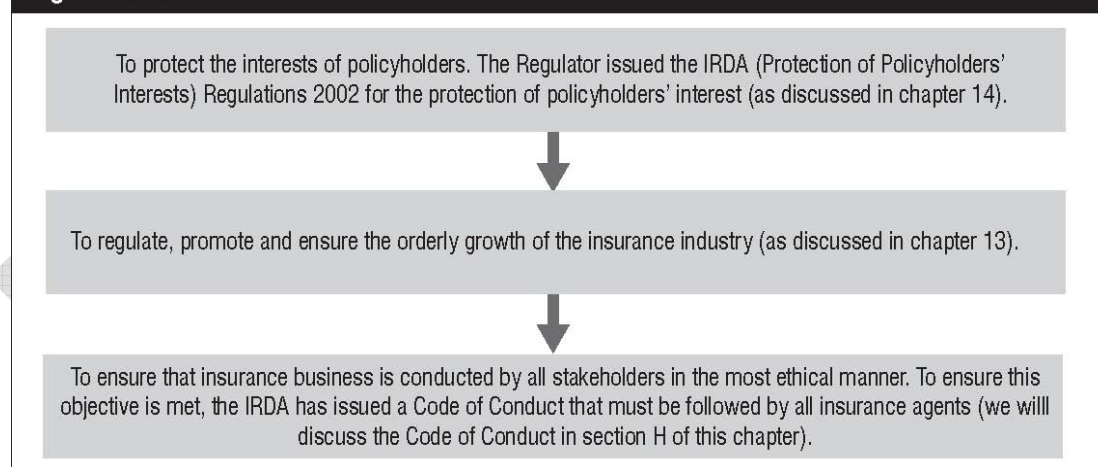
F Underpinning professional responsibilities

The IRDA and the Life Insurance Council have a responsibility to outline the underpinning professional responsibilities of insurers and insurance agents. In this section we will outline the objectives of the IRDA and the Life Insurance Council.

F1 Objectives of the IRDA

The main objectives of the IRDA are as follows:

Figure 15.2

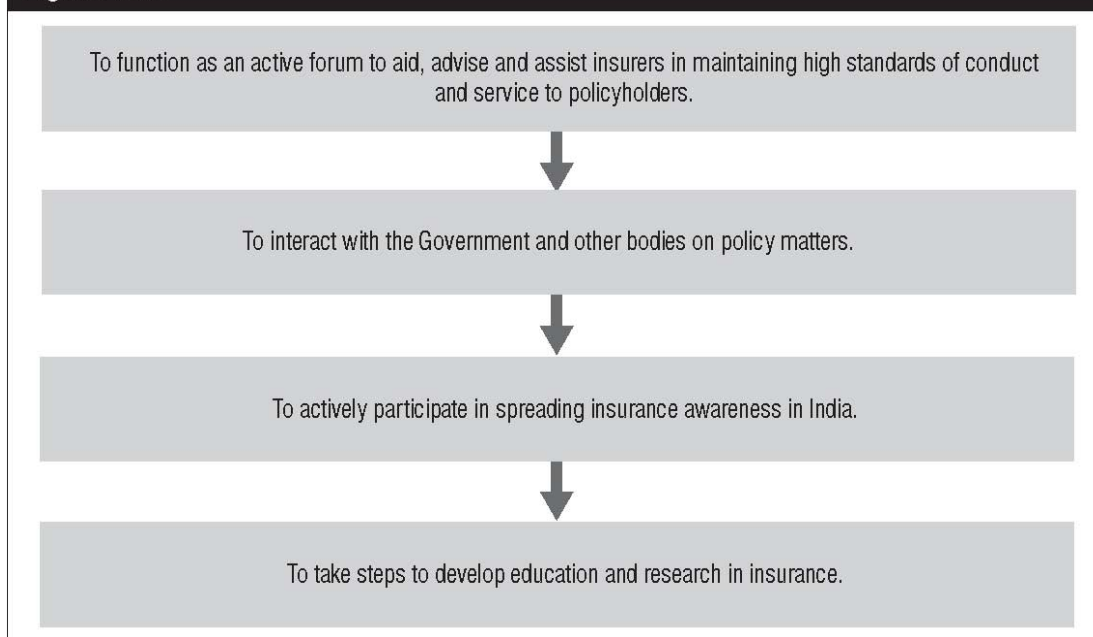


F2 Objectives of the Life Insurance Council

The main objective of the Life Insurance Council is to play a significant and complementary role in transforming India's life insurance industry into a vibrant, trustworthy and profitable service, helping people in their journey to prosperity.

The other objectives of the Life Insurance Council include the following:

Figure 15.3



The Life Insurance Council also has a responsibility to establish, enforce and monitor the highest standards of ethical responsibility among insurers and their agents.



Suggested activity

Select any three advertisements from leading insurers. Analyse the information being communicated in each promotion. ? Do you find any of the information being provided misleading in any way? If the information is misleading, how would you amend it?

G Evaluation, monitoring and discipline

It is not an easy task to monitor and evaluate the ethical practices followed by insurers and insurance agents. Data can be collected regarding the number of complaints registered against the company's products and services such as premium collection, claims settlement etc. which can provide an insight into a company's practices.

G1 Evaluation and monitoring

G1A Lapses/cancellations/free look-in period

Lapsed and cancelled policies can be either the result of a client's inability to pay premiums or a sign of dissatisfaction with the company's services. Both of these

situations can be as a result of unethical practices followed by agents in selling policies to meet sales targets. If a policy has lapsed or been cancelled due to the client's inability to pay the premium, then this can be an indicator that the financial assets and liabilities of the client were not assessed properly. This is a failure on the part of the agent which can result in financial losses to the client as well as to the insurance company itself.

To protect the policyholder against unethical agents, the IRDA allows policyholders a free look-in period of 15 days after receiving the policy. During this period the policyholder can review their decision with respect to the policy purchased.

If the policyholder feels that:

- . • the policy does not meet their requirement; or
- . • the terms and conditions of the policy are not in accordance with what the agent has told them at the time of selling the policy; or
- . • they are dissatisfied with the service of the insurance company; then

they can return the insurance policy within 15 days and ask for a refund of the premium they have paid.

If the policy has lapsed or has been surrendered due to dissatisfaction with the service provided by the insurance company (for example, lack of effective and timely after-sale service provided by the agent), this raises doubts about the efficiency of the company in discharging its responsibilities in a timely and efficient manner.

Therefore, the higher the number of policy lapses, surrenders and returns of policies during the free look-in period, the higher will be the doubts raised about the ethical practices followed by an insurance company and its agents.

G1B Complaint volumes

Repeated complaints regarding a certain product or service provided by an insurer are a good indicator that persistent problems exist. An analysis of the issues raised in the complaints will in turn lead to the insurance company being able to decide on appropriate action to address the issue(s). If a company is receiving a high level of complaints across many of its products and services, then this is likely to suggest that there are serious underlying issues which may well include problems with the ethical standards and the behaviour of its staff during the sales, premium collection and claims settlement processes.

G1C Analysis of products being offered

Insurance companies and their agents must sell products suitable to their clients' needs. Therefore products should be analysed in the context of whether the benefits being offered to clients are actually being delivered, and if not, then the reasons for why this might be. Based on these reasons, products may need to be redesigned to meet clients' needs.

G2 Discipline

Insurance companies may have internal guidelines in place for agents with regards to ethical conduct and the disciplinary procedures to be followed, in addition to the IRDA Code of Conduct which all agents are expected to adhere to. They may have an internal process in place where corrective action is taken against any erring insurance agent. An insurance agent who breaches internal company guidelines or is held for any misconduct in a manner that can be detrimental for the insurance company can be penalised. Once the insurance company has analysed the complaint or issue of misconduct by an insurance agent then, if appropriate, disciplinary action should be taken.

In certain cases further enquiries on the matter and remedial action may be required. In these situations an insurance company may take following the steps:

Revamping internal systems and procedures	Insurers need to create a framework which promotes ethics within their organisation ? and generally have a checklist of 'do's and don'ts' for the ethical conduct of ? insurance agents. To improve future standards of ethical behaviour, remedial action ? should include reviewing and rewriting ethical behaviour guidelines and checklists ? and amending internal systems and procedures.?
Disciplinary action against the offenders	Withholding incentives either permanently or for a specific period, demotion, ? suspension or permanent dismissal are some of the disciplinary actions that can be taken by a company against an unethical or erring insurance agent. ?

Question 15.2

List some typical examples of good ethical behaviour.?



H Code of Conduct prescribed by the IRDA

The IRDA (Licensing of Insurance Agents) Regulations, 2000 prescribes a Code of Conduct for insurance agents. Every person holding a licence shall adhere to the Code of Conduct as mentioned in the regulations.

The Code of Conduct is specified below:

_ &WFSZ_JOTVSBODF_BHFOU_TIBMM_ _ B

_ JEFOUJGZ_IJNTFMG_BOE_UIF_JOTVSBODF_DPNQBOZ_PG_XIPN_I
F_JT_BO_JOTVSBODF_BHFOU_ _ C
_ EJTDMPTF_IJT_MJDFODF_UP_UIF_QSPTQFDU_PO_EFNBOE_ _
D

_ EJTTFNJOBUEF_UIF_SFRVJTJUF_JOGPSNBUJPO_JO_SFTQFDU_P
G_JOTVSBODF_QSPEVDUT_PGGFSFE_GPS_TBMF_CZ_IJT_JOTVS
FS_BOE_UBLF_
JOUP_BDDPVOU_UIF_OFFET_PG_UIF_QSPTQFDU_XIJMF_SFD
PNNFOEJOH_B_TQFDJmD_JOTVSBODF_QMBO_
_ E

_ EJTDMPTF_UIF_TDBMFT_PG_DPNNJTTJPO_JO_SFTQFDU_PG_UIF
_ JOTVSBODF_QSPEVDU_PGGFSFE_GPS_TBMF_JG_BTLFE_CZ_UIF
_

QSPTQFDU_
_ F

_ JOEJDBUF_UIF_QSFNJVN_UP_CF_DIBSHFE_CZ_UIF_JOTVSFS_GPS
_ UIF_JOTVSBODF_QSPEVDU_PGGFSFE_GPS_TBMF_
_ G

_ FYQMBJO_UP_UIF_QSPTQFDU_UIF_OBUVSF_PG_JOGPSNBUJPO_
SFRVJSFE_JO_UIF_QSPQPTBM_GPSN_CZ_UIF_JOTVSFS_BOE_BM
TP_UIF_

JNQPSUBODF_PG_EJTDMPTVSF_PG_NBUFSJBM_JOGP
SNBUJPO_JO_UIF_QVSDIBTF_PG_BO_JOTVSBODF_DPOUSB
DU_ _ H

_ CSJOH_UP_UIF_OPUJDF_PG_UIF_JOTVSFS_BOZ_BEWFST
F_IBCJUT_PS_JODPNF_JODPOTJTUFODZ_PG_UIF_QSPTQF
DU_JO_UIF_GPSN_PG_B_SFQPSU_
DBMMFE_A*OTVSBODF_"HFOU_T_\$POmEFOUJBM_3FQP
SU_
_ BMPOH_XJUI_FWFSZ_QSPQPTBM_TVCNJUUFE_UP_UIF_JO

TVSFS_BOE_

any material fact that may adversely affect the underwriting decision
of the insurer as regards acceptance of

UIF_QSPQPTBM_CZ_NBLJOH_BMM_SFBTPOBCMF_FORVJSJF
T_BCPVU_UIF_QSPTQFDU_
_ I

_ JOGPSN_QSPNQUMZ_UIF_QSPTQFDU_BCPVU_UIF_BDDFQUBODF_
PS_SFKFDUJPO_PG_UIF_QSPQPTBM_CZ_UIF_JOTVSFS_
_ J

_ PCUBJO_UIF_SFRVJTJUF_EPDVNFOUT_BU_UIF_UJNF_PG_mMJOH
_UIF_QSPQPTBM_GPSN_XJUI_UIF_JOTVSFS__BOE_PUIFS_EPDVNF
OUT_

TVCTFRVFOUMZ_BTLFE_GPS_CZ_UIF_JOTVSFS
_GPS_DPNQMFUJPO_PG_UIF_QSPQPTBM_
_ K

_ SFOEFS_OFDFTTBSZ_BTTJTUBODF_UP_UIF_QPMJ
DZIPMEFST_PS_DMBJNBOUT_PS_CFOFmDJBSJFT_J
O_DPNQMZJOH_XJUI_UIF_
SFRVJSFNFOU_GPS_TFUUMFNFOU_PG_DMBJNT_C
Z_UIF_JOTVSFS_
_ L

_ BEWJTF_FWFSZ_JOEJWJEVBM_QPMJDZIPMEFS_UP
_FGGFDU_OPNJOBUIPO_PS_BTTJHONFOU_PS_DIBO
HF_PG_BEESFTT_PS_FYFSDJTF_PG_
PQUJPOT_BT_UIF_DBTF_NBZ_CF_BOE_PGGFS_OFD
FTTBSZ_BTTJTUBODF_JO_UIJT_CFIBMG_XIFSFWFS_
OFDFTTBSZ_

JJ
_ /P_JOTVSBODF_BHFOU_TIBMM_ _ B

_ TPMJDJU_PS_QSPDVSF_JOTVSBODF_CVTJOFTT_XJUIPVU_IPMEJO
H_B_WBMJE_MJDFODF_ _ C

_

JOEVDF_UIF_QSPTQFDU_UP_PNJU_BOZ_NBUFSJBM_JOGPSNBUJP
O_JO_UIF_QSPQPTBM_GPSN_ _ D

_JOEVDF_UIF_QSPTQFDU_UP_TVCNJU_XSPOH_JOGPSNBUJPO_JO
_UIF_QSPQPTBM_GPSN_PS_EPDVNFOUT_TVCNJUUFE_UP_UIF_JO
TVSFS_

GPS_BDDFQUBODF_PG_UIF_QSPQPTBM_ _ E
_CFIBWF_JO_B_EJTDPVSUFPT_NBOOFS_XJUI_UIF_QSPTQFDU_
_ F

_JOUFSGFSF_XJUI_BOZ_QSPQPTBM_JOUSPEVDFFE_CZ_BOZ_PUIFS
_JOTVSBODF_BHFOU_ _ G

_PGGFS_EJGGFSFOU_SBUFT_BEWBOUBHFT_UFSNT_BOE_DPOEJU
JPOT_PUIFS_UIBO_UIPTF_PGGFSFE_CZ_IJT_JOTVSFS_ _ H

_EFNBOE_PS_SFDFJWF_B_TIBSF_PG_QSPDFFET_GSPN_UIF_CFOF
mDJBSZ_VOEFS_BO_JOTVSBODF_DPOUSBDU_ _ I

_GPSDF_B_QPMJDZIPMEFS_UP_UFSNJOBUEF_UIF_FYJTUJOH_QPM
JDZ_BOE_UP_FGGFDU_B_OFX_QSPQPTBM_GSPN_IJN_XJUIJO_UIS
FF_ZFBST_

GSPN_UIF_EBUF_PG_TVDI_UFSNJOBUEF_
_ J

_IBWF_JO_DBTF_PG_B_DPSQPSBUF_BHFOU_B_QP
SUGPMJP_PG_JOTVSBODF_CVTJOFTT_VOEFS_XIJ
DI_UIF_QSFNJVN_JT_JO_FYDFTT_
PG_mGUZ_QFSDFOU_PG_UPUBM_QSFNJVN_QSPD
VSFE_JO_BOZ_ZFBS_GSPN_POF_QFSTPO_
XIP_JT_OPU_BO_JOEJWJEVBM
_PS_POF_
PSHBOJTBUJPO_PS_POF_HSPVQ_PG_PSHBOJTBUJ
POT_
_ K

_BQQMZ_GPS_GSFTI_MJDFODF_UP_BDU_BT_BO_J
OTVSBODF_BHFOU_JG_IJT_MJDFODF_XBT_FBSMJF
S_DBODFMMFE_CZ_UIF_EFTJHOBUEF_
QFSTPO_BOE_B_QFSJPE_PG_mWF_ZFBST_IBT_OP

U_FMBQTFE_GSPN_UIF_EBUF_PG_TVDI_DBODFMM
BUJPO_
_ L

CFDPNF_PS_SFNBJO_B_EJSFDUPS_PG_BOZ_JOTV
SBODF_DPNQBOZ_

JJJ

&WFSZ_JOTVSBODF_BHFOU_TIBMM_XJUI_B_WJFX_UP_DPOTFS
WF_UIF_JOTVSBODF_CVTJOFTT_BMSFBEZ_QSPDVSFE_UISPVHI
_IJN_NBLF_
FWFSZ_BUUFNQU_UP_FOTVSF_SFNJUUBODF_PG_UIF_QSFNJV
NT_CZ_UIF_QPMJDZIPMEFST_XJUIJO_UIF_TUJQVMBUFE_UJNF_
CZ_HJWJOH_OPUJDF_
UP_UIF_QPMJDZIPMEFS_PSBMMZ_BOE_JO_XSJUJOH_

H1 Non-adherence to the Code of Conduct

Every person holding an insurance agent licence shall adhere to the Code of Conduct as mentioned in the Regulations. Section 42 (4) (g) of the Insurance Act 1938 states that any violation of the Code of Conduct as may be specified by the Regulations made by the Authority, may lead to the disqualification of the agent.

Section 42 (4) (c) states that if an agent has been found guilty of criminal misappropriation, criminal breach of trust, cheating, forgery or an abetment of or attempt to commit any such offence by a court of competent jurisdiction, then it may lead to disqualification.

Apart from the above causes that may lead to disqualification of the agent by the Authority, if an insurance company finds any agent guilty of any wrongdoing or misconduct which is detrimental to the interests of the insurance company or its policyholders, then the company may initiate internal proceedings against the insurance agent (as discussed earlier in section G2 of this chapter).



Key points

The main ideas covered by this chapter can be summarised as follows:

What do we mean by ethics?

Ethics can be defined as:

- Those values we commonly hold to be 'good' and 'right';
- Behaviour that is based upon the moral judgements of an individual; and
- A study of what makes one's actions right or wrong.

The dangers of unethical behaviour

- Unethical practices result in creating a negative image for an insurance agent and also the company which he represents.

The business benefits of ethics

- Good ethical practices followed by a company help to create goodwill and a positive image for the company.
- An insurance company that follows a high standard of ethical practices can lead by example for other companies to follow.

Typical ethical behaviours

Typical ethical behaviours include the following:

- Recommending a suitable needs-based insurance policy to the client.
- Fully explaining the product benefits, including the conditions that have to be met for the policy benefits to be received, as well as any exclusions that may apply.
- Recommending an adequate sum insured amount.
- Recommending an appropriate method of payment based on the client's needs.
- Explaining the terms and conditions as per the client's needs.

Ethical frameworks including ethical codes

- Ethical codes are defined to establish standards of conduct and accountability among employees and board members with regards to their conduct.
- Insurance companies can define their own standard ethical code which is unique to their company, or they can borrow industry-specific codes.
- Ethics need to be embedded within the company, which means that ethics are practised at all levels of a business coherently and consistently between situations.

The underpinning professional responsibilities

The IRDA and LIC objectives are to:

- Protect the interest of policyholders;
- Promote the growth of the insurance industry;
- Establish, enforce and monitor the highest standards of ethical responsibility among insurers and their agents; and
- Regulate the insurance industry and ensure that all the transactions in the insurance sector are fair towards policyholders.

Evaluation, monitoring and discipline

- The process of evaluation and monitoring of ethical practices of insurers can be done by analysing data regarding the number of complaints registered against a company's products and services such as premium collection and claims settlement.
- To improve adherence to ethical standards and the Code of Conduct an insurance company may revamp internal systems and procedures and also take penal action against offenders.

IRDA Code of conduct

- The IRDA prescribes a Code of Conduct for insurance agents which every person holding a life insurance licence must adhere to. Failure to do so can lead to disqualification.

15/12



Question answers

15.1 ? Insurance underselling is where insurance cover for a lower sum insured is suggested to the client even though ? the client requires a policy with a higher sum insured. In cases where an individual dies prematurely, the ? consequences of underinsurance will have to be borne by family members, as the insurance claim will not be ? enough to meet their financial liabilities and needs. ?

15.2 ? Ethical behaviour includes: ?

- ? • Recommending a suitable needs-based insurance policy to the client. ?
- ? • Fully explaining the product benefits, including explaining the conditions for the policy benefits to be received, ? as well as any exclusions that may apply. ?
- ? • Recommending an adequate sum insured amount. ?
- ? • Recommending an appropriate method of payment based on the client's needs. ?
- ? • Explaining the terms and conditions as per the client's needs. ?

Self-test questions



__ 8IBU_JT_JOTVSBODF_PWFSTFMMJOH

__

#SJFnZ_EFTDSJCF_XIBU_JT_NFBOU_CZ_FUIJDBM_DPEFT_

__

)PX_DBO_FUIJDBM_QSBDUJDFT_IFMQ_B_DPNQBOZ_UP_DSFB
UF_B_QPTJUJWF_JNBHF_GPS_JUTFMG

You will find the answers on the next page



_ "O_PWFSBNCJUJPVT_JOTVSBODF_BHFOU_DBO_NJTMFBE_DMJF
 _ OUT_JOUP_QVSDIBTJOH_JOTVSBODF_DPWFSGPS_NPSF_UIBO
 _ UIFZ_
 SFRVJSF__5IJT_JT_LOPXO_BT_JOTVSBODF_PWFSTFMMJOH__5I
 F_PWFSTFMMJOH_PG_JOTVSBODF_QPMJDJFT_DBO_SFTVMU_J
 O_MBQTFE_
 QPMJDJFT_XIFS_UIF_DVTUPNFS_JT_OPU_BCMF_UP_QBZ_UIF_
 QSFNJVNT_
 _ &UIJDBM_DPEFT_BSF_DSJUJDBM_UP_BO_JOTVSBODF_DPNQBO
 _ Z__5IFZ_BSF_EFmOFE_UP_FTUBCMJTI_BDDPVOUBCJMJUJZ_BNP
 OH_UIF_
 FNQMPZFFT_BOE_CPBSE_NFNCFST_UPXBSET_UIFJS_DPOEVDU
 __&WFSZPOF_XJUIJO_UIF_DPNQBOZ_JT_FYQFDUFE_UP_DPNQ
 MZ_
 XJUI_UIFTF_FUIJDBM_DPEFT__5IF_CPBSE_NFNCFST_BOE_FNQ
 MPZFFT_IBWF_B_EVUZ_UP_BWPJE_TVDI_TJUVBUJPOT_UIBU_DP
 VME_
 MFBE_UP_WJPMBUJPOT_PG_UIFTF_DPEFT_
 _)JHI_TUBOEBSSET_PG_FUIJDBM_QSBDUJDF_GPMMPXFE_CZ_BO_
 _ JOTVSBODF_DPNQBOZ_DBO_IFMQ_UP_CVJME_QVCMJD_USVTU
 _ BOE_
 DPOmEFODF_JO_UIF_DPNQBOZ__5IJT_USVTU_BOE_DPOmEFOD
 F_SFTVMUT_JO_DMJFOUT_TQFBLJOH_QPTJUJWFMZ_BCPVU_UI
 F_DPNQBOZ_
 XIJDI_IFMQT_UP_DSFBUF_B_QPTJUJWF_JNBHF_GPS_UIF_DPNQ
 BOZ_

Statutes

British Insurance Act 1870, 1D

Consumer Protection Act (COPA) 1986, 12G7

Employees' Provident Funds and Miscellaneous Provisions (EPF & MP) Act 1952, 9B2C

General Insurance Business (Nationalisation) Act 1972 (GIBNA), 1D, 1D3, 12D

Foreign Exchange Management (Insurance) Regulations 2000, 12G5 Foreign Exchange Management (Insurance) Regulations 2000 – Life Insurance Memorandum (LIM), 12G6

Income Tax Act 1961, 1B, 5C1, 6E2

Indian Evidence Act 1872, 11E3

Indian Insurance Companies Act 1928, 1D

Indian Life Assurance Companies Act 1912, 1D, 12B

Indian Stamp Act 1899, 3G4

Insurance Act 1938, 1D, 3D3, 4G1, 4G2C, 10A, 10C1, 11F1, 12A, 13B2, 13B6, 14B2, 15H1

Insurance Regulatory and Development Authority (IRDA) Act 1999, 12D, 13A1, 13A2, 13C

Insurance Regulatory and Development Authority (Insurance Advertisement and Disclosure) Regulations 2000, 12G2

Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations 2002, 12G4

Insurance Regulatory and Development Authority (Licensing of Insurance Agents) Regulations 2000, 1H3, 13D, 15H

Insurance Regulatory and Development Authority (Manner of Receipt of Premium) Regulations 2002, 12G3

Insurance Regulatory and Development Authority (Protection of Policyholders' Interests) Regulations 2002, 3G5C, 11D1, 14B, 14D1, 15F1

Life Insurance Corporation Act 1956, 12C

Married Women's Property (MWP) Act 1874, 12F

Payment of Gratuity Act 1972, 6G4 Prevention of Money Laundering Act (PMLA) 2002, 12E

Redressal of Public Grievance (RPG) Rules 1998, 12G1 Reserve Bank of India Act 1934, 13C2

Securities and Exchange Board of India Act 1992, 13C3

Index

A

accidental death benefit (ADB) riders, 7B3A, 11A4 actuaries, 1E2 adverse selection, 4A age, 5A2A, 8C1

groups, 2B3

of insured, 4C1

proof documents, 3G2

agents, 1E2, 4B3

and customer protection, 14B7

becoming an agent, 1H1, 13D1

Code of Conduct for, 1H3, 13D2

complaints against, 14C2

confidential reports, 4B3A

duties and responsibilities of, 10A

licensing of, 12A1C

remuneration of, 10C1, 12A1

role of, in insurance contracts, 1H2, 3A3

role of, in underwriting, 4I

annuities, 5B2H, 7B5

payments of, at the time of vesting, 11A2E

assets, 1A2, 5A1D, 5A2D, 62BC, 6G3, 8C6, 9B2D asset management

companies (AMC), 6D3 assignment, 3H4B, 11D2 awards, 14E3, 14E5

B

bancassurance, 1D4, 1F2 bank deposits, 6D2 benefits, policy, 4G1, 9E3 benefit

illustration documents, 9E3 Bombay Stock Exchange (BSE), 6D4 bonds, 6D5

bonuses, calculation of, 4H breach of

good faith, 11F

warranty, 11F

brokers, 1F2 buying and selling mechanisms, 6C6

capacity to contract, 3A1C capital, 6B1B, 6C1 Central Board of Direct Taxes (CBDT), 6E2 Chartered Insurance Institute (CII), 13B9 child education planning, 8B4 child plans, 5B2L childhood, 8B1 churning, 10D4A, 15B1 claims, 11

- documents required for, 3G6
- fraudulent, 11E
- invalid, 11B
- procedure, 14B5
- related complaints, 14C1
- settlement, 11D, 12G6
- valid, 11A5

client

- anticipated changes, 9A1, 9B2H cash flows, 9A1 data, 9A1 information, gathering of, 8F life stages, 8B needs, 8D, 10D1 objectives, 8H priorities, 8G prospective, 8A requirements of the, 10B rights of, 10F

closed-ended questions, 8E2A codes of conduct, 1H3, 15H commission, 10C1 communication skills, 8E1 comparison websites, 1F2 complaints

- against insurance agents, 14C2 against insurance companies, 14C1 handling of, 14D, 14E procedures, 10F typical lifecycle of, 14G volumes of, 15G1B

compound revisionary bonuses, 4H2 concealment, 3C2 conciliation, 14E3

confidential reports, 4B3A confidentiality, 15C1 confirming assumptions, 8H

***consensus ad idem*, 3A1D consideration, 3A1B Consumer Affairs Department, 14D1 contingency funds, 6G1 contracts, valid, 3A**

- features of, 3A1 performance capability of, 3A1F void and voidable, 11F

convertible insurance plans, 5B2F cooling-off period, 3G3C corporate agents,

1E2 corporate bonds, 6D5 creditors, 3B3 critical illness (CI) riders, 7B3C,

11A4 cumulative deposits, 6D2

D

daily hospitalisation cash benefit plans, 7B1D days of grace, 3H1A death claims, 11A3

- documentary evidence required in, 11C
- early, 11C1
- settling of, 11D4

death cover, 5B1 deferred annuities, 7B5 dependants, 5A1C,

5A2B deposits, bank, 6D2 de-tariffication, 13B6 direct

marketing

- channels, 1F1

guidelines for, 14D4C

disability, 2C1 disciplinary action, 15G2 disclosure, 1C, 10C2

duty of, 3C3, 3D4

discounted claims, 11A2C disposable income, 62B2 divorce, separation and bereavement, 8C7 double income families, 8B3, 8B4

E

emergency funds, 6G1 employee provident funds (EPFs), 9B2C employment, 8C3, 9B2C endorsements, 3G5A endowment insurance plans, 1G2, 5B2D E-sales, 1D4, 1F1A ethics, 15 ethical frameworks and codes, 15E evaluation of insurance companies' practices, 15G exchange traded funds, 6D7 existing insurance and investments, 9B2E

F

fact-find forms, 8F, 9

assessment and analysis of, 9C

objectives of, 9A1

using, 9B

family

floater health insurance plans, 7B1B

medical history of the insured's, 4C1

financial

details, 9B2D planning objectives and considerations, 9B2G services industry, role of, 1B underwriting, 4D1

flexibility, 6C7 flexible premium plans, 4G1 foreclosure, 3H5B foreign direct investment (FDI), 13A3A fraud, 3C2, 4A, 11E

and moral hazard, 4C2

consequences of, 11E1

indications of, 11E2

free look-in periods, 3G3C frequency, 2B2 funds, sources of, 11E

G

gender, of insured, 4C1 General Insurance Corporation of India (GIC), 1D1 General Insurance Council (GI Council), 1D1,

13B3 gold, investment in, 6D7 Governing Body of Insurance Council (GBIC), 12G Government

relationship with the IRDA, 13A1, 13A2

role of the, 13A

securities (G-secs), 6D5

grievances, 1D4 grievance redressal

cell of the IRDA, 14F

officers, 14D3B

procedures, 14B3

systems, 14D

grievance registration mechanism, 14D3A gross premium, 4G2E group insurance plans, 5B2I, 7B1C guaranteed period annuities, 7B5B guarantees, 6C2

H

habits, of an insured, 4C1 hazards, physical and moral, 2B3, 4C health insurance, 7A1

inflation implications for products, 7C2

tax implications for products, 7C1

types of plans, 7B1

features and benefits of, 7B2

health issues, 8C4 hobbies, of an insured, 4C1 hospital care riders, 11A4 Human Life Value (HLV), 4D1, 4E, 4I

I

immediate annuities, 7B5 income, 5A1A, 5A2C

and expenditure, 8C5

from investment of premium, 4G1

replacement method, 4E2A

tax incentives, 13A3B

increasing annuity, 7B5E indemnity, 3E indisputability clause (section 45), 3D3, 14B2 indisputable contracts, 11F1 individual health insurance plans, 7B1A individual's savings needs, 6B inflation, 5C2, 6E3

implications for financial products, 7C2

**innocent misrepresentation, 3C2 Institute of Actuaries in India (IAI), 13B5
Institute of Insurance and Risk Management
(IIRM), 13B10 Insurable
interest, 3B
risks, 2C**

insurance,

as an investment option, 1B, 6G2
benefits of a professional market, 1C
contracts, 3F6
definition of, 1A
distribution of, 1F
history of, 1D
how it works, 1A2
industry, roles of the, 1E2
key terms, 3H
need for, 1A1
organisations, types of, 1D4
policies, key documents, 3G
products, analysis of, 15G1C
purpose of, 3F2
tax benefits of, 1D

Insurance Brokers Association of India (IBAI),

**13B4 Insurance Institute of India (III), 13B7 Insurance Ombudsman, the
role and function of,**

**14E Insurance Regulatory and Development Authority
(IRDA), 1D2, 1E2, , 12D, 13B1**

guidelines for claims' settlement, 11D1 guidelines for grievance redressal, 14D1
objectives of, 15F1 powers and functions of the, 13C1 relationship with the
Government, 13A1, 13A2

**IRDA Code of Conduct, 15H IRDA Grievance Call Centre (IGCC), 14F
Integrated Grievance Management System**

**(IGMS), 14D2 interest rates, 6F2 interim bonuses, 4H4 intermediaries, 1E2,
3A3 interviews, structured, 9B1 investments, 6A, 6B**

commutation of, 11A2D

IT authorities' report, 4B5

J

job profile of insured, 2B3 joint last survivor annuities, 7B5C joint

life insurance plans, 5B2G

K

key features document, 14D4A keyman insurance, 3B3 kisan vikas patra (KVP), 6D6 know your customer (KYC), 9E4, 12E

lapse, 3H1A law of large numbers, 2E1 legality of object or purpose, 3A1E legislation, 12 level premium plans, 4G1, 4G2B liabilities, 5A1D, 5A2D, 62BC, 8C6, 9B2D Liberalisation, (Phase II), 1D2 licences, 13D1 renewal of 14H

liens, 4F life annuities, 7B5A

with return of purchase price, 7B5D

Life Insurance Corporation (LIC), 12C, 13A3A Life Insurance Council (LI Council), 13B2

objectives of, 15F2

life insurance, 6D1

companies, 1E1A

market, 1G2

plans, 5B

products, 5B

life stages of clients, 8B

factors that affect the, 8C

lifestyle, 2B3 listening skills, 8E3 loadings, 4G1, 4G2D loans against a policy, 3H5A lock-in period, 6C3 long-term relationships, benefits of, 10G loss of life, 2C1 loss of policy, 11E

M

Malhotra Committee, 1D2 marital status, 8C2 married with older children, 8B5 material facts, 3D maturity benefit, 5B1, 11A2 maturity claims, 11A2 settling of claims, 11D2

maximum possible loss (MPL), 4A medical

conditions, existing, 2B3, 4C1

examination reports, 4B2

needs, 5A1B

underwriting, 4D2

micro-insurance, 1D4

plans, 5B2J

Mohammedan Law, 12F money laundering, 12E money-back plans, 5B2M

monitoring of insurance companies' practices,

15G monthly income and expenditure analysis, 9B2F moral hazards, 2B3, 4C

and fraud, 4C2

moral standards, 15A mortality rates, 4G1 mutual funds,

6D3

N

National Insurance Academy (NIA), 13B8 national savings certificates (NSCs), 6D6 National Stock Exchange (NSE), 6D4 needs, 8

analysis, 8H, 14D4B

distinction between, 6G6

of clients, 8A2

identification of, 8D, 9A1

prioritisation of, 7D

real and perceived, 8D

needs-based selling, 1C net premium, 4G2C nomination, 3H4A non-direct marketing channels, 1F2 non-disclosure, 3C2

consequences of, 3D2

Non-Governmental Organisations (NGOs), 1E2 non-life insurance

companies, 1E1B

market, 1G1

non-medical underwriting, 4D3 notices, 3G5B

O

objections, handling of, 8E4 occupation, of insured, 4C1 offer and acceptance,

3A1A open-ended questions, 8E2A overseas agents, commission to, 12G6

overselling insurance policies, 15B1

P

paid-up value, 3H1B, 11A2B penalties, 6C4 pension and savings plans, 1G2

pension plans, 7A3, 7B6

inflation implications for, 7C2
tax implications for, 7C1

perils, 2B3 persistency bonuses (see terminal bonuses) persistency, 10E
personal details, 9B2A personal history, of insured, 4C1 physical
characteristics, of insured, 4C1 physical handicaps, of insured, 4C1 physical
hazards, 2B1, 4C, 4C1 policy
documents, 3A2, 3G4
matters to be stated in, 14B4
information statement, 3G4
lapse-related complaints, 14C1
servicing-related complaints, 14C1

policyholders

servicing of, 14B6

pooling, of risks, 2E post office monthly income schemes (POMISs), 6D6 post
office savings accounts, 6D6 Post-liberalisation, (Phase III), 1D3 Pre-
liberalisation, (Phase I), 1D1 premium, the, 1A, 4G
calculation of, 4G2,
collection of, 12G6

premium payments

relevance of, 3I

premium plans, 4G1 premium receipts, 3G3

first premium receipt (FPR), 3G3A
renewal premium receipt (RPR), 3G3B

pre-retirement, 8B6 presumption of death, 11E3 pricing elements, 4G1

priorities, 8G private sector employees, 8C3B product shortlisting

for each client need, 9D2

product switching, 10D4B professional responsibilities, 15F professionalism,
1C proposal forms, 3F4, 3G1, 4B1, 14B2

the declaration in, 3G1A

prospectus, the, 3G5C protection

of the customer, 14A
needs, 5A, 5A2, 5D

public provident funds (PPFS), 6D6 public sector employees, 8C3A

pure endowment plans, 5B2C

Q

questions, 8E2

different types of, 8E2A

phrasing of, 8E2B

questioning skills, 8E, 8E2A quotations, 3F5

R

recommendations, 9E, 10D, 14E5

acceptance or rejection of, 10D3

recurring deposit accounts, 6D2, 6D6 reduced sum insured, 11A2B refusals, unwarranted, 15B1 reinsurance companies, 1E1C renewal, 3F7, 3H3

requirements, of the client, 10B Reserve Bank of India (RBI), 12E, 13C2

residence, of insured, 4C1 retirement, 2C1, 6G4, 8B7 return of premium plans (ROPs), 5B2B, 11A2 reviewing financial plans, importance of, 8H revival, 3H2

riders, 7A2, 7B3

features and benefits of, 7B4, 11A4

inflation implications for, 7C2

IRDA regulations for, 7B4

tax implications for, 7C1

risk, 2

attitude to, 2A2 components of, 2B concept of, 2A definition of, 2A1

diversification, 6D3 groups, 4A level of, 2B2 of saving and investment

products, 6C5 pools, 1A2, 2E

premiums, 4G2A, 4G2B

profiles of customers, 11E

retention, 1A2

transfer, 1A2, 2D

uncertainty, 2B1

risks

financial, 2C1

high, 2B3

particular, 2C3

pooling of, 2E

pure, 2C2

S

salary saving schemes (SSS), 5B2N savings, 2C1, 6A
needs, 6B
prioritisation of, 6G

savings products

features of, 6C
implications of inflation, 6E3
tax implications for, 6E1
types of, 6D

Securities Exchange Board of India (SEBI), 12E,
13C3 self-employed, 8C3C senior citizens saving schemes (SCSS), 6D6
settlement options, 11D2, 14E5 shares, 6D4 short careers, individuals with,
8C3D short-term cancellations, avoidance of, 10E silver, investment in, 6D7
simple revisionary bonuses, 4H1 single
income families, 8B3, 8B4
life insurance plans, 5B1
premium plans, 4G1

stock exchanges, 6D4 suitability, 14D4B
of policies, 10D
surety, 3B3 surrender value, 3H1C survival benefit, 5B1, 5B2E, 11A2A
settling of claims, 11D3

T

Tariff Advisory Committee (TAC), 13B6 tax, 5C1, 6E1
consultant's report, 4B5
implications for financial products, 7C1
planning, 6G5

term

benefit riders, 7B3B
insurance plans, 1G2, 5B2A

terminal bonuses, 4H3 third party administrators (TPAs), 1E2 time deposit
accounts, 6D6 traditional deposits, 6D2 Training Institutes, 1E2 treasury bills,
6D5 trusts, 12F turnaround times (TATs), 14D1

U

underselling insurance policies, 15B1 underwriters, 1E2 underwriting

financial, 4D1

information required for, 4B

medical, 4D2

non-medical, 4D3

process of, 4A

unemployment, 8C3E unethical behaviour, 15B

dangers of 15B1

unit-linked insurance plans (ULIPs), 1C, 1G2, 5B2K utmost good faith, 3C

definition of, 3C2

importance of, 3C1

V

valid claims, 11A5 valid cover, relevance of, 3I voidable claims, 11F

W

waiver of premium (WOP) riders, 7B3D whole life insurance plans, 1G2, 5B2E without-profit policies, 5B2D with-profit policies, 4H, 5B2D

Y

young

unmarried, 8B2

married, 8B3

married with children, 8B4

The Chartered Insurance Institute 407, 4th Floor Raheja Chambers Mumbai 400 021 tel: +91 22 40919451 email: india@cii.co.uk website: www.cii.co.uk/india