

CHANDULAL CHANDRAKAR GOVT. ARTS & COMMERCE COLLEGE  
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*Project Work*

Research Topic

**LIFE INSURANCE : WITH LIFE , EVEN AFTER LIFE**

Presented By

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## CERTIFICATE

I certify that this format of project work "Life Insurance : With Life , Even After Life" with special reference to condition and direction has not been used for any degree or diploma in the past. This research effort is my original attempt for M.Com 4<sup>th</sup> semester in academic session 2021-22.

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A long with this, I also want to express my gratitude to all those whose every cooperation has given me incomparable support.

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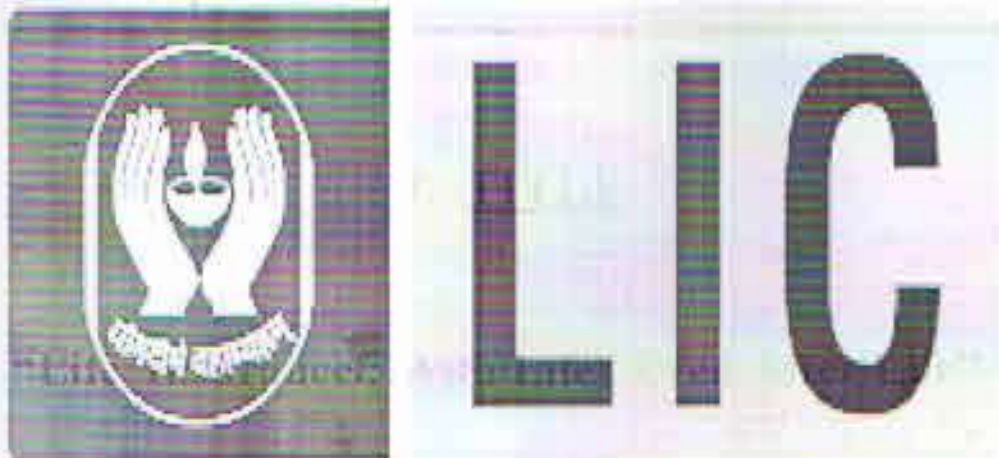
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## I. TITLE

“Life Insurance : With Life , Even After Life”



भारतीय जीवन बीमा निगम  
LIFE INSURANCE CORPORATION OF INDIA

## **II. REASON FOR CHOOSING TITLE**

Every researcher decides his research work on the basis of many reasons. I have selected this topic for my project work on these grounds.

1. Human life is full of uncertainties . life insurance protects against these uncertainties, so I have chosen this topic for project work for in depth study of this area.
2. I have chosen this topic as my project to find out how life insurance provides financial security in human life.
3. life insurance protects the insured in these forms For the knowledge of this, I have chose this project.
4. I have chosen this project keeping in mind the goal of making life insurance my profession in the future.

### III. RESEARCH OBJECTIVE

The main objectives of life insurance were as following:

1. Effective collection of savings of public
2. Ample expansion of the message of life insurance among message.
3. Economical operations of insurance services
4. formulation of suitable insurance plans for different group
5. Development of effective and dynamic insurance organization
6. maximum safety of insurance policy holders
7. The best and prompt service arrangements to insurance policy holders.
8. Determination of suitable rates of insurance premium
9. End of expensive competition in the hold of life insurance
10. Appropriate canalizations of insurance funds so that the target of safety of maximum income and investment many be achieved.

## IV. LITERATURE REVIEW

1. Name:- Dr. P. K. Gupta

Year:- 2000

Subject:- “Exploring rural markets for private life insurance players in India.”

Conclusion:-

The study brought out interesting facts to lights like rural households with head of the family more educated but with less family income are more likely to purchase a life insurance policy than those with better social security but lesser education and rural customers consider safety of invested funds as the most important factor in buying a life insurance followed by claim settlement and assistance in policy purchases.

2. Name:- Amok metal and Abash Kumar

Year:- 2003

Subject:- “An exploratory study of factors affecting selection of life insurance products.”

Conclusion:-

The study highlighted that consumer take into consideration factor like product attributes, customer delight, payment mode, product flexibility, risk coverage, grace period, professional advisor, and maturity period as important before making a decision on selection of a life insurance product but most important factors which are of vital importance was product attributes, and the least important was maturity period.



3. Name:- William H. Greene and Dan Segal

Year:- 2004

Subject:- "Profitability and efficiency in the U.S. life insurance industry."

Conclusion:-

The authors derive cost efficiency using the stochastic frontier (SF) method allowing the mean inefficiency to vary with organization form and the output. In addition, the estimation of the cost efficiency measure taken into account concept. This study suggests that cost inefficiency in the life insurance industry is substantial relative to earning, and that inefficiency is negatively associated with profitability measures such as the return on equity.

4. Name:- Sunhat and Tappan

Year:- 2005

Subject:- "The Indian insurance industry- challenges and prospects."

Conclusion:-

The Indian insurance industry have started that Indian that Indian is among the most promising emerging insurance markets in the world. But out of total insurance premium market in India particularly life insurance currently makes up 80% of premium. Furthermore it said that both the life and non-life insurance sectors would benefit from less invasive regulations. The author also suggested that price liberalization will be needed to improve underwriting efficiency and risk management and the private insurers will

have a key role to play in serving the large number of informal sector workers.

5. Name:- Timid Ahmed Chowdhury and Masud Ibn Rahman

Year:- 2007

Subject:- "Problems and strategies in service marketing- Bangladesh perspective."

Conclusion:-

Present a conceptual framework of the problems and strategies in services marketing that derive from five unique characteristics of services. The framework is based on a review of the growing body of literature in service marketing. The article also reports the findings from a survey of service firms concerning problems they face and strategies they use. A combination of theoretical aspects and survey results in one article affords the opportunity to make a bridge between the empirical practices and theoretical aspects.

6. Name:- Manjit Singh and Rohit kumar

Year :- 2008

Subject:- "Indian insurance industry outlook in the post reform period."

Conclusion :-

In the paper highlight that insurance penetration and density has witnessed an increasing trend in the post – reform period, but has a long way to go to even come close to the developed nations. The study also indicates huge unexplored and untapped market in India and show huge opportunities for insurance companies to capture the

business from competitive market, the survival of companies will depend on their strategies and efforts to increase their penetration levels and tap the new business position especially in rural India.

7. Name :- Nagaraja Rao,K.

Year :- 2010

Subject:- "challenges in designing need based products in life insurance for inclusive growth in India."

Conclusion:-

The challenges faced by the insurers in designing need based products in insurance for inclusive growth and concluded that the policies of life insurance companies are still not rural- centric, catering to the specific needs of the people. With a view to popularizing life insurance, he recommends that the consumers need to study the rural market, analyse that specific needs of each segment, to suit the requests of the people to the objectives of inclusive growth.

8. Name:- Sonal nena

Year:- 2013

Subject:- "Performance evaluation of life insurance corporation (LIC) of India."

Conclusion:-

Has tried to analyse growth and performance of LIC. She analysed the major source of income (premium earned) of the LIC, as well as the significant heads of expenses of LIC to measure the performance. This study has

proved that LIC has been success in terms of creating value for its policyholders. The performance evaluation also showed consistent increase in its business. During the study period there was no major changes in the performance of the LIC. So it was finally concluded that performance remained unchanged and LIC has maintained the market value of their products.

9. Name :- Mouna Zerriaa and Hedi Noubbigh

Year :- 2015

Subject :- "Determinants of life insurance demand in the mene region."

Conclusion :-

In their research have tried ton investigate the determinants of life insurance consumption in the middle east and north Africa (MENE)region using a sample of 17 countries over the period 2000-2012. They have used two measures of life insurance demand – insurance density and insurance penetration. This research states that consumption increase with income , interest rates and inflation and also it highlights that country's level of financial development, life expectancy and educational attainment stimulates life insurances demand in a nation.

10. Name :- Savita Jindal

Year:- 2014

Subject :- "ethical issue in insurance companies – A v challenge for Indian insurance sector."

Conclusion:-

The study revealed that insurance companies in India are failing in identifying the customer's needs and recommend products and service that meet their need followed by misrepresenting in terms and conditions while selling products to customers , unethical remarks about competition, their products, or their employees or agents and lastly lack of expertise or skills to competently perform one's duties. Finally the paper concluded that insurance companies have recognized the moral dilemma in claims settlement, they understand that if claims are not result settled in ethical manner it will result in bad consequence for company image which will fall back on the insured or the beneficiary.

## V. RESEARCH METHODOLOGY

Research methodology refers to such a technique in which the researcher determines how he will complete his research work. Generally, under the research entry, it is determined that what will happen to the research area and how many respondents will be contacted.

Two types of data are used for research work.

- 5.1 Primary data
- 5.2 Secondary data

5.1 Primary data :- The meaning of the primary collection is the researcher himself collects by going to the research area. Primary sources for research are considered to be the most beneficial and best.

(a) Interview list :- Interview schedule is an exchange of ideas organized for the fulfillment of a certain purpose, the main means of interview selection is the interview in the interview technique and the applicants sit face to face and have oral discussions.

(b) Schedule :- schedule is the primary fact - collecting unit list method in which the characteristics and qualities of all three are found together, observation, interview and questionnaire, though which information is also obtained from the information of those areas. Those who are not educated, if they fill the questions

with the respondent face to face , so it is nice to select the question correctly , if it is a formal table or rash of questions , which is used for secondary data or data collection .

(c) Questionnaire :- Questionnaire is a set of questions or statements through which person questionnaire is a tool for conduction research in which many question are asked from people to collect if , it is used when there is a need for factual information its nominee .

5. 2. Secondary data :- such number which have been used by the researcher before have been used by some other number . when it is used , it is collect secondary data , it is nor collected by the researcher himself , because the data is not original , these is less waste of time and labors in it , some me else collects the data and ness it.

To compile the secondary data , the help of net newspaper , magazine , books and government question has been taken .

For example :- suppose ,in order to know that percentage of unemployment is in our country , the researcher dose not himself go by himself and uses the data used by goggle or newspaper or some me else , then it is called secondary data.

### Some Question To Ask People:-

You are familiar with this name of life insurance policy?

(a) Yes (b) No

2. Have you taken life insurance policy?

(a) Yes (b) No

3. From which company have you taken life insurance policy?

4. How many policies have you taken so far?

(a) 1 (b) 2  
(c) Both (d) None

5. What is the role of the policy agent in relation to the policy?

6. There was any inconvenience in paying the policy premium amount?

(a) Yes (b) No

7. There was any inconvenience on receiving the amount when the policy matured?

(a) Yes (b) No

8. Which element of life insurance policy attracted you the most?

9. Do you think you should buy a life insurance policy?

(a) Yes (b) No



## VI. RESEARCH HYPOTHESIS

### Meaning:-

The word hypothesis is made up of two words pair t imagination pair means all around and kalpana means contemplation. Thus, hypothesis means to consider all possible solutions related to a problem. Hypothesis is the second important pillar of any research process. This means that after the analysis and definition of a problem, pre-thinking has been done in relation to the causes and cause of the problem, the is after determining that this can be the cause of such a problem, then its testing starts. Research work is the process between the formulation of a hypothesis, neither experiment can be done nor any research is possible with scientific method. In fact research work is a purposeless activity in the absence of hypothesis.

### Definitions of Hypothesis:-

According to Kerlinger:-

“Consider the hypothesis as a statement of the relationship between two or name variable.”

2. According to Mouley (George G. mouley):-

“ A hypothesis is an assumption the basis of its conformity, application, empirical evidence and prior knowledge.”

According to Good & Hat:-

“ The hypothesis Describes what we want to see vision looks to the future. It is a reasoned statement whose validity can be tested. It can prove to be right, and it can also be wrong.”

4. According to Lundberg:-

“ a hypothesis is an experimental generalization whose validity is tested. In its essence a hypothesis Can be a conjecture or a hypothesis Idea be forms the basis for further research.”

### Nature of Hypothesis:-

The nature of any hypothesis Can be in the form-

1. it should be testable.
2. this research should be focused from general to specific and broad to limited.
3. it should provide clear answers to the research questions.
4. it should be truthful and logical
5. it should not be4 contrary to the known laws of nature.

### Source of Hypothesis:-

1. study of literature related to the problem:-  
By studying the literature to the problem, suitable hypothesis can be formed.
2. science :- Theories propounded from science to hypotheses give birth.
3. Culture – culture can be the mother of hypothesis. Every society has different types of culture. Each culture is different from each other in social and culture values, the when the thinking is done related to these problems, then hypotheses are born.
4. Personal Experience – personal experience is also the basis of hypothesis. But it is difficult for the new researcher. The more

experience they have in any field, the easier it is to find problem and formulate hypothesis.

5. Creative thinking- This is a great basis for the formulation of the hypothesis. Monroe has laid special emphasis on this. He has given its four terms-

Preparation

Development

Motivation

Testing

This is upon arrival of an idea, it was decided, got inspiration to work on it, formed a hypothesis.

6. Discussion with Experienced persons After getting discussion guidance from experienced and subject experts, suitable hypothesis can be formed.
7. Previous research- Observing the previous of the related field, it is known that what kind of hypothesis can be worked a new hypothesis on the same basis on creation of.

### Characteristics of a Good Hypothesis:-

1. Hypothesis to be testable :-

The hallmark of a good hypothesis is that it is presented in such a way that after examining it can be said with certainty whether the hypothesis should be expressed in a specific way rather than in a general way. Therefore, a testable hypothesis is a hypothesis which can be

2. Hypothesis should be economical:-

The economy of the hypothesis refers to its nature in which the least amount of time, labor and money is spent in testing it and more convenience is available.

3. Hypothesis should be related to the existing theories and facts of the field:-

some hypothesis are such that the answer to the research problem can be found only when many other sub-hypothesis are prepared this is because they lack logical completeness and a broad base create something new.

4. Hypothesis should be based on some theory or fact or experience:-

Hypothesis should not be fictitious or just interesting. That is the hypothesis should not be based on such things like black people are more polite than white people. This type of hypothesis is a baseless hypothesis as it is not based on any theory or model.

5. Maximum generalization can be done by hypothesis:-

Hypothesis, maximum generalization of hypothesis is possible only when hypothesis is neither too broad nor too specific, any good hypothesis should be narrow so that generalization made by it is proper. And be useful.

6. Hypothesis should be conceptually:-

conceptually clear means that the hypothesis is defined in a practical and object manner and most of the people agree with its meaning. It should not be that the definition is only a product of the individual's personal thinking and whose meaning is understood only by him. Thus we find that the research psychologist has described some such criteria or characteristics of the research hypothesis on the basis of which a good research hypothesis can be identified.

## Based on specific purpose :-

### Research Hypothesis:-

It is also called kayroop hypothesis or kayak hypothesis . This hypothesis is based or inspired by some theory. The researcher announces this hypothesis with great confidence and has the desire that his hypothesis proves to be true . For example – one leaning gained by 'learning by doing' is stronger and lasts longer , since the statement in this hypothesis is based on the principle of 'learning by doing ' , hence it is a research hypothesis .

### 2. Null Hypothesis:-

Null hypothesis is the exact opposite or research hypothesis through this hypothesis ; we refer to the relation or no difference between the variables . for example ; the null hypothesis or the above hypothesis can be written as follows – there is no difference between the intelligence of the student of science class and its intelligence of the student of arts class .

### 3. Statistical Hypothesis:-

when the research hypothesis or null hypothesis is expressed in statistical terms ; then this type of hypothesis is called statistical hypothesis special signs are used to express the research hypothesis or statistical hypothesis in statistical terms .

## Work of Hypothesis :-

### 1. Giving Direction :-

Hypothesis guides the research. from this it is known that what activities are now done in research work and now to do it .

there fore ; with the proper formulation of the hypothesis ; the clear direction of the work is decided .

## 2. Selecting key facts:-

Hypothesis narrows down the problem and helps in selecting important facts . there can be many types of problem in any field ; but we have to choose and demarcate which of those problems in our study through hypothesis .

## 3. Making repetition :-

The truth fullness of the conclusion of the research is evaluated by repetition or re- testing . In the absence of hypothesis ; this re - test would be impossible because it would not be possible to know on which particular aspect the work has been done and whose control has been observed .

## 4. Drawing Conclusion and Formulating new theories:-

Hypothesis helps the researcher to reach a definite conclusion and whenever psychologists know with confidence that what is the reason behind a certain phenomenon ; they make a hypothesis and investigate it without waiting for one background of any theory .

## VII. RESEARCH CONTENTS

### 7.1 Historical Background of Life Insurance

The first insurance company in India was established in 1818 by the Europeans in Calcutta under the name 'oriental life insurance company'. Insurance companies were opened in Mumbai in 1823 in the name of 'Bombay life insurance company' and in 1829 in Chennai in the name of 'madras imitable life insurance society'. After this, many small and big insurance companies were established till the year 1870. these companies would have been interested in insuring the British only. She did not just insure Indians and did so, but in a very limited way, by charging high premium rates. Some scholars consider the beginning of Indian life insurance business from 1870 A.D. for the first time in our country 'Bombay mutual life insurance society' was born in the year 1871 and after that orient government security life insurance company limited was established in the year 1874.

In the year 1905, due to the wave of swadeshi movement, many big companies were established, some of which were prominent 'Hindustan Cooperative United India', 'Bombay life', 'Indian mercantile' etc. before 1912, there was no separate act related to the insurance business, it was operated according to the companies act. In the year 1912, the insurance act was passed, under which arrangement was made to control the activities of life insurance companies. In the year 1927, with the aim of protecting the interests of Indian companies, a federation of the life insurance corporation of India office was formed. The year of 1928, there were a total of 80 insurance offices in our country. In the year 1938, the central government passed the insurance act and established the insurance department under the control of 'controller of insurance' so that the investment management and expenses of insurance companies could be effectively controlled.

In 1950, by making a comprehensive amendment in the insurance act, keeping in mind the interest of the insured, many restrictions were imposed on the insurance companies. As a result, by 1955, out of 100 offices of insurance, 51 offices were closed while only two new companies were established i.e. only strong and capable companies were left in business, the throttle competition ended.

## 7.2 Introduction of Life Insurance :-

Which there life there's hope. That is, man's life has the highest value but death is certain, but the time of death is uncertain, Human life is fleeting, which moment of a person's life is a surety of death? This is way! does not know Think! ----- just think! wish to contemplated ----- some where in -----the evening with out feet not return home, what ----- i. e. "meaning"! hi? what will happen when my widow 'bib', the orphan does of children of destitute parents dependent, how will their education, marriage, how will the household expenses, what will happen to us is, of dreams, plans, fantasies. life insurance is a guarantee of all of this to some extent.

## 7.3 Meaning of Life Insurance

Human life is subject to risks of death and disability due to accidents. When human life is lost or a person disabled permanently or temporarily, family is put to hardship as there is a loss of income to the household such risks and contingencies can be planned in advance with the help of a life insurance policy.

A life insurance contract between two parties where by one party agrees to pay to the other party a certain amount of money as premium to make good the loss of life arising out of an uncertain event of death in which the insured has interest. Hence, life insurance ensure payment of the sum assured in the event of a loss by way of a benefit.



## 7.4 Definition of Life Insurance

### 1. According to Insurance Act, sec 2:-

"Life insurance business is the business of effecting contract upon human life."

### 2. According to John. H. Magee:-

"The life insurance contract embodies an agreement in which, broadly stated the insurer undertaken to pay a stipulated sum upon the death of the insured or at some designated time a designated beneficiary."

### 3. According to Prof. R. S. Sharma:-

"Life insurance contract may be defined, where by the insurer, in consideration of premium, paid either in a lump-sum or in periodical installment, undertaken to pay an annuity or a certain sum of money, either on the death of the insured or on the expiry of a certain number of years."

## 7.5 Characteristics of Life Insurance

The following Characteristics of features in life insurance may be deduced from the aforesaid definitions:

### 7.5.1 Offer and acceptance:-

Like other contracts of insurance the life insurance contract is also the outcome of an offer made by the policy owner and its acceptance by the insurer. Generally the life insurance is a contract made in writing.

### 7.5.2. Agreed sum of money:-

The insurer agrees to pay a certain sum of money either on the death of policy owner or on the maturity of the policy whichever is earlier.

### 7.5.3. Premium:-

The policy owner is liable to pay periodically the amount of the payment in the form of premium till the death of the policy owner or expiry of the period of policy whichever is earlier.

### 7.5.4. Not a contract of indemnity:-

Life insurance contract is not a contract of indemnity as the loss caused by the death cannot be measured in terms of money is a compensation for loss of the one's life.

### 7.5.5. Insurance interest:-

In life insurance insurable interest must exist when the claim. The person who has been assigned a life policy need not have insurable interest in it as the insurable interest was already present at time of taking policy.

#### 7.5.6. Lending helping hand:-

Life insurance provides helping hand to those who are left support less and helps financially in case of

the death of the insured. It is also considered to be than the best alternative for making savings.

#### 7.5.7. Covers other risk:-

Life insurance covered other risks which are connected with the human life in addition to the risk of death. For example, total and permanent disability or temporary disability and medical expense compulsory retirement or the economics death risks etc; have also been covered under the purview of life insurance these days.

#### 7.5.8. Relief sword of Damocles:-

Life insurance relieves the insured from the sword of Damocles i.e., various risk and uncertainties which may occur be fore and after the death of the insured.

## 7.6 Role of Life Insurance in Human Life

The following are the

### 7.6.1 To ease stress for your loved ones:-

One of the most important things to remember about life insurance is that its not for you, its for them. think about what would happen to your family if you passed away tomorrow, or next month, or next year. What would your family need to do to stay afloat financially? One in four people say they would feel the financial effects within a month if the primary wage earner in their household died, according to the 2020 LIMRA study.

### 7.6.2 To pay daily bills:-

One of the main reasons people buy life insurance is to help their family cover daily expenses, including groceries, utilities, and car payment . according to the 2021 LIMRA study, 63% of people say they bought life insurance to replace their income.

### 7.6.3 To save the family home:-

Your family home is so important. Its is where you make memories, bring the kids home from the hospital for the first time, and teach them now to ride a bike. Its also typically the biggest expense in a family budget. The median monthly. Mortgage payment is about \$1100 in the united sates. That's a big expense for your family to cover without your financial support.

### 7.6.4 To pay for your child's education:-

The percentage of people attending college is going up. If college will be part of your child's future, having a plan to pay for it is critical. And even if your child's plans don't include college, they might want to learn a skilled trade or go through another program that needs funding.

#### 7.6.5 To protect your business:-

If you've worked hard to build a business of your own, life insurance can help keep it afloat if you die unexpectedly. The payout from a policy provides a cash infusion to help cover payroll, inventory, and any immediate financial needs, and it's cheaper than having to borrow from a bank or credit union.

#### 7.6.6 To secure your retirement:-

Your dream about it for decades and put money aside to make it happen. Retirement is one of the biggest and longest term financial goals for families. If you die with a few years left to go before retirement, life insurance can help make sure that your partner gets to enjoy the life you dreamed of together.

#### 7.6.7 To provide a source of cash during your lifetime:-

Permanent life insurance policies can provide financial support during your lifetime as well as after your death. Permanent life insurance lasts your whole lifetime as long as you pay your premium, and it builds cash value over time. You can borrow from it tax free or use it as collateral for a loan.

#### 7.6.8 To cover end-of-life expenses:-

Life insurance can help cover costs that come up at the end of life. Final expense insurance is designed especially for this purpose. Since final expense policies provide a smaller death benefit, typically up to \$35000, these policies are usually very affordable. Its also easy to quality, with no waiting period for approval and no medical exam required.

#### 7.6.9. To leave an inheritance:-

Want to leave something behind for kind or grand kinds to help them reach their own financial goals? Life insurance is one of the easiest and most affordable ways to do it.

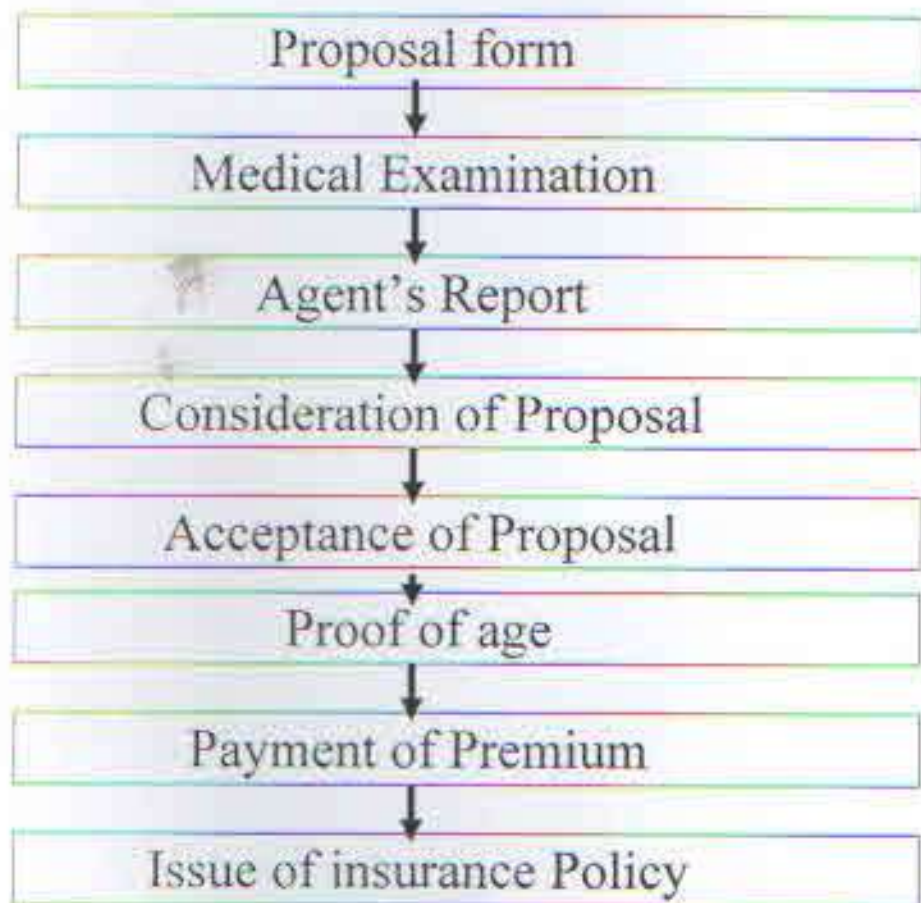
You can also leave an inheritance to an organization, like a charity. Depending on how you do it, there might be some tax advantages involved as well.

#### 7.6.10.To give your family more control over their financial future:-

There are plenty of good reasons to buy life insurance, but its also important to remember that it come with no strings attached. Your family can use the money for what ever they need, and the payout is generally tax-free. Every family's needs are different and so are their dreamer.

## 7.7 Procedure of Getting Life Insurance

Underwriting the life insurance policy and insurance documents  
Different steps regarding procedure of undertaking the life insurance policy are shown in the following chart. In fact, undertaking procedure starts when the selling procedure ends successfully :



## Proposal form:-

The commencement of the proceeding of life insurance happens with the execution of a proposal for insurance. An interested person has to fill necessary facts and information in the prescribed proposal form. Life insurance corporation has printed proposal form and the willing person has to use only the printed proposal form.

A Proposal form may be obtained from the life insurance agent or from the life insurance company office. In the proposal form of life insurance company needs two types of information. First personal information and second family information.

The information needed must be given clearly and in words because the company does not accept a line, dot or any other symbol as answer. The proposal form must be signed by the willing person.

An insurance proposal form may be divided into three categories on the basis of the description given in it:

1. Personal information.
2. Family information.
3. Declaration.

### 1. Personal information:-

Under this a proposer has to give description regarding various aspects relating to him. Mainly, life insurance company demands the following information from the proposer :

- i. Name of the proposer, short name, nationality, address, present occupation.
- ii. The duration of insurance properly indicated in the given table, insurance sum, insurance instalments, mode of payment.
- iii. Date of birth, age as on the nearest birthday, description of age certificate, birth place.



- iv. Object of insurance.
- v. Name of the nominee, relation with proposer, age and address.
- vi. If proposer is an employee of navy, army or air services then essential description regarding this.
- vii. Description regarding health, normal health position, description of using alcohols etc. information of specific diseases suffering from, recommendation of the doctor.
- viii. Special information in case of insurance with medical checkup.
- ix. Special description in case of female proposer, educational qualifications sources of income, name of husband and his business etc. in case of married.
- x. Name and address of many friend for reference.
- xi. Description relating to prior insurance policies, insurance policy number, insurance sum, year of issuing, accepted rate of premium.

## 2. Family information:-

The proposer has to give description of his family and health of family members. In this the description of both family members. Alive dead, is included. The information given under this are as follows:

- III. Father, mother, real brothers, sisters, husband/wife, of death, age at the time of death, reason of death.
- IV. Specific mention of the disease in case of any family member alive or dead or any relative of family with a description of those presently suffering from diseases .

## 3. Declaration:-

In the end of the proposal from a declaration is made by the proposer that he has provided all information after

understanding the desired requirements in the proposal from very well and that information given is correct and up-to-date to the best of his knowledge and no information has been concealed by him.

The proposer also mentions in this declaration that statement and declaration given would be the basis of insurance contract between him and life insurance company and if there would be any untrue statement found then the contract will be cancelled completely and the total amount paid in this relation would be forfeited by the corporation.

In this declaration proposer also given his consent to provide any other information even afterwards.

In the end of the declaration proposer signs and other person has to sign as witness. If proposer is illiterate then his thumb impression is also witnessed and verified.

#### Medical Examination:-

If insurance is not without a medical examination then the corporation arranges for the medical examination of the proposer. The medical examination is done by recognized doctors of the corporation.

Such recognized doctors are available everywhere. The medical examination of the proposer is done on the basis of some general points of reference and the information given in the proposal form.

In this examination the appointed doctor perform a general checkup of the proposer's heart lungs, blood pressure, digestion system and measure chest, stomach weight and note down the physical limitations or characteristics of the entire body.

#### Agent's Report:-

The agent of life insurance company, through whom the proceeding carried on, dispatches separate report to the

company regarding the proposer. This report of agent is also confidential.

This reports is prepared after the medical examination. In this report agents discloses the following points:

- i. For how long he knows the proposer and whether he is the agent's elative or not.
- ii. His estimation of proposer's age and education qualifications.
- iii. Sources of income of proposer.
- iv. Normal health of the proposer.
- v. Identifiable marks on the proposer's body and his physical measurement.
- vi. Circumstances to increase the probability of risk.
- vii. Recommendation for proposal form acceptance in affirmative or negative.

#### Consideration of Proposal:-

Duly filled and signed by the proposer the proposal form is considered by the corporation after receiving the medical examination report in the corporation office.

At the time of consideration on the proposal, minuts study is about the information given by the proposer and confidential reports given by the doctor and agent it is decided that what is the nature of risk, is it to be accepted on additional premium or at the normal premium rate or the proposal must be rejected completely.

#### Acceptance of Proposal:-

After considering the proposal and reaching the decision to accept the proposal, the company dispatches a letter to the proposer which is the indicator of the acceptance of the proposal by the corporation. This latter is known as acceptance letter.

Through this letter first instalment of premium is also demanded from the proposer. after acceptance of the proposal by the company and payment of the first installment of this insurance premium by the proposer, risk of the company commences.

### Proof of Age:-

Since the insurance premiums are worked out on the basis of age at entry, it is important to give the exact date of birth.

Generally, the insurer insists that proof of age must be submitted along with the proposal. the following types of proofs of age would be generally acceptable to the insurer:

- (a) A certified extract from municipal or other records made at the time of birth. In most of the cases child's name is not generally mentioned in the birth certificate.

When a birth certificate is produced, it is normally insisted that the person who produces it should be requested to confirm that it pertains to the assured.

Tallying the father's name as given in the birth certificate with that given in the proposal is also done.

- (b) A certificate of baptism or certified extract from family bible if it contains age or date of birth.
- (c) A certified extract from school or college records if age or date of birth is stated therein. The certificate should be on the letter-head of the school or college.
- (d) A certified extract from service register in the case of government employees and employees of quasi-government institutions including public undertakings.
- (e) A passport issued by government of India.

### (vii). Payment of Premium:-

As it has been explained that the risk of the company commences from the time of its dispatching the

acceptance letter to the proposer and the payment of the installment of premium made by the proposer.

Hence, proposer has to pay the premium just after receiving the acceptance letter.

#### (viii) Issue of Insurance Policy:-

At the last stage of doing life insurance, the company undertakes the proceedings regarding preparation of the insurance policy and after preparation it forwards the policy at the insured's address.

The insurance policy bears the signatures of the authorized persons and it also includes the name and address of insured, type of insurance, insurance duration, insurance amount, premium payment method and terms regarding insurance. The insurance policy also carries on it the necessary stamps.

## 7.8 Types of Life Insurance

The different types of life insurance plans :

### 7.8.1 Term Insurance Plans:-

Term insurance protects you family's financial future if something were to happen to you. Designed as a simple and affordable way to give financial cover, a term plan a vital part of financial planning for the primary wage earner in a family.

Term insurance is a pure protection plan and is not market linked moreover, the premium for term insurance are lower as compared to any other life insurance protect the premium are also more affordable if you buy them early in life.

### 7.8.2. ULIPS- Unit Linked Insurance Plans:-

A unit linked insurance plan (ULIPS) is a combination of insurance and investment. A ULIP provides life cover that offers financial protections for your loved ones. In addition to linked returns from systematic investments.

A ulip offers you the opportunity to invest your money in different fund options, depending on your risk appetites – ulips come with a 5-year lock-in period, and the money can be invested in bonds, equities, hybrid fund, etc. if you are looking for safer options, bonds can be a good choice.

### 7.8.3. Endowment Insurances plans:-

Endowment plans are ideal for people who want guaranteed returns only with the protection of life insurance policy that provides life coverage along with an opportunity to save regularly. This enables you to receive a lump sum amount on the maturity of the policy

in case of death during are policy term, your nominee (s) also receives a death benefit. this it also gives you the potectential to create wealth through market

#### 7.8.4. Money Bank Insurance Plan:-

A money bank plan is a life insurance policy where the insurance policy where the insured at steady intervals. Since you save regularly , the money back plan rewards you regularly. In simple words, a money back plan is an endowment plan with systematic payments. Money back plan are designed to help you meet your short-term financial goals. The money back feature can add to your monthly or yearly income.

#### 7.8.5. Whole life Insurance Plan:-

A whole life insurance plan is a life insurance policy that gives you life coverage for 99 years. Unlike other policies that have a relatively shorter term of 10-30 years, the long coverage period of such plans ensures protection for your family for an extended period of time.

Whole insurance plan offer a lot of stability. After paying one premium for 5 years, you get a guaranteed income on maturity. Moreover, one income received from a whole life insurance policy is tax - free subject to section 10 (100) of the income Tax act of 1961.

#### 7.8.6. Child Insurance Plan:-

Children deserve one best, and a child insurance plan helps to build a corpus for your child's future. A child plan is one of the most vital financial planning tools for parents. There plans can help you build a significant sum plans for your child's education and marriage expenses.

A child plan provides maturity benefits either in the form of annual installment or as a one-time payment after one child turns 18. there is also inbuilt insurance average for the parent. Protection is an important part of a child plan because of premium is paid by one parent. In case of an unfortunate event where one policy term, child plans can give. Immediate payment to cover a child's Expenses.

#### 7.8.7. Retirement Insurance Plans :-

Retirement plans are designed to help you build a sizeable corpus for your post- retirement days. They help you gain financial independence in your non-working years. A retirement plan allows you to save and invest for the long-term, there by offering the potential to accumulate a significant amount of wealth . since retirement plans offer insurance benefit, you can also ensure financial security for your loved ones by investing in these plans.



## 7.9.Causes of Life Insurance

The following are the causes of life insurance:

### 7.9.1.Means of collection of saving:-

Considering the significance of savings in financial terms fulfillment of plans, the method of collection of savings through insurance may be used. According to desh mukh, nationalization of insurance shall be a step a head in the saving collection from the public.

### 7.9.2.Wind up of insurance companies:-

Shir desh mukh also said that although insurance business is a business in the true sense, if conducted efficiently, then there are no chances of failure, but winding up of many insurance companies during the past shows that they had not been managed efficiently.

### 7.9.3.Fraud in investment:-

The main reason of nationalization is the fraudulent behavior of life insurance companies in the investment of their resources. Investing the funds in the lower positioned companies by the official of the insurance companies had negative impact on the economic condition of the companies and also had polluted the channelisation of investments.

### 7.9.4.Safety of interests of insurance policyholders:-

Mystification of life insurance funds against the interests of insurance policyholders was one of the main causes of nationalization. The insurance funds were used for the capital requirements.

## 7.10 Conditions & Privileges of Life Insurance Policy

An insurance policy is known as a document given to the assured after the signatures in an authorized manner mentioning conditions and subject matter of life insurance.

According to this form, subject matter of insurance policy may be divided into the following parts:

1. Schedule
2. The contract operating clause
3. Provisions
4. Attestation
5. Conditions and Privileges

Brief description of subject matter of insurance policy is as under:-

### (1) Schedule:-

To provide all required information in the life insurance policy regarding insurance related subjects in brief, a first hand schedule is printed through which all the desired information is communicated.

The following contents are included in the schedule:

- (i) Policy number
- (ii) Date of commencement of risk.
- (iii) Completion date.
- (iv) Insurance sum.
- (v) Premium installment.
- (vi) Short name.
- (vii) Due-date, payment-method, last payment-date.
- (viii) Age, Age certificate, date of birth.
- (ix) Nominated person .
- (x) Date of proposal.

(xi) Name and address of proposer and assured.

(2) The Contract Operating Clause:-

In the contract operating clause insurer warrants to give insurance sum on maturity of insurance according to the terms relating to proposal of assured, declarations and payment of premium.

According to this clause, operation of contract depends on the fulfillment of terms by the assured regarding insurance and the liability of payment of premium by him towards fulfillment of needs of the contract. The insurer provides his consent on the basis of the statement and references included called as 'The Rule of Undisputed'.

(3) Provisions:-

Under this clause, it is declared by the insurer that policy will be under the printed terms, facilities and schedule of the insurance policy and noted endorsement by the LIC will be treated as contents of the insurance policy.

(4) Attestation:-

At the end of the declaration, any person authorized by the corporation signs on the insurance policy and the date of issuing insurance policy is also mentioned.

(5) Conditions and Privileges:-

The conditions and privileges given in the insurance policy may be divided in the following groups as per convenience as study:

- (a) Condition relating to nature of the contract.
- (b) Condition regarding probability of the contract.

- (c) Privileges.
- (d) Other facilities.
- (e) Payment-method and payment-receiver.

(a) Condition relating to nature of the contract:-

In these conditions, proof of age, payment of premium, forfeiture under special circumstances, assignment and nomination relating conditions are included.

(b) Condition restricting the contract:-

Suicide:-

Suicide has been considered as an insurance risk but suicide within one year of the commencement of risk makes the policy liable to be cancelled.

ii. Restriction on interest-Benefit in the claims relating to disability or death:-

There are some restriction that have been laid down to confine the claim for either the interest benefit or other facilities relating to death or disability, which would be mentioned separately under the heading of other facilities.

iii. Privileges:-

Certain privileges are also allowed to the life insurance policy holders. These privileges may be classified as under:-

- i. Grace period:- A life insurance policy also contains a grace period during which the policy holder has a certain period of days/months to pay an overdue premium. The insurance remains in force during the grace period. This privilege also stipulated that if the insured dies within the grace period, the overdue

premium is deducted from the policy proceeds or from the claim amount.

- ii. **Revival of discontinued policies:-** A life insurance policy lapses if the premium due is not paid before the expiry of the days of grace. The revival permits the owner to reinstate a lapsed policy. Revival is a fresh contract wherein the insurer can impose fresh terms and conditions.
- iii. **Non-forfeiture regulation:-** As per the insurance act, 1938 a life insurance policy where under premium have been paid for a continuous period of three years cannot wholly lapse and will have to acquire some value. The privilege is referred to as 'Non-forfeiture' regulations.
- iv. **Reinstatement (Revival) of close policies:-** As it has been discussed earlier, a policy becomes lapsed in case of non-payment of premium even during the grace period. But there is a provision if assured during his life time before the completion date of policy, within five years, from the date of non-payment of premium.
- v. **Rule regarding security against forfeiture:-**The corporation also has a provision that is minimum three years premium has been paid, then according to rules, the policy will not be illegal, even in case of non-payment of any premium further after three years. Such policy will be paid up from the remaining amount.
- vi. **(A) Surrender value:-** Under section not 113 of insurance act, 1938 the policy of life insurance under which the whole of benefit become payable on a contingency, which is bound to happen shall if premium have been paid for at least 3 consecutive years, acquire a guaranteed surrender value to which shall be

added the surrender value of any subsisting bonus already attracted to the policy.

The surrender value factor depends upon the following:-

1. Rate of interest earned by the insurer.
2. The payment made in advance for number of years.

To illustrate the paid-up and surrender value the examples are given below.

Example:

(A) Plan : jeevan Tarn (934)

Age : 1

Term : 24

PPT :19

Sum assured: 400000

Death S.A. : 500000

Option 1 Selected : No Survival, M.B. 100%

S.A.

PWB Rider: yes

Propose Age: 30

1<sup>st</sup> year premium with tax 4.5% :

Yearly : 18913 (18099 + 814)

Halfly : 9561 (9149 + 412)

Quarterly : 4832 (4624 + 208 )

Monthly(ECS): 1610 (1541 + 69)

YLY Mode Average Premium/ Day:51

After 1<sup>st</sup> year premium with tax 2.25% :

Yearly : 18506 (18099 + 407)

Halfly : 9355 (9149 + 206)

Quarterly : 4728 (4624 + 104)  
Monthly (ECS) : 1576 (1541 + 35)  
YLY Mode Average Premium/Day :50  
Total Approximate Paid Premium: 352021  
Bonus : 432000  
F.A.B. : 140000  
Approximate Return at Maturity Time 25<sup>th</sup> Year  
(100% SA + Bonus + F.A.B.) : 972000  
Total Approximate Return : 972000

(B) Plan :Money Back 25 Year- 921

Age : 18  
Term :25  
Premium Paying Term :20  
D.A.B. : 300000  
Death Sum Assured : 375000  
Basic Sum assured : 300000

1<sup>st</sup> year premium with tax 4.5% :-

Yearly : 18121 (17341 +780 )  
Halfly : 9154 (8760 +394 )  
Quarterly : 4624 (4425 +199)  
Monthly(ECS) : 1541 (1475 +66)  
YLY Mode Average Premium/ Day : 49

After 1<sup>st</sup> year premium with tax 2.25%:

Yearly : 17731 (17341 +390 )  
Halfly : 8957 (8760 + 197 )  
Quarterly : 4525 (4425 + 100)  
Monthly(ECS): 1508 (1475 + 33)

YLY Mode Average Premium/Day : 48  
Total Approximate Paid Premium : 355010  
Money Back At:  
5<sup>th</sup> Year : 45000  
10<sup>th</sup> Year : 45000  
15<sup>th</sup> Year : 45000  
20<sup>th</sup> Year : 45000  
Bonus : 307500  
F.A.B. : 67500  
Approximate Return at Maturity Time 25<sup>th</sup> Year  
(40% SA + Bonus + F.A.B. ): 495000  
Total Approximate Return : 675000

(B) Guaranteed surrender value : The insurance policy becomes eligible for surrender after paying the premium till the fixed period. After surrendering the policy, cash value may be received, if premium has been paid for minimum 3 years period.

vi. Loan: At present, loan proposals are accepted by the corporation up to the surrender value of policies. The minimum amount of loan is Rs.250. there is a provision of payment of interest on half-yearly basis on the loans. The loans are not given for less than 6 months duration. This facility regarding advances is available or not, it is mentioned in the terms of the policy.

#### (D) Other Facilities :

Accident interest benefit: In case of physically- handicapped condition of the assured or death, there is a provision of accident interest benefit as an additional facility.

According to this provision, assured may get accident interest benefit, if before the due date of last policy, on



which assured age will be 65 years (which ever is earlier).  
Accident interest benefit becomes due in two situations:

- (a) In case of physically- handicapped state of assured.
- (b) In case of death of assured.

**(E) Payment method and Payment Receiver:**

In insurance policy these two aspects are also aspects are also included and described. The payment method depends on the nature of insurance policy. The payment is made to assured himself or to his nominee or assignee or otherwise to his representative.

## VIII. ADVANTAGES OF LIFE INSURANCE

The following are the main life insurance advantages:

### 8.1. Return on Investment:-

Advantages of life insurance as an investment. Whenever you visit a financial advisor for financial planning you can see that most of them suggest you go for life insurance. They encourage you to invest in life insurance so that you and you loved ones are not only protected but also a considerable amount of return can be obtained from the policy.

### 8.2. Death Benefit:-

In case of any unexpected event to you, which results in the loss of income to the family, the insurance company provides compensation in the form of the death benefit to the family. The nominee of the insured receives the death benefit as well as the accrued bonus if any, depending on the types of the policy. The death benefit can be claimed as a lump sum or monthly benefit, in which the monthly benefit option can be a boon for the family having old age people or disabled people.

### 8.3. Financial Security:-

This is the main advantage of life insurance. The main purpose of life insurance is financial protection. If the sudden demise of the insured can put the family in jeopardy. With no regular income, the family may soon face a financial crisis. Having a life insurance policy helps your family come out from any financial crisis after your sudden demise.

#### 8.4. Income tax exemption:-

The premium paid under the life insurance policy are eligible for income tax exemption under section 80 c. At present under this section of income tax, you can avail of a maximum tax deduction of Rs. 1.5 lack.

#### 8.5. Additional Coverage :-

Additional coverage is also called riders. The riders allow your to increase the coverage and get comprehensive coverage. Riders may include coverage against personal accident, waiver of premium payment , critical illness, loss of income due to a disability, etc.

#### 8.6. Loan Availability:-

In the event of any emergency such as a college fee or property purchase, the loan can be availed against you life insurance policy. These days almost all insurance companies are providing this option. When you apply for a loan a certain amount of your sum assured is provided as the loan amount.

#### 8.7. Retirement Income :-

Life insurance policies can also be taken for the purpose of regular income after retirement. These policies are called annuity policies and are available with event life insurance company. If you take an annuity policy and pay a premium till your retirement monthly income is paid to your by the insurance company.

## IX. DISADVANTAGES OF LIFE INSURANCE

The following are the main life insurance disadvantages:

### 9.1. High Premium For Aged People:-

This is the major disadvantage of life insurance policy. The higher the age the higher would be the premium to be paid in the life insurance. This is due to the simple fact that the risk increases with the age so is the premium. So, it is advisable to take life insurance at a very early age to prevent yourself from paying high premiums.

### 9.2. Difficult To Calculate The Returns:-

The returns on the life insurance policies are quite complicated and it is highly difficult to predict the returns. The returns from life insurance are purely based on market condition and performance. So a particular figure is difficult to arrive at in the case of life insurance unlike PPT and other fixed deposit schemes.

### 9.3. Complex Policies:-

In India, many insurance companies offer different types of life insurance plans. You can choose the best life insurance plan as per your requirement. But it can also create confusion in the minds of the customer because different insurance policies have different features.

### 9.4. Insurance Companies May Not Pay The Benefits:-

The insurance companies use various tricks to avoid paying the benefits even after the maturity of the policy and also they have denied paying the sum assured or the death benefit to the policyholder or the nominee. They would mention many hidden changes or clauses to reduce the payout. So, it is important to carefully understand the details of the policy and choose a company that has a positive pay-cut rate.

#### 9.5. Awareness Of Exclusion, Hidden Clauses:-

Any financial product available in the market certainly has some exclusion and hidden clauses incorporated into it. It is your responsibility to find out those clauses and choose the right life insurance policy. For example, most of the policies don't pay for suicide the first year and almost all the policies exclude loss of life due to drug overdose or involvement in criminal activities.

## X. CONCLUSION

Insurance is a tool by which fatalities of a small number are compensated out of funds collected from plenteous. Insurance is a safeguard against uncertain events that way occur in the future. Company image is the highly important criteria that consumers consider before taking up a life insurance . this is mainly because people expect safety and secure for their money which they invest, followed by the factor premium which we pay to the insurer and then bonus and interest paid by the company, services etc.

LIC dominates the Indian insurance industry. In today's competitive world, customer satisfaction has become an important aspect to retain the customer, not only to grow but also to serve. Increased competition, wide range of product offerings and multiple distribution channels cause companies to value satisfied and highly profitable customers. Customer service is the critical success factor in a company and providing top notch customer service differentiates great customer service from indifferent customer service.

## XI. EFFECTIVE RESEARCH SUGGESTION

1. To increase the level of insurance penetration LIC may focus on bringing products that suit to the rural customers.
2. The company if possible should invest in advertising, conduct road shows, and spend money on hoardings, so that it can better propagate awareness about its various lesser known products.
3. LIC should also tie up with several other banks apart from the existing ones to sell its products i.e. through bank assurance.
4. The company has the option of tying up with local NGO's for selling its rural insurance products.
5. Customer friendly documentation i.e. it should be made easier and faster.
6. LIC should keep a check that its agents equally promote all its products.
7. LIC may provide additional funds to its development officers and agents.
8. All the hidden charges should clearly be stated in the form and explained and LIC should provide better training to its agents.
9. Claim settlement process should be made fast and must not involve lengthy decision making process.
10. Some special focus should be laid on individual risk coverage while designing the products.
11. People becoming more aware and demanding so there is scope for a whole lot of innovative products.
12. To sell insurance products through electronic medias.
13. The lack of comprehensive social security system combined with a willingness to save means that Indian people demand

for pension products will be large. Thus, it has become an opportunity for the life insurance industry.

14. Easy accesses to development in the more advance market provider further opportunity to up upgrade their working. Technological financial or specific area based avenues of absorbing improved system are also now more easily available. So, that insurance companies working efficiently and fast service.



## XII. LIST OF REFERENCE

S. No.	Name of Books	Name of Authors
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2.	Fundamental Principal of Insurance	M. Eswari Karthikeyan
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