ANALYSIS AND SELECTION OF INSURANCE PRODUCTS AND ITS PROVIDER
SELECTION OF INSURANCE COMPANY

- Company Reputation
- Legal Accreditation
- Financial Stability
- Locality
- Customer Service
- Price
- Disclosure
- Product Suitability
- Discounts
- Claim Payment
## Needs Analysis

### Life Insurance
- Purpose
- Dependents
- Liabilities
- Medical History
- Children Education
- Retirement Fund
- Regular Income / Lump Sum
- Other Liabilities & contingencies

### Non-Life Insurance
- Capital Protection
- Business Continuity
- Assured Profits
- Protection of Assets
- Protection from Liability Claims
INSURANCE COVERAGE

• Protection & Safety
• Indemnity
• Continuity and Stability
• Peace of Mind

CONSIDERATIONS

Type of Risks Exposed
Amount of Coverage
Affordability of Premium
Types of Coverage
DURATION OF COVERAGE

• Period of Coverage
• Point of Coverage
• Amount of Coverage for Certain Duration
  • Increased Value Policies
  • Decreased Value Policies
PARTICIPATING & NON-PARTICIPATING

• Participation in the Profits of Insurance Company
• Basically works in Life-Insurance
• Also known a PAR and NON-PAR Policies
PARTICIPATING POLICIES

- Excess Premium charged as LOADING for overheads/reserves.
- High premium protect Insurer from retained risks
- Pay-out in the form of Dividends
- Dividend based on experience and anticipated future losses
- Tax exemption for Dividends
- No guaranteed bonus/dividend
- Profits can be routed by Lowering Future Premium or Increase the Face value of the Policy.
  - Eg: Endowment Plans, ULIPs
NON-PARTICIPATING POLICIES

- Lower Premium than Participating policies.
- No share in profits of Insurer
- Fixed benefits and Premium Rate
- Benefits are clearly defined or linked to Index
  - Eg: Term Insurance
COST BENEFIT ANALYSIS

A tool for analysis of costs and benefits to society where quantification in monetary terms is not feasible.

Identification of Costs & Benefits of Insurance

Evaluation of Costs & Benefits of various policies

Choice of Insurance Policy
PRINCIPLES OF COST BENEFIT ANALYSIS

- Common Unit of Measurement
- Valuations should represent Producers or Consumers
- Benefits are measured by Market Choices
- Some benefits require valuation of human life
- With or Without comparison
CBA INDICATORS

- Net Present Value (NPV)
- Present Value of Benefits (PVB)
- Present Value of Costs (PVC)
- Benefit Cost Ratio (BCR = PVB/PVC)
- Net Benefit (PVB – PVC)
DIFFICULTIES IN COST BENEFIT ANALYSIS

- Difficulty in measuring intangible costs and benefits
- Results are affected by market conditions and economy
- Uneven distribution of benefits
- Discounting Future Costs and Benefit
- Unit of Accuracy
- Determining inclusion of Costs and Benefits
CLAIM SETTLEMENT

- A Demand on the Insurer to fulfil its promise, as per the terms and conditions of the policy is POLICY CLAIM.
- The procedure and process depends on Type of Insurance, policy and assets involved.
- Claim is the point of time when Insurer serves the Policyholder / Beneficiary.
- Claim settlement may / may not lead to end of business.
CLAIM SETTLEMENT

Claim Settlement Ratio

\[
\frac{\text{Total Number of Claims Approved}}{\text{Total Number of Claims Received}}
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TYPES OF CLAIMS – LIFE INSURANCE

- SURVIVAL BENEFIT CLAIM
- MATURITY BENEFIT CLAIM
- DEATH BENEFIT CLAIM
<table>
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