

A PROJECT REPORT ON
**“THE STUDY ON COMPARATIVE
ANALYSIS OF UNIT LINKED
INSURANCE PLAN”**

A Project Submitted to
University of Mumbai for Partial Completion of the Degree
of Bachelor in Commerce (Accounting and finance)
Under the Faculty of Commerce

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Under the Guidance of
‘ASST. PROF. DR. KISHOR CHAUHAN’

JNAN VIKAS MANDAL’S
Mohanlal Raichand Mehta College of Commerce
Diwali Maa College of Science
Amritlal Raichand Mehta College of Arts
Dr. R.T. Doshi College of Computer Science
NAAC Re-Accredited Grade 'A+' (CGPA : 3.31) (3rd Cycle)
Sector-19, Airoli, Navi Mumbai, Maharashtra 400708



FEBRUARY, 2024.



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CERTIFICATE

This is to certify that **MS. PRACHI SUNIL JAGTAP.** has worked and duly completed his Project work for the degree Bachelor in Commerce (Accounting and Finance) under the Faculty of Commerce in the subject of **ACCOUNTING AND FINANCE** and his project is entitled, "**THE STUDY ON COMPARATIVE ANALYSIS OF UNIT LINKED INSURANCE PLAN**". Under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his own work and fact reported by her personal finding and investigations.

Guiding Teacher,

ASST. PROF. DR. KISHOR CHAUHAN.

Date of submission:

DECLARATION

I the undersigned **MS. PRACHI SUNIL JAGTAP** here by, declare that the work embodied in this project work titled “**THE STUDY ON COMPARTIVE ANALYSIS OF UNIT LINKED INSURANCE PLAN**”, forms my own contribution to the research work carried out by me under the guidance of **ASST. PROF. DR. KISHOR CHAUHAN** is a result of my own research work and has been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

(PRACHI SUNIL JAGTAP)

Certified by:

ASST. PROF. DR. KISHOR CHAUHAN.

ACKNOWLEDGEMENT

To list who all have helped me is difficult because they are so numerous and the depth is so enormous.

I would like to acknowledge the following as being idealistic channels and fresh dimensions in the completion of this project.

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CHAPTER : 1

HISTORY OF LIFE INSURANCE COMPANY

SYNOPSIS

➤ **HISTORY :-**

The story of insurance is probably as old as the story of mankind. The same instinct that prompts modern businessmen today to secure themselves against loss and disaster existed in primitive men also. They too sought to avert the evil consequences of fire and flood and loss of life and were willing to make some sort of sacrifice in order to achieve security. Though the concept of insurance is largely a development of the recent past, particularly after the industrial era – past few centuries – yet its beginnings date back almost 6000 year.

Life Insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian Soil. All the insurance companies established during that period were brought up with the purpose of looking after the needs of European community and Indian natives were not being insured by these companies. However, later with the efforts of eminent people like Babu Muttylal Seal, the foreign life insurance companies started insuring Indian lives. But Indian lives were being treated as sub-standard lives and heavy extra premiums were being charged on them. Bombay Mutual Life Assurance Society heralded the birth of first Indian life insurance company in the year 1870, and covered Indian lives at normal rates. Starting as Indian enterprise with highly patriotic motives, insurance companies came into existence to carry the message of insurance and social security through insurance to various sectors of society. Bharat Insurance Company (1896) was also one of such companies inspired by nationalism. The Swedish movement of 1905-1907 gave rise to more insurance companies. The United India in Madras, National Indian and National Insurance in Calcutta and the Co-operative Assurance at Lahore were established in 1906. In 1907, Hindustan Co-operative Insurance Company took its birth in one of the rooms of the Jorasanko, house of the great

poet Rabindranath Tagore, in Calcutta. The Indian Mercantile, General Assurance and Swedish Life (later Bombay Life) were some of the companies established during the same period. Prior to 1912 India had no legislation to regulate insurance business. In the year 1912, the Life Insurance Companies Act, and the Provident Fund Act were passed. The Life Insurance Companies Act, 1912 made it necessary that the premium rate tables and periodical valuations of companies should be certified by an actuary. But the Act discriminated between foreign and Indian companies on many accounts, putting the Indian companies' disadvantage.

The first two decades of the twentieth century saw lot of growth in insurance business. From 44 companies with total business-in-force as Rs.22.44 corer, it rose to 176 companies with total business-in-force as Rs.298 crore in 1938. During the mushrooming of insurance companies many financially unsound concerns were also floated which failed miserably. The Insurance Act 1938 was the first legislation governing not only life insurance but also non-life insurance to provide strict state control over insurance business. The demand for nationalization of life insurance industry was made repeatedly in the past but it gathered momentum in 1944 when a bill to amend the Life Insurance Act 1938 was introduced in the Legislative Assembly. However, it was much later on the 19th of January, 1956, that life insurance in India was nationalized. About 154 Indian insurance companies, 16 non-Indian companies and 75 provident were operating in India at the time of nationalization. Nationalization was accomplished in two stages; initially the management of the companies was taken over by means of an Ordinance, and later, the ownership too by means of a comprehensive bill. The Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost.

LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. Since life insurance contracts are long term contracts

and during the currency of the policy it requires a variety of services need was felt in the later years to expand the operations and place a branch office at each district headquarter. Re-organization of LIC took place and large numbers of new branch offices were opened. As a result of re-organization servicing functions were transferred to the branches, and branches were made accounting units. It worked wonders with the performance of the corporation. It may be seen that from about 200.00 cores of New Business in 1957 the corporation crossed 1000.00 cores only in the year 1969-70, and it took another 10 years for LIC to cross 2000.00 core mark of new business. But with re-organization happening in the early eighties, by 1985-86 LIC had already crossed 7000.00 core Sum Assured on new policies.

Today LIC functions with 2048 fully computerized branch offices, 113 divisional offices, 8 zonal offices, 1381 satellite offices and the corporate office. LIC's Wide Area Network covers 113 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some Banks and Service providers to offer on-line premium collection facility in selected cities. LIC's ECS and ATM premium payment facility is an addition to customer convenience. Apart from on-line Kiosks and IVRS, Info Centers have been commissioned at Mumbai, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi, Pune and many other cities. With a vision of providing easy access to its policyholders, LIC has launched its SATELLITE SAMPARK offices. The satellite offices are smaller, leaner and closer to the customer. The digitalized records of the satellite offices will facilitate anywhere servicing and many other conveniences in the future.

LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on a new growth trajectory surpassing its own past records. LIC has issued over one corer policies during the current year. It has crossed the milestone of issuing 1,01,32,955 new policies by 15th Oct, 2005, posting a healthy growth rate of 16.67% over the corresponding period of the previous year. From then to now, LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. The same motives

which inspired our forefathers to bring insurance into existence in this country inspire us at LIC to take this message of protection to light the lamps of security in as many homes as possible and to help the people in providing security to their families.

» **Some of the important milestones in the life insurance business in India are:**

1818: Oriental Life Insurance Company, the first life insurance company on Indian soil started functioning.

1870: Bombay Mutual Life Assurance Society, the first Indian life insurance company started its business.

1912: The Indian Life Assurance Companies Act enacted as the first statute to regulate the life insurance business.

1928: The Indian Insurance Companies Act enacted to enable the government to collect statistical information about both life and non-life insurance businesses.

1938: Earlier legislation consolidated and amended to by the Insurance Act with the objective of protecting the interests of the insuring public.

1956: 245 Indian and foreign insurers and provident societies are taken over by the central government and nationalized. LIC formed by an Act of Parliament, viz. LIC Act, 1956, with a capital contribution of Rs. 5 corer from the Government of India.

The General insurance business in India, on the other hand, can trace its roots to the Triton Insurance Company Ltd., the first general insurance company established in the year 1850 in Calcutta by the British.

» **Some of the important milestones in the general insurance business in India are:**

1907: The Indian Mercantile Insurance Ltd. set up, the first company to transact all classes of general insurance business.

1957: General Insurance Council, a wing of the Insurance Association of India, frames a code of conduct for ensuring fair conduct and sound business practices.

1968: The Insurance Act amended to regulate investments and set minimum solvency margins and the Tariff Advisory Committee set up.

1972: The General Insurance Business (Nationalization) Act, 1972 nationalized the general insurance business in India with effect from 1st January 1973.

107 insurers amalgamated and grouped into four company's viz. the National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd. and the United India Insurance Company Ltd. GIC incorporated as a company.



CHAPTER: 2

NATURE & SCOPE

SYNOPSIS

- **Introduction**
- **Nature & Scope**
- **Essentials of Life Insurance Contract**
- **Meaning and Definitions of Insurance**
- **Kinds of Insurance**
 - ❖ **Life Insurance**
 - ❖ **Health Insurance**
 - ❖ **Disability Insurance**
 - ❖ **Liability Insurance**
 - ❖ **Home Insurance**
 - ❖ **Property Insurance**
 - ❖ **Automobile Insurance**
 - ❖ **Rural Insurance**
 - ❖ **Credit Insurance**
 - ❖ **Casualty Insurance**

Nature and Scope of Life Insurance

- **Introduction**

It is not possible to predict the future or prevent many serious hazards events such as fire, disability, and premature death, etc. It is the function of insurance in its numerous forms to enable individual to safeguard themselves against such misfortunes by spreading the loss to the person who agreed to co-operate each

other at the time of loss by making contributions agreed to co-operate each other at the time of loss by making contributions to the common fund.

All Insurance Contracts except Life insurance are Contract of Indemnity. The Loss due to loss of life cannot be measured in the term of actual loss, therefore the insurer undertakes to pay a fixed amount in such kind of contingency. It is, therefore in the nature of Contingency Insurance. It provides payment on a contingent event.

In developing countries like India, it is very common and popular practice to bundle together a risk coverage and savings in the form of life insurance

Insurance is just the opposite of gambling. In gambling, a person exposes himself to the risk, there is of losing whereas, in the insurance, the insurance is always opposed to risk.

Essentials of Life Insurance Contract

➤ **Essentials of Life Insurance Contract are as follows**

- a) Offer and Acceptance
- b) Agreement
- c) Competency
- d) Free Consent
- e) Legal Consideration
- f) Lawful Object
- g) Consensus ad idem (Meeting of Mind)
- h) Utmost Good faith
- i) Insurable interest

(a) Offer and Acceptance

Like all other contracts, a contract of life insurance is also concluded through offer and acceptance. In life insurance contract offer can be made either by the insurance company or the applicant and the acceptance will follow.

(b) Agreement

There should be an agreement between the (insurer and insured) parties.

(c) Competency

It is important that in the contract of life insurance the parties must be competent to enter into a Life Insurance contract. (section 10 of the Indian Contract Act 1872 says that for the formation of a valid contract parties must be competent.)

Who is competent for a valid contract -

According to Section 10 of the Indian Contract Act, 1872 every person is competent to a contract - one who is major, Sound Mind, not disqualified by law,.

- i) Major - who is of the age of majority according to the law.
- ii) Sound Mind - One who is of sound mind.
- iii) Not disqualified by law - who is not disqualified from contracting by any law to which he is subject of.

However, the person who is not competent to contract can still be beneficiary of the contract with the help of provisions of section 11 of the Contract Act 1872.

(d) Free Consent

Free consent, free consent means both the parties agreed on the same thing for some purpose. When both parties to contract agreed and willing to abide by terms and condition of contract in the same sense and spirit, they are said to have a free consent. (Section 13 of the Indian Contract Act 1872). Where the consent is obtained through coercion, fraud, undue influence, misrepresentation or mistake about an essential fact, the contract becomes voidable at the option of the party whose consent was so caused, except fraud.

(e) Legal Consideration

There is no validity of a contract if there is no consideration, which is the act or promise offered by one party and accepted by the other as the price of his promise. In the Contract of Life Insurance Premium is Consideration. The insured gives premium as a consideration in return of which insurer undertakes to pay a

certain amount at a specified contingency. The contract of life insurance cannot be termed as a valid contract without the payment of the first premium.

(f) Lawful Object

The object of the life insurance contract should not be unlawful. According to Section 23 of the Indian Contract Act 1872 the object is unlawful which is -

- (i) Forbidden by law
- (ii) Immoral
- (iii) Opposed to public policy or
- (iv) which defeats the provision of any law

(g) Consensus ad idem (Meeting of Mind)

For the formation of a valid contract, both parties to contract should be of the same mind and there must be consent arising out of common intention. The understanding between the insurer and the insured person should be of the same thinking or mind. The reasons for taking the insurance policy should be understandable to both the parties.

Meaning and Definitions of Insurance

Insurance is a contract between two parties. Here one party is the insured and another party is the insurer. Insurance provides various advantages to the various field. The elementary purpose of insurance is to provide protection against future risk, accident and uncertainty.

Insurance is a contract between the insurer and insured under which the insurer undertakes to compensate the insured for the loss arising from the risk insured against. In simple words, Insurance is a contract in which one party (the insurer), for a consideration (the premium), assumes a particular risk of the other party(the insured) and promises to pay to the other party or his beneficiary, a certain or ascertainable sum of amount on the happening of specified contingency against which the insurance is asked for.

Some important definitions of Insurance are as follows -

Encyclopedia Britannica -

According to Encyclopedia Britannica, " Insurance may be defined as a social device whereby a large group of individuals, through a system of equitable contributions, may reduce or eliminate measurable risk of economic loss common to all member of the group"

Ghosh and Agarwal -

According to Ghosh and Agarwal," Insurance is a Co-operative form of distributing a certain risk over a group of persons who are exposed to it"

John Megi -

According to John Megi, "Insurance is a plan wherein persons collectively share the losses of risk"

Justice Tindal -

According to Justice Tindal, "Insurance is a contract in which a sum of money is paid to the assured in consideration of insurer's incurring the risk of paying a large sum upon a given contingency."

➤ **Kinds of Insurance**

There are many kinds of insurance available some of them are as follows

❖ **Life Insurance**

Life Insurance provides for your family or some other named beneficiaries on your death. Life Insurance guarantees a specific promised sum of money to a designated beneficiary upon the death of the insured, or the insurance if he survives the term of the policy. Life being the most important asset of an individual, Life Insurance enjoys the maximum scope. There are two general types of life insurance-1) Term Insurance and 2) Whole-life Insurance. Term insurance provides coverage only during the term of the policy and pays off only on the insured's death; on the other hand, Whole-Life Insurance provides saving as well as insurance and can let the insured collect before death.

Life policies are legal contracts and the terms of the contract describe the limitations of the insured events. Specific exclusions are often written into the contract to limit the liability of insurer; common examples are claims relating to suicide, fraud, war, riot etc.

❖ **Health Insurance**

Generally, Health Insurance covers the expenses incurred on the illness of the insured. Such as hospitalization, visits to the doctor's office, and prescription of medicines. It also has sub-type as dental insurance which is done to cover dental costs.

❖ **Disability insurance**

Disability Insurance provides economical support to a policyholder who is unable to work because of disabling illness or injury.

❖ **Liability insurance**

Liability Insurance covers legal claims against the insured. For example, a house owners insurance policy will protect the insured in the event of a claim brought by someone who slips and falls on the property; automobile insurance policy indemnifies against the harm done to others life, health or property which an insured might have to pay under certain circumstances. Liability insurance policies cover only the negligence of the insured, and will not apply to result of willful or intentional act by the insured.

❖ **Home Insurance**

Home Insurance provides protection to property and interests of the insured, his family members who permanently reside with the insured. Home Insurance is designated to cover various risk and contingencies faced by householders under a single policy.

❖ **Property insurance**

Property Insurance provides protection against risk to property such as damage, losses due to fire, theft and other named perils. It includes specified forms of insurance such as fire insurance, earthquake insurance, flood insurance etc.

❖ **Automobile Insurance**

Automobile insurance is perhaps the most held types of insurance. Typical automobile policy covers liability for bodily injury and property damage, medical payments, attorney's fees in case of a lawsuit. If a person gets an accident, it helps in recovering of the financial loss the person had. It is treated as a contract

between a person who is the victim of the accident and the insurance company. However, the insured has the option to cover his vehicle against own damage by paying an extra premium.

❖ **Rural insurance**

The rural insurance policy provides coverage for damage or total loss due to fire, flood, storm, Tornado, theft and specified diseases etc. Agricultural insurance, cattle insurance sericulture insurance are covered under rural insurance category.

❖ **Credit insurance**

Credit Insurance repays some or all of a loan when certain contingency happens to the borrower such as unemployment, disability or death.

❖ **Casualty insurance**

Casualty Insurance insures against accident, not necessarily tied to a specific property. The process of fast development in the society gave rise to a number of criminal acts. This particular insurance helps in providing support that covers policyholder against losses arising from the criminal acts of the third party.

CHAPTER : 3

OBJECTIVES OF LIFE INSURANCE CORPORATION

SYNOPSIS

- **Introduction**
- **Objectives of Life Insurance Corporation**
- **Primary Functions Of Insurance | Insurance Law**
 - ❖ **Provide protection**
 - ❖ **Ensure Certainty**
 - ❖ **Evaluate Risk**
 - ❖ **Distribution of risk / Collective Risk Sharing**
- **Secondary Functions of Insurance | Insurance law**
 - ❖ **Insurance Prevent Losses**
 - ❖ **Provides Capital and Help in Economic Progress**
 - ❖ **Ensure Welfare of Society**

- **Introduction**

The **Life Insurance Corporation** Act 1956 provides for the nationalization of life insurance business in India by transferring all such business to a Corporation established for the purpose and to provide for the regulation and control of the business of the Corporation and for matters connected therewith or incidental thereto. From its establishment, Life Insurance Corporation has crossed the major milestones and has faith unprecedented performance record in various aspects of life insurance business. Life Insurance Corporation which has entered into its 57th year has emerged as the world's largest Insurance Company in terms of number of policies covered. The Life Insurance Company's (LIC) total coverage of policies including individual, group and social schemes has crossed the 11 corer.

❖ **What is Life Insurance -**

Life Insurance provides for your family or some other named beneficiaries on your death. Life Insurance guarantees a specific promised sum of money to a designated beneficiary upon the death of the insured, or the insurance if he survives the term of the policy. Life being the most important asset of an individual, Life Insurance enjoys the maximum scope.

There are two general types of life insurance

- (1) Term Insurance and
- (2) Whole-life Insurance.

Term Insurance - Term insurance provides coverage only during the term of the policy and pays off only on the insured's death.

Whole-life Insurance - Whole-Life Insurance provides saving as well as insurance and can let the insured collect before death.

Life policies are legal contracts and the terms of the contract describe the limitations of the insured events. Specific exclusions are often written into the contract to limit the liability of insurer; common examples are claims relating to suicide, fraud, war, riot etc.

➤ **Objectives of Life Insurance Corporation**

Life Insurance Corporation of India was established on 1st September 1956 with the following objectives -

- 1) Spread life insurance widely and in particular to the rural areas, to the socially and economically backward classes with a view to reaching all insurable persons in the country and providing them adequate financial cover against death at a reasonable cost.
- 2) The maximization of mobilization of people's savings for nation building activities.
- 3) Provide complete security and promote efficient service to the policy-holders at economic premium rates.
- 4) Conduct business with utmost economy and with the full realization that the money

belongs to the policyholders.

5) Act as trustees of the insured public in their individual and collective capacities.

7) Meet the various life insurance needs of the community that would arise in the changing social and economic environment.

8) Promote amongst all agent and employees of the Corporation a sense of participation, pride and job satisfaction through discharge of their duties with dedication towards the achievement of corporate objectives.

7. Involve all people working in the corporation to the best of their capability in furthering the interest of the insured public by providing efficient service with courtesy.

➤ **Primary Functions Of Insurance | Insurance Law**

Introduction

Insurance is a contract between two parties, In Insurance Contract, one party is the insured and another party is the insurer. Insurance provides various advantages to the various fields. The elementary purpose of insurance is to provide protection against future risk, accident and uncertainty. According to William Beverage, Functions of Insurance can be divided into three categories - 1) Primary Function, 2) Secondary Function, and 3) Indirect Functions or other Functions.

Meaning of Insurance

Insurance is a contract between the insurer and insured under which the insurer undertakes to compensate the insured for the loss arising from the risk insured against.

In simple words, Insurance is a contract in which one party (the insurer), for a consideration (the premium), assumes a particular risk of the other party (the insured) and promises to pay to the other party or his beneficiary, a certain or ascertainable sum of amount on the happening of specified contingency against which the insurance is asked for.

Definitions of Insurance

According to Encyclopedia Britannica, “Insurance may be defined as a social device whereby a large group of individuals, through a system of equitable contributions, may

reduce or eliminate the measurable risk of economic loss common to all member of the group"

According to Justice Tindal, "Insurance is a contract in which a sum of money is paid to the assured in consideration of insurer's incurring the risk of paying a large sum upon a given contingency."

According to MacLean, "Insurance is a method of spreading over a large number of persons a possible financial loss too serious to be conveniently borne by an individual."

❖ **Primary Functions of Insurance are as follows**

1) Provide protection

The most important function of insurance is to provide protection against future risk, accident, and uncertainty. It is one check the reality of the misfortune happening and pays the cost of damages of losses.

2) Ensure Certainty

No one knows what will happen next, the future is uncertain. Any misfortune happening may occur at any stage of life the amount of loss and time of losses both are uncertain. Insurance is a device which helps change uncertainty into certainty. Insurance provides certainty of payment for the uncertain loss.

3) Evaluate Risk

In our daily life we anticipate various kinds of unforeseen risks and therefore the loss arising from such risks is also unpredictable. Insurance fixes the likely volume of a risk and by assessing diverse factors that give rise to risk. According to Layman "Insurance is a guard against pecuniary loss arising on the happening of unforeseen event and a device to share the Loss".

4) Distribution of risk / Collective Risk Sharing

Insurance is it wise to share the financial loss. It is a cooperative effort where the risk is distributed among the group of People. Thus, no one have to bear the losses occurred due to uncertainty.

➤ **Secondary Functions of Insurance | Insurance law**

Insurance

Insurance is a Special Type of Contract. there are two parties one party is the 'insured' and another party is the 'insurer'. In this Contract, the insurer undertakes to compensate the insured for the loss arising from the risk insured against. Functions of Insurance may be divided into three categories namely - Primary Functions, Secondary Functions, and other functions. Primary Functions of Insurance are discussed in the previous Post. Here in this post, we are going to discuss Secondary functions of Insurance.

❖ **Secondary Functions of Insurance Are as follows**

1. Insurance Prevent Losses

Insurance plays important role in preventing losses, it provides certainty and prevent losses. Insurance provides certainties towards risks in entrepreneurship so that entrepreneurs can concentrate on Innovative and profitable techniques of the production.

2. Provides Capital and Help in Economic Progress

As we know insurance plays important role in human life. Insurance helps in Economic Progress of Insured. It provides capital and helps in commercial prosperity. It develops the trade and commerce of the nation.

3. Ensure Welfare of Society

Insurance serves the sociological purpose, Insurance indirectly helps Nation and contribute its progress. Insurance provides security and minimizes worries of losses or damage, destruction, and death. It helps in commercial prosperity. It develops the trade and commerce of the nation. It is one of the important source of investment. Insurance gives Confidence in the general public.

CHAPTER : 4

BENEFITS FORM LIFE INSURANCE

SYNOPSIS

- Introduction
- Features and Benefits Of Life Insurance in India



The average penetration and density of life insurance in India is a measly 2.76%. There have been improvements in this arena but overall the growth has been rather slow in India. Not many people are aware of the benefits of **life insurance** and the numbers for penetration are an indicator of the same.

Accidents and mishaps are strong indicators of how fragile human life can be and how we need to systemically insure our lives. It is an important tool for providing an individual's family with safety and security. It acts as a protective cover to safeguard the insured's dependents. In the event individuals do not insure their lives, their dependents end up facing the tragic loss of their loved one along with a whole host of liabilities such as rent, loans, EMI's and child services.

- Key Advantages of life Insurance Policy in India
- ❖ Death Benefits

life insurance enables individuals to protect themselves and their families, in case of

any unfortunate happening in the life of the insurer. The insurer pays an amount equivalent to the sum assured as specified in the contract along with applicable bonuses. This is known as the death benefit.

❖ **Investment Components**

Certain whole life insurance policies offer two-pronged benefits of both insurance and investment. While one half of your premium is paid toward insurance, the other half is invested in equity, debt or combinations of both. You get the best of both worlds with a protective covering as well as high returns on your investments. You can make the most of this component by investing in funds that align with your investment horizon and risk appetite. Certain policies allow you to switch between funds as per your evolving goals. The Invest 4G plan offered by **Canara HSBC Oriental Bank of Commerce** gives you the option of choosing from a range of 7 unit-linked funds and 4 different portfolio management options as per your preference.

❖ **Maturity Benefits**

Life insurance policies can also double as a savings instrument by offering maturity benefits. If the insured survives the policy term and no claims have been made, the total premiums paid are returned at the time of maturity of the policy. In this manner, your life insurance plan can have a savings component, while also offering a protective cover.

❖ **Tax Benefits**

Under the umbrella of Section 80C of the Income Tax Act (ITA), individuals can reduce their tax liabilities by investing in specific instruments. Term insurance is one of them. Under section 80C, the premium paid for your life insurance policy is eligible to attain a maximum tax deduction for up to Rs. 1.5 lakh. In addition to this, under Section 10(10D), any payouts you receive from your insurance policy are completely tax-free (provided your premium does not exceed 10% of your Sum Assured, annually). If you have opted for a health-related rider, such as a critical illness or surgical care rider, you can also avail tax deductions under 80D of the ITA.

❖ **Coverage Against Liabilities**

To fulfill your dreams and attain your goals, you may have required a certain amount of financial support - in the form of loans, mortgages and other types of debt. Be it student loans or credit card debt, dealing with such liabilities can be a source of great financial strain, without a steady stream of income. While you may have the funds to pay off a part of your loans now, your family may find it difficult to manage such liabilities in the event of your unfortunate demise, owing to the loss of income. Thus, taking a life insurance policy ensures that your family has the financial means to steadily meet your loan and mortgage repayments, even in your absence.

❖ **Riders**

You can opt for riders to enhance your life insurance coverage. A number of riders, ranging from Critical Illness to Accidental Total Permanent Disability are available and help protect you and your loved ones against instances wherein your life cover may not come into play.

CHAPTER : 5

TYPES OF LIFE INSURANCE

SYNOPSIS

- **Introduction**
- **Definition of Insurance**
- **Types and Evolution of insurance in India**
 - ❖ **Life Insurance**
 - ❖ **General Insurance/ Non-Life Insurance**
 - **Marine insurance**
 - **Fire insurance**
 - **Motor vehicle insurance**
 - **Miscellaneous insurance**
 - ❖ **Reinsurance**
- **5 Different Types of Insurance Policies & Coverage**

- **Introduction**

Insurance is a contract between two parties. Here one party is insured and another party is the insurer. Insurance provides various advantages to the various field. The elementary purpose of insurance is to provide protection against future risk, accident, and uncertainty.

- **Definition of Insurance**

Ghosh and Agarwal

According to Ghosh and Agarwal," Insurance is a Co-operative form of distributing a certain risk over a group of persons who are exposed to it"

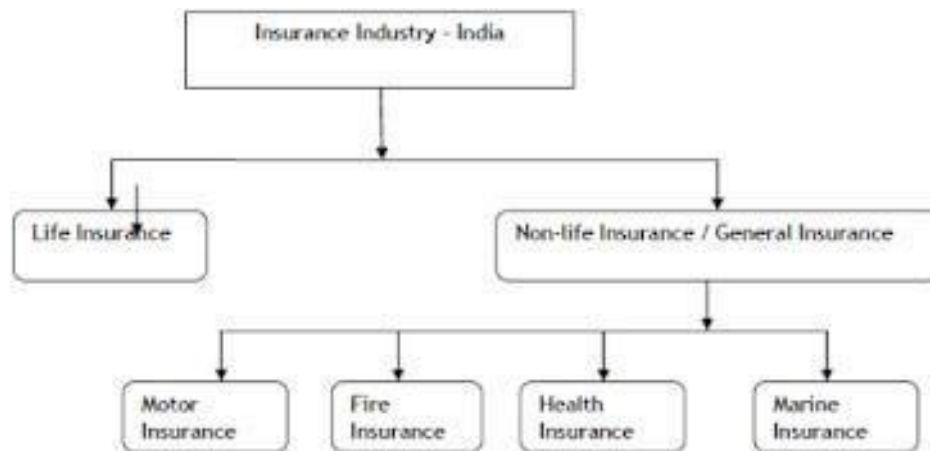
John Megi

According to John Megi, "Insurance is a plan wherein persons collectively share the losses of risk"

Justice Tindal

According to Justice Tindal, "Insurance is a contract in which a sum of money is paid to the assured in consideration of insurer's incurring the risk of paying a large sum upon a given contingency.

➤ **Types and Evolution of insurance in India**



There are following types of insurance in India

1. Life Insurance

Life Insurance is an insurance which guarantees a specific sum of money to a designated beneficiary upon the death of the insured, or to the insured if he survives the term of the policy.

2. General Insurance/ Non-Life Insurance

a) Marine insurance

Marine insurance is the oldest form of insurance. Marine insurance has its origin in England. The Britishers open seven marine insurance companies in Kolkata between 1797 and 1810.

b) Fire insurance

Fire insurance originated much later, obtaining impetus from the great fire of London in 1666. The Victims of fire hazards were provided with the necessities of life. England, Fire Insurance office was established in the year 1681.

c) Motor vehicle insurance

Motor insurance is an insurance which gives protection to the vehicle owner against damages to his/her vehicle and page of any third party liability determined as per law against the owner of the vehicle.

d) Miscellaneous insurance

With the industrial revolution of 19th century in England the miscellaneous insurance developed.

3. Reinsurance

Reinsurance is insurance of insured risk where the insurer retains a part and cedes the balance of a risk to the reinsurer. This is done to facilitate the greater spread and reduce liability on the part of the insurer.

5 Different Types of Insurance Policies & Coverage

FINANCIAL PLANNING



There are an overwhelming amount of insurance options on the market. While thorough coverage is important, it's also possible that you can have too much coverage. Paying too much money for insurance could leave you financially vulnerable in other

areas, like your emergency fund or retirement savings. How do you know what types of insurance are absolutely necessary, and what's superfluous?

To learn about different types of insurance, continue reading through.

1. Health Insurance
2. Car Insurance
3. Homeowners or Renters Insurance
4. Life Insurance
5. Disability Insurance



1. Health Insurance

Health insurance covers your necessary medical costs, from doctor's appointments to surgeries. Along with coverage for illnesses and injuries, health insurance covers preventative care, such as monthly check-ins and tests.

Health insurance is arguably the most important type of insurance.

A 2016 Kaiser Family Foundation/New York Times survey found that one in five people with medical bills filed for bankruptcy. With a stat like this, investing in health insurance can help you prevent a significant financial hardship.

For example, if you're a federal employee, you can choose from a variety of healthcare plans on OPM.gov. Or, if you're an independent contractor, you can look into freelancer insurance to create your own benefits package.

When you're going to purchase health insurance, consider the following:

- **Needs:** Young and healthy single persons require less coverage than those with families, the elderly, or persons with chronic health issues. If you think you're going to be using your insurance frequently, you'll want to find a plan that has a low deductible and copays.
- **Doctors:** If you like your doctor, try and find a plan that allows you to keep your current physician.
- **Cost:** Analyze your budget and determine what you can afford. Remember that plans with higher copays and deductibles also have lower premiums, while plans with high premiums usually have lower copays and deductibles.

2. Car Insurance

There are several different types of car insurance that cover different scenarios, including:

- **Liability:** Liability insurance comes in two forms: bodily injury and property damage liability. These do not cover the driver or passengers—only pedestrians.
- **Personal Injury Protection:** This type of coverage will cover medical expenses related to driver and passenger injuries.
- **Collision:** Collision insurance will cover the cost of the damage to your car if you get into an accident, whether you're at fault or not.
- **Comprehensive:** Whereas collision insurance only covers damage to your car caused by an accident, comprehensive insurance covers any car-related damage,

whether it's a tree falling on your car or vandalism from unruly neighborhood kids, for example.

- **Uninsured or Underinsured Motorist:** This covers you in the event that the person who hits your car does not have enough insurance to cover the damage.

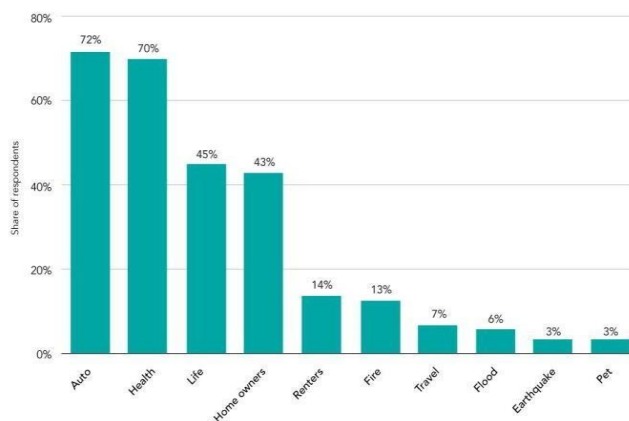
Always be on the lookout for car insurance discounts when you're shopping for a plan. There are plenty of discounts you may be eligible for to lower your monthly bill, including safe driver, married driver, and multi-car discounts.

3. Homeowners or Renters Insurance

Homeowners insurance covers your home against damage and theft, as well as other perils such as damage to a visitors property, or any costs if someone was injured on your property. It also covers your home's foundation, roof, and walls, as well as personal property. However, you may need additional insurance to cover natural disasters, like flooding, earthquakes, and wildfires.

Renters insurance covers you against damage or theft of personal items in an apartment, and in some cases, your car. It also covers liability costs if someone was injured in your apartment or if their belongings were damaged or stolen from your apartment. However, renters insurance typically does not cover extremely valuable items, damage from pests, and damage from natural disasters.

Types of Insurance Owned in the United States in 2018



Homeowners insurance is absolutely essential because a home is oftentimes one's most valuable asset, and is often required by your mortgage lender. Not only is your home covered, but most of your valuables and personal belongings are covered, as well.

Renters insurance isn't as crucial, unless you have a large apartment that has plenty of valuables. But even if you don't, know that renter's insurance is usually very low-cost, so it might be well worth the peace of mind it provides. Our blog post on renters' insurance questions can help you decide whether purchasing this type of insurance is right for your situation.

4. Life Insurance

Life insurance covers costs associated with dying, such as burial and mortuary fees. Life insurance can also help pay off any of your debts, such as your mortgage and loans, or for everyday expenses. If you're the primary breadwinner of the family, life insurance will also help your family offset lost income. The latter is the main reason why people buy life insurance. It's important to keep in mind that life insurance expires.

If you pass after the expiration date of your life insurance coverage, your beneficiaries will not receive your death benefit. Additionally, if you make any false claims to your insurer and they find out, they may deny your beneficiary's claims. For example, if you fail to let your insurer know you smoke and they review your life insurance application for fraud, your beneficiaries can be at risk for not receiving your death benefit.

5. Disability Insurance

Disability insurance is similar to life insurance because it provides financial coverage if something happens to you. If you get injured and aren't able to work, disability insurance will reimburse you for lost income. Disability insurance can cover permanent, temporary, partial, or total disability. However, it does not cover medical care and services for long-term care.

The Center for Disease Control and Prevention states that nearly one in four Americans have a disability that impacts major life events, which makes this type of insurance sensible for everyone, even if you're young and single.

Disability insurance is relatively affordable, but it could provide tremendous financial help if you become disabled for any length of time. You can learn more at Ssa.gov.



5 Unnecessary Insurance Policies

- **Flight Insurance:** Flying is one of the safest modes of travel.
- **Life Insurance for Kids:** Life insurance exists to replace lost income. Children have no income.
- **Accidental Death Insurance:** Even the accident-prone should skip this type of insurance. It generally contains so many restrictions, that it's nearly impossible to collect.
- **Disease Insurance:** A good health insurance policy is probably a far better investment than trying to cover yourself for every type of ailment that's out there.
- **Mortgage Life Insurance:** Here's another redundant form of insurance. A good life insurance policy with a long term will cover your mortgage in the event of your death.

CHAPTER : 6

IMPORTANCE OF LIFE INSURANCE

SYNOPSIS

- Introduction
- Importance Of Life Insurance
 - ❖ To replace loss of income
 - ❖ To repay pending debts
 - ❖ To meet educational expenses
 - ❖ To diversify your investments
 - ❖ To save for retirement
 - ❖ To receive tax benefits
 - ❖ To benefit from add-on riders
 - ❖ To improve your financial security
 - ❖ To achieve long-term goals
 - ❖ To leave behind an inheritance

- Introduction

Among the many long-term tax-saving investment options available in the financial market, life insurance is one of the most fundamental instruments you need to invest in. In addition to offering a host of advantages to the investor, a life insurance policy also provides several benefits to the investor's family and legal heirs.

Who should buy life insurance?

When you consider the possibility of investing in life insurance, one of the first questions you'll be faced with is this – who should buy life insurance? The answer to this question focuses on the financial situation of the investor. Typically, anybody who has a financial dependent would benefit from investing in life insurance. Financial dependents could include children, a spouse, a sibling, or even dependent parents.

Another category of people who should buy life insurance includes investors who want to enjoy the benefits of tax savings coupled with long-term capital appreciation. A life insurance policy is one of the few investment options that offers both these advantages. Aside from these benefits, there are many other ways in which life insurance can help the investor.

Here are 10 reasons why a life insurance policy is a must-have.

❖ **To replace loss of income**

A life insurance policy pays out death benefits in the event of the policyholder's death. This is generally a lump sum amount that can help the insured's family deal with the loss of their primary source of income. If you're the main breadwinner in your family, life insurance can help secure the future of your dependents by offering financial benefits.

❖ **To repay pending debts**

Debts taken in the name of the insured continue to remain a financial responsibility even after the demise of the policyholder. However, without an alternate source of income, the legal heirs of the deceased may be incapable of repaying any pending debts. Here's where the maturity benefits from a life insurance policy can be of significant help.

❖ **To meet educational expenses**

If you invest in a life insurance policy when you're in your twenties, it's highly likely that the policy will mature just around the time your child attains college-going age. The proceeds received as part of the maturity benefits can help you meet the steep costs associated with higher education.

❖ **To diversify your investments**

Life insurance is one of the few investment options that come with extremely low risks. So, if your current investment portfolio is in need of some stable low-risk investments, purchasing a life insurance policy can help you balance your exposure to risk. All you need to do is pay your premiums regularly to ensure that your returns on the investment are guaranteed.

❖ **To save for retirement**

If you don't have a retirement plan in place, investing in life insurance can help you get started. By investing in a protective cover when you're younger, you get to enjoy lower premium costs. So, for a nominal monthly, quarterly, semi-annual, or annual fee, you can keep your investment plan in place, thus contributing to your retirement fund.

❖ **To receive tax benefits**

Life insurance is also among the many tax-saving investment options available to investors. The premiums you pay can be deducted from your total taxable income as per the provisions of section 80C, up to Rs. 1.5 lakhs. In addition to this deduction, the maturity or death benefits received under an insurance plan are also tax-free as per section 10.

❖ **To benefit from add-on riders**

For a small additional fee, you can add riders to your life insurance policy. A rider is an additional benefit that offers an extra protective cover in case of unfortunate occurrences like accidents, disabilities, diagnosis of a critical illness, hospitalization, or surgery, among others. These add-on riders can help investors and their family cope with tough times.

❖ **To improve your financial security**

Among other things, a life insurance policy can be the safety net you need to fall back on if life throws a curveball your way. The maturity benefits promised under the policy can be a reassuring cushion that your post-retirement needs will be taken care of. It also ensures that your legal heirs are financially secure in the unfortunate event of your death.

❖ **To achieve long-term goals**

If you survive the policy's term, you'll receive a sizeable maturity benefit from the insurance provider. This lump sum payout typically includes the sum assured by the plan. Over and above this, a bonus amount is also usually added. Together, these funds can help you achieve any long-term goals you may have planned for that stage in your life.

❖ **To leave behind an inheritance**

If you have children, a dependent spouse, or aged parents, you'll undoubtedly want to make sure that they're taken care of in case you're not around someday. An inheritance can help keep their future financially secure. And even if you do not hold any assets like land or gold to your name, a life insurance policy can ensure that you leave behind a sizeable inheritance.

CHAPTER : 7

Duties, Powers and Functions of Insurance Regulatory and Development Authority(IRDA)| Insurance Law

- **Introduction**
- **Duties, Powers and Functions of Insurance Regulatory and Development Authority.**

- **Introduction**

In the year 1999 Insurance Regulatory and Development Authority Act (IRDA) was passed by the Parliament. The Insurance Regulatory and Development Authority Act, 1999 provides for the establishment of an authority to protect the interest of holder of insurance policies, to regulate promote and ensure orderly growth of the insurance industry and for matters concerned therewith or incidental thereto.

- **According to Section 14 of the said Act, Duties Powers and Functions of Authority are as follows .**

(1), the powers and functions of the Authority shall include,

(a) Issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration;

(b) protection of the interests of the policyholders in matters concerning assigning of policy, nomination by policy holders, insurable interest, settlement of insurance claim, surrender value of the policy and other terms and conditions of contracts of insurance;

- (c) specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents;
- (d) specifying the code of conduct for surveyors and loss assessors
- (e) promoting efficiency in the conduct of insurance business;
- (f) promoting and regulating professional organizations connected with the insurance and reinsurance business;
- (g) levying fees and other charges for carrying out the purposes of this Act;
- (h) calling for information from, undertaking inspection of, conducting inquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organizations connected with the insurance business;
- (i) control and regulation of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938 (4 of 1938);
- (j) specifying the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by insurers and other insurance intermediaries;
- (k) regulating investment of funds by insurance companies
- (l) regulating maintenance of margin of solvency;
- (m) adjudication of disputes between insurers and intermediaries or insurance

intermediaries;

(n) supervising the functioning of the Tariff Advisory Committee;

(o) specifying the percentage of premium income of the insurer to finance schemes for promoting and regulating professional organizations referred to in clause (f);

(p) specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector; and

(q) exercising such other powers as may be prescribed.

CHAPTER : 8

Advantages & Disadvantages of Life Insurance.

- **Advantages of Life Insurance.**
- **Disadvantages of Life Insurance.**

➤ **Advantages of Life Insurance**

Life insurance offers several advantages not available from any other financial instrument; yet it also has disadvantages.

- Life insurance provides an infusion of cash for dealing with the adverse financial consequences of the insured's death.
- Life insurance enjoys favorable tax treatment unlike any other financial instrument.
 - Death benefits are generally income-tax-free to the beneficiary.
 - Death benefits may be estate-tax free if the policy is owned properly.
 - Cash values grow tax deferred during the insured's lifetime.
 - Cash value withdrawals are treated on a first-in-first-out (FIFO) basis, therefore cash value withdrawals up to the total premiums paid are generally income-tax free.
 - Policy loans are income tax free.
 - A life insurance policy may be exchanged for another life insurance policy (or for an annuity) without incurring current taxation.

- Many life insurance policies are exceptionally flexible in terms of adjusting to the policyholder's needs. The death benefit may be decreased at any time and the premiums may be easily reduced, skipped or increased.
- A cash value life insurance policy may be thought of as a tax-favored repository of easily accessible funds if the need arises; yet, the assets backing these funds are generally held in longer-term investments, thereby earning a higher return.

➤ **Disadvantages of Life Insurance**

- Policyholders forego some current expenditure to pay policy premiums. Moreover, life insurance is typically purchased for the benefit of others and usually only indirectly for the insured person.
- Cash surrender values are usually less than the premiums paid in the first several policy years and sometimes a policy owner may not recover the premiums paid if the policy is surrendered.
- The life insurance purchase decision and the positioning of the life insurance can be complex especially if the insurance is for estate planning, business situations or complex family situations.
- The life insurance acquisition process can be annoying and perplexing (e.g. Is the life insurance agent trustworthy? Is this the right product and carrier? How can medical underwriting be streamlined?).

CHAPTER : 9

HISTORY OF HDFC LIFE INSURANCE COMPANY LTD

SYNOPSIS

➤ HDFC LIFE INSURANCE COMPANY LTD. (HDFCLIFE) COMPANY

➤ HISTORY

HDFC Standard Life Insurance Company Limited was incorporated as a public limited company at Mumbai on 14th August 2000. The Company obtained the certificate of commencement of business on October 12 2000. Further the Company obtained its certificate of registration from Insurance Regulatory and Development Authority of India (IRDAI) to undertake the life insurance business on 23rd October 2000. HDFC Standard Life is one of the most profitable life insurers based on Value of New Business (VNB) margin. Besides consistently being among the top three private life insurers in terms of profitability based on VNB margin the company has also consistently been among the top three private life insurers in terms of market share based on total new business premium. HDFC Standard Life was the first private sector life insurer to obtain registration from the IRDAI and was established as a joint venture between HDFC (one of India's leading housing finance institutions) and Standard Life Aberdeen plc. (one of the world's largest investment companies) initially through its wholly owned subsidiary The Standard Life Assurance Company and now through its wholly owned subsidiary Standard Life Mauritius. Currently the Company has 413 branches across India. The Company has a broad diversified product portfolio covering five principal segments across the individual and group categories namely participating non-participating protection term non-participating protection health other nonparticipating and unit-linked insurance products. The Product portfolio comprises 35 individual and 11 group products as well as eight optional rider benefits. In 2003 HDFC Standard Life crossed 1 lakh policies and 10000 individual agents. During the year the company entered into distribution tie-ups with HDFC Bank and other banks. In 2004 the company launched unit linked products. During the year the company entered into distribution tie-up with Sara swat Co-operative Bank Limited. In 2007 HDFC Standard Life crossed the 5 lakh policy milestone. In 2010 HDFC Standard Life's total assets under management (AUM) crossed Rs 20000 crore. In Fiscal 2012 the Company established a wholly-owned subsidiary HDFC Pension to operate the pension fund business under the National Pension System. HDFC Pension is the second largest private pension fund management company in India in terms of assets under management and subscribers in Fiscal 2017. HDFC Standard Life turned profitable in fiscal 2012 and registered a profit of Rs 271 corer. In December 2013 the company

declared a maiden dividend. In 2014 the company's AUM crossed Rs 50000 crore mark. In 2016 HDFC Standard Life's total premium crossed the Rs 16000 crore mark. During the year Standard Life Mauritius increased its stake in HDFC Standard Life Insurance Company from 26% to 35%. In Fiscal 2016 The Company established a first international subsidiary in the UAE HDFC International to operate the reinsurance business. HDFC International has signed reinsurance treaties for two distinct lines of individual life business and entered into arrangements to offer reinsurance for group and credit life schemes. The Company expects the pension and reinsurance business to help them diversify its sources of revenue and profitability in future. On 31 July 2017 HDFC Standard Life Insurance Company and Max Group entities called off proposed merger of their life insurance businesses as the parties were unable to obtain the requisite regulatory approvals to consummate the merger. Earlier on 8 August 2016 HDFC Standard Life Insurance Company and Max Group Entities had announced the merger of their life insurance businesses through a composite scheme of arrangement and had entered into certain definitive agreements to implement the same subject to satisfaction of various conditions including the receipt of necessary approvals. On 21/08/2017 the company filed Draft Red Herring Prospectus and on 27/10/2017 filed Red Herring Prospectus with SEBI for raising Rs. 8695 cr. The Issue dates were from 07/11/2017 to 09/11/2017 with Price Band of Rs. 275 to Rs. 290. The Issue got subscribed 3.83 times leading to its Issue Price being fixed at Rs. 290. The Shares got listed in BSE and NSE on 17/11/2017 at Rs. 311 which is 7.24% above Issue Price.

CHAPTER: 10

LIFE INSURANCE POLICIES

- **Introduction**
- **Different Types of Life Insurance Policies in India**
 - ❖ **Traditional Whole Life**
 - ❖ **Term Life Insurance**

- **Introduction**

A life insurance policy is a contract with an insurance company. In this policy, a person has to make regular payments(**known as premiums**)to the insurance company in order to receive a sum of money that will be paid to them after a period of time, or to their family, in case of the policyholder's death, or if the policy matures. Typically, this type of policy is chosen based on your needs and goals.

- **Different Types of Life Insurance Policies in India:**

There are two basic types of life insurance policies:

- ❖ **Traditional Whole Life** :- A Whole Life Policy is a policy in which you pay till death of the policy holder
- ❖ **Term Life Insurance: -** A Term Life Insurance is a policy for a fixed amount of time.

<u>Sr No.</u>	<u>Type of Insurance Policy</u>	<u>Features</u>
1	<u>Term Life Insurance</u>	Term insurance is a life insurance product offered by an insurance company which offers financial coverage to the policy holder for a specific time period.
2	<u>Whole Life Policy</u>	The policyholder pays regular premiums until his death, upon which the corpus is paid out to the family.
3	<u>Endowment Plans</u>	Endowment plans pay out the sum assured under both scenarios - death and survival
4	<u>Unit Linked Insurance Plans</u>	ULIP is a life insurance product, which provides risk cover for the policy holder along with investment options to invest in any number of qualified investments.
5	<u>Money Back Policy</u>	Money back plan is a life insurance product as well as an investment plan which provides life insurance cover against death of the policy holder along with periodic returns as a percentage of sum assured.

❖ Term insurance

Term plans are the most basic type of life insurance. They provide life cover with no savings / profits component. They are the most affordable form of life insurance as premiums are cheaper compared to other life insurance plans.

Online term insurance plans provide pure risk cover, which explains the lower premiums. A fixed sum of money - the sum assured – is paid to the beneficiaries if the policyholder expires over the policy term. If the policyholder survives, there is no pay out.

❖ **Endowment plans**

Endowment plans differ from term plans in one critical aspect i.e. maturity benefit. Unlike term plans which pay out the sum assured, along with profits, only in case of an eventuality over the policy term, endowment plans pay out the sum assured under both scenarios – death and survival. However, endowment plans charge higher fees / expenses – reflected in premiums – for paying out sum assured, along with profits, in either scenario – death or maturity. The profits are an outcome of premiums being invested in asset markets – equities and debt.

❖ **Unit linked insurance plans (ULIP)**

ULIPs are a variant of the traditional endowment plan. They pay out the sum assured (or the investment portfolio if its higher) on death/maturity.

ULIPs differ from traditional endowment plans in certain areas. As the name suggests, performance of ULIP is linked to markets. Individuals can choose the allocation for investments in stock/debt markets. The value of the investment portfolio is captured by the NAV (net asset value). To that end, there are many similarities between ULIPs and mutual funds. ULIPs differ in one area; they are a combination of investment and insurance, while mutual funds are a pure investment avenue

❖ **Whole life policy**

A whole life insurance policy covers a policyholder over his life. The main feature of a whole life policy is that the validity of the policy is not defined so the individual enjoys the life cover throughout his life. The policyholder pays regular premiums until his death, upon which the corpus is paid out to the family. The policy expires only in case of an eventuality as there is no pre-defined policy tenure.

❖ **Money back policy**

A money back policy is a variant of the endowment plan. It gives periodic payments over the policy term. To that end, a portion of the sum assured is paid out at regular intervals. If the policy holder survives the term, he gets the balance sum assured. In case of death over the policy term, the beneficiary gets the full sum assured.

CHAPTER : 11

COMMON TERMS AND TERMS AND CONDITIONS

- **Introduction**
- **COMMON TERMS**
 - ❖ **Restriction of Services**
 - ❖ **No Warranties**
 - ❖ **Limitation of Liability**
 - ❖ **Nil Liability**
 - ❖ **Transfer of interest**
 - ❖ **Right to Monitor**
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 - ❖ **Disclaimer**
- **Terms and Conditions**
 - ❖ **Applicability of Terms**
 - ❖ **Right to alter the Services**
 - ❖ **Terms of usage of the Website**
- **This document contains the following parts:**
 - **Part A - Common Terms**
 - **Part B - Terms and Conditions (called "Terms" or "Terms and Conditions") governing the use of this Website**

➤ **Introduction**

HDFC Life Insurance Company Limited (Formerly HDFC Standard Life Insurance Company Limited) ('HDFC Life' / 'Company') is a joint venture between HDFC Ltd., one of India's leading housing finance institution and Standard Life Aberdeen, a global investment company.

Established in 2000, HDFC Life is a leading long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity and Health. As on March 31, 2020 the Company had 37 individual and 11 group products in its portfolio, along with 6 optional rider benefits, catering to a diverse range of customer needs.

HDFC Life continues to benefit from its presence across the country with 421 branches and additional distribution touch points through several partnerships. The partnerships comprise 270 banc assurance partners including NBFCs (Non-Banking Financial Companies), MFIs (Micro Finance Institutions), SFBs (Small Finance Banks), etc. and more than 40 new ecosystem partners. The Company is also strengthened by a strong base of financial consultants.

In Fiscal 2012, The Company established a wholly-owned subsidiary, HDFC Pension Management Company Ltd., to operate its pension fund business under the National Pension Scheme (NPS). And in Fiscal 2016, the Company established its first international wholly-owned subsidiary in the UAE, HDFC International Life and Re Company Ltd., to operate its reinsurance business.

➤ **PART A - COMMON TERMS**

1. Restriction of Services:

HDFC Life reserves the right to select the User of this Website and take decision whether or not to permit any person to use the services provided on this Website.

Through this Website, you may access your account and carry out various transactions/ provide instructions.

You may use our Website only as permitted by law. We may suspend or stop providing our services to you if you do not comply with our Terms or policies or if we are investigating suspected misconduct.

Using our Website does not give you ownership of any intellectual property rights in our Website or the content you access. Nor do they grant you the right to use any branding or logos used in our services or to remove, obscure, or alter any legal notices displayed in or along with our services.

In connection with your use of the services, we may send you service announcements, administrative messages, and other information. However you may choose to opt out of those communications. If you learn of any unauthorized use of your password or account, please follow the following instructions:

1. Change your password immediately through self-service – Please enter the Client Id and answer the secret question. Password will be reset and shared on the registered email id.
2. In case you cannot reset your password online, please contact HDFC Life helpdesk team & request to change your password.

2. No Warranties:

Information and material on this Site are provided on an "as is" basis, and are without guarantees or warranties of any kind including completeness, correctness, accuracy, reliability, express or implied. Further, any ideas and/or information provided or gained from this Site would not necessarily reflect the views of HDFC Life or its directors or employees.

The information on insurance policies provided on the Website is indicative of the terms, conditions, provisions and exceptions contained in the respective insurance policy (hereinafter referred to as “**Policy**”). For further details, please refer to the Policy document and product brochures.

3. Limitation of Liability:

This Website may contain links to websites, web-pages and services operated by HDFC Life and / or its Affiliates, and your use of each such website is also subject to the Terms and Conditions and other terms and guidelines, if any, in respect of each such website. In the event that any of the Terms and Conditions, or notices contained herein conflict with the terms and conditions or other guidelines contained within any particular website, then the Terms and Conditions of this Website shall prevail. The linked sites are not under the control of HDFC Life and HDFC Life has not reviewed and/or approved these sites. HDFC Life shall not be responsible for the content or omissions of any linked site or any links contained in a linked site. The inclusion of any linked site does not imply any direct or indirect endorsement by HDFC Life of the site. HDFC Life disclaims all responsibility for any inaccuracy, error, falsity, omission and/or non-compliance in any material appearing on any linked site. Third party links are governed by their respective website usage agreements.

You hereby agree and confirm that You shall click on the links to and familiarize yourself with the terms, conditions and guidelines found throughout this Website and the affiliated websites and abide by them if You choose to use the sites, pages or services to which they apply.

The information obtained at/or through this Site is not and should not be construed as an offer for a Policy or any other assistance. The terms and conditions on which HDFC Life sells the policies are subject to change from time to time depending on various factors including IRDAI regulations. While the Site may be updated with changes periodically, HDFC Life does not guarantee that this Site reflects the latest amendments/ information at all times or at any time.

4. Nil Liability:

Under no circumstances, including but not limited to negligence, shall HDFC Life or its directors or employees be liable for any special or consequential damages including lost profits, revenues, or data, financial losses or indirect, special, consequential, exemplary, or punitive damages that are alleged to have resulted from the use and/or inability to use this Site or information contained within, even if HDFC Life and/or its

employees or directors have been notified of the possibilities of potential damages or losses.

5. Transfer of interest:

By posting messages, uploading files, data inputs, or engaging in any other form of communication (hereinafter referred to as “**Communication**”) through this Site, You are granting to HDFC Life a royalty free, perpetual, non-exclusive, unrestricted, worldwide license to:

1. Use, copy, sublicense, publicly perform or display any such Communication; and
2. Sublicense to third parties the unrestricted right to exercise any of the foregoing rights granted with respect to the Communication.

The foregoing grants shall include the right to exploit any proprietary rights in such Communication, including but not limited to rights under copyright, trademark, service mark, or patent laws under any relevant jurisdiction.

6. Right to Monitor:

HDFC Life reserves the right to monitor this Site and all its content, and to disclose any information as necessary to satisfy any law, regulation or governmental request, or to edit, remove any information or materials, in whole or in part, that in HDFC Life’s sole discretion are objectionable or in violation of these Terms and Conditions.

7. Allocation of Units:

The day on which units are allocated will be governed by unit allocation rules.

These rules will specify which day's unit prices are used for requests made on a specific day and time subject to a cut-off time.

For the first premium, allocation rules will apply to the day and time on which the Policy is issued. For subsequent premiums and premium top-ups, the allocation rules will apply to the date and time we receive the intimation and the cheque.

All allocations or deal location of units for transactions initiated by the policyholder (like premium payments, fund switches, revival, surrenders, partial withdrawals etc.) will be processed using the unit price of the same day to be declared at end of that day provided

an asset valuation happens. If it is not a valuation day, we will use the unit price of the immediately next valuation day.

For outstation cheques, the allocation will be based on the day the cheque is realized. In case of renewal premium if the delay in realization causes the Policy to cross the grace period, we will lapse/ make paid-up the Policy.

Policy charges which are taken through deal location of units will use either the unit price of the same day if it is a valuation day otherwise we will use the unit price of the valuation day last available.

Policy cancellations initiated by us should use either the unit price of the same day if it is a valuation day otherwise we will use the unit price of the valuation day last available.

If there is any discrepancy in the Terms and Conditions contained herein with the terms contained in the policy document, then the terms contained in the policy document shall prevail.

8. Intellectual Property:

'HDFC Life' and 'Saar Utha Ke Jiyo' and HDFC Life logo are registered trademarks of HDFC Standard Life Insurance Company Limited. Other trademarks, service marks and logos may be the property of their respective owners. Unless otherwise stated, HDFC Life and/or its licensors are the owners of the copyright and database rights in this Website, including content data, design, graphics, text, images, software and underlying source codes.

The trademarks, logos, slogans and service marks displayed on this Website, whether registered and unregistered, are proprietary to HDFC Life and/or others. Unless expressly stated in writing, HDFC Life does not grant any authority, right or license to use or display any trademarks, logos, slogans and service marks displayed on this Website. We reserve the right to seek appropriate legal remedy for any violation or breach of any intellectual property rights including but not limited to unauthorized use of any trademarks, logos, slogans, service marks and contents of this Website.

Copyright in the pages of this site, in the screens displaying the pages and in the information and material contained therein and their arrangement, is owned by HDFC Life, unless otherwise indicated. HDFC Life also claims trade mark and service mark rights in marks contained within the pages of this Site.

Reproduction of these pages in whole or in part without the prior written consent of HDFC Life is strictly prohibited unless for private, non-commercial viewing purposes.

9. Email:

Please note that there is no guarantee that any email sent will be received, or that the contents of any such email will remain private during Internet transmission. If you have any such concerns, you may prefer to use the telephone or postal system instead.

We reserve the right to monitor the use and content of emails which are sent from and received by us for the purposes of ensuring compliance with our own email policy, and identifying and taking action against unlawful or improper use of our systems, including, but not limited to, spoofing, the transmission of computer viruses and denial of service attacks.

10. Downloads:

Please note that any downloads provided may only be used for promotional, journalistic and/or reporting purposes relating to HDFC Life and for no other purpose. All software, multimedia files, photographs, reports and other documents are downloaded at your own risk. We do not warrant the suitability of any such downloads and accept no liability for any problems with your computer that may arise as a result. If you are in any doubt as to the suitability of any such downloads for your computer, it is recommended that you obtain specialist advice before downloading.

11. Disclaimer:

You specifically acknowledge and agree that HDFC Life is not liable for any defamatory, offensive or illegal conduct of any User. You also specifically acknowledge that any Communication transmitted by you to HDFC Life via the Internet may not remain confidential or free from interference by unauthorized third parties during its transmission.

Disclaimer in case of unit linked policies

1. Unit Linked Life Insurance products are different from the traditional insurance products and are subject to the risk factors.
2. The premium paid in Unit Linked Life Insurance policies are subject to investment risks associated with capital markets and the NAVs of the units may go up or down based on the performance of fund and factors influencing the capital market and the insured/ User is responsible for his/her decisions.
3. HDFC Standard Life Insurance Company Limited is only the name of the Insurance company and the names of the Unit Linked Plans offered by the company are only the names of the unit linked life insurance contracts and do not in any way indicate the quality of the product/ contract, its future prospects or returns.
4. Please acquaint yourself with the associated risks and the applicable charges, from your Financial Consultant or Corporate Financial Consultant / Insurance Broker or Policy document of the insurer.

The various funds offered under the unit linked contracts are the names of the funds and do not in any way indicate the quality of these plans, their future prospects and returns.

➤ **Part B - Terms and Conditions (called "Terms" or "Terms and Conditions") governing use of this Website of HDFC Standard Life Insurance Company Limited**

1. Applicability of Terms:

These Terms and Conditions, in so far as they refer to the User form the contract and agreement between the User and HDFC Life unconditionally.

2. Right to alter the Services:

The Website facility is being offered at the sole discretion of HDFC Life and HDFC Life reserves the right to add, amend, revise, withdraw, suspend or cancel the usage of this viewable/usable rights of the Website either in whole or in part any of the services which are part of the Website facility, without any prior notice to the User. Any addition, amendment, revision, suspension or cancellation shall be effective and binding on the User. HDFC Life may introduce new services (forming part of Website facility) on the

Website from time to time. The existence and availability of the new services as part of the Website facility will be notified on the Website as and when they become available. Any revision in the Terms and Conditions will take place in accordance with these Terms and Conditions.

3. Terms of usage of the Website:

As a condition of accessing the Website and usage of the Website facility, the User unconditionally and absolutely acknowledges and accepts the Terms and Conditions in its entirety.

The User further acknowledges that the availability of the information, advice and the guidance if any on the Website does not constitute a recommendation (unless indicated otherwise) and is not a solicitation (unless indicated otherwise) by HDFC Life or any of their personnel or the experts used by HDFC Life for buying Policies.

The User acknowledges that the decision to purchase any Policy is solely his and he has not been directed or forced to purchase a Policy by HDFC Life or its Financial Consultants and/or its employees.

The User shall be responsible for arranging and providing for the mode to access this Website, and HDFC Life shall not be responsible for any damage, breakdown, wear and tear or any cost, directly or indirectly attributable to use of this Website.

The User further submits to bear charges, if any, that may be levied by HDFC Life to offer services on the Website.

❖ Compliance with Cyber Security :

- Participate in any action that imposes an unreasonable or disproportionately large load on the infrastructure of the Site or HDFC Life's systems or networks, or any systems or networks connected to the Site or to HDFC Life.
- Use any device, software or routine to interfere or attempt to interfere with the proper working of the Site or any transaction being conducted on the Site, or with any other person's use of the Site.

- Attempt to probe, scan or test the vulnerability of the Site or any network connected to the Site, nor to breach the security or authentication measures on the Site or any network connected to the Site.
- Attempt to reverse look-up, trace or seek to trace any information on any other user of or visitor to the Site, or any other customer of HDFC Life, including any HDFC Life account not owned by you, to its source, or exploit the Site or any service or information made available or offered by or through the Site, in any way where the purpose is to reveal any information, including but not limited to personal identification or information, other than your own information, as provided for by the Site.
- Use any “deep-link”, “page-scrape”, “robot”, “spider” or other automatic device, program, algorithm or methodology, or any similar or equivalent manual process, to access, acquire, copy or monitor any portion of the Site or any content, or in any way reproduce or circumvent the navigational structure or presentation of the Site or any content, to obtain or attempt to obtain any materials, documents or information through any means not purposely made available through the Site.
- Attempt to gain unauthorized access to any portion or feature of the Site, or any other systems or networks connected to the Site or to any HDFC Life server, or to any of the services offered on or through the Site, by hacking, password “mining” or any other illegitimate means.
- Attempt to forge headers or otherwise manipulate identifiers in order to disguise the origin of any message or transmittal you send to HDFC Life on or through the Site or any service offered on or through the Site. You may not pretend that you are, or that you represent, someone else, or impersonate any other individual or entity.
- Attempt to use the Site or any content for any purpose that is unlawful or prohibited by these Terms of Use, or to solicit the performance of any illegal activity or other activity which infringes the rights of HDFC Life or others.
- Attempt to knowingly or intentionally penetrate or access HDFC Life network or systems without authorization or exceeding authorized access; and by means of such conduct carry out an unauthorized transaction or obtain access to information, data or computer database that is restricted.

- Attempt to introduce or cause to introduce any computer contaminant and by means of such conduct cause or be likely to cause damage or destruction to HDFC Life's property or disruption of HDFC Life's services.

❖ **Viruses and Malicious codes**

The User shall pursue all necessary steps to ensure that their machines are virus free while accessing HDFC Life Website. The User shall refrain from activities like uploading files infected with viruses or malicious scripts/ programs or trying to infect the HDFC Life system with viruses, worms & other malicious codes.

❖ **Unethical practices**

The User warrants that the User will not use any software, tool or code that would hamper or disable all or any portion of the portals or Services offered by HDFC Life. The User also warrants against use of reverse engineering tools to break or harm the portals or services offered by HDFC Life.

The User must use the site(s), the services and the information solely for his/her own purposes and must not make these available to third parties without the prior written consent of HDFC Life.

The services of this Website shall be available to Retail clients only.

4. Terms of Usage of the Website with specific reference to the Users in connection with their Policies:

❖ **Registration Obligations:**

As a pre-requisite for accessing the content on the Website, HDFC Life may require you to register for availing the services. You are requested to complete all the required columns and HDFC Life retains the right to cross-verify the same by requesting you to provide documentary evidence for the same. HDFC Life also reserves the right to terminate the registration in its own discretion, not limited to submission of erroneous / incomplete / derogatory / inappropriate / incomplete information.

HDFC Life shall at no times be required to ensure that the details provided by you are up to date and it shall be the duty for each User that the same is duly updated at all points of time.

❖ **User ID and User Password:**

The User acknowledges that he would be able to access the Website facility with regard to his Policy by using the User ID and the User Password. The User further confirms and agrees that he will be the sole and exclusive owner and is the only authorized user of his User ID and the User Password and accepts sole responsibility for use, confidentiality and protection of the User ID and the User Password as well as for all account transactions initiated through his User Account and shall ensure that the User password/s is/are not revealed to any third party or recorded in any written or electronic form.

If the User forgets / loses the User ID, he can request HDFC Life for informing his User ID. In case he forgets or loses his User Password, the User would be able to retrieve his User Password by following the procedure on the Website.

The User undertakes not to disclose the User Password to any person including employees of HDFC Life. HDFC Life will be entitled to levy service charges for generation of new password.

❖ **Account Transactions:**

The User shall at all times be fully responsible and liable for all account transactions that are carried out by the use of the User ID or the User Password registered under the User (“Account Transactions”). If third parties gain access to the services offered as part of the Website facility through the use of the User ID and User Password, the User shall be deemed to be responsible and the User hereby indemnifies and holds harmless HDFC Life against any liability, costs or damages arising out of claims or suits by or against such third parties based upon or relating to such access and use.

Any Account Transactions authorized by using the User ID and User Password shall be deemed to be that of and initiated by the User and HDFC Life shall treat the transactions as genuine and will carry them out even if given in error, and is not responsible for any mistake / error made by the User in keying in any details or data or any facts or figures. HDFC Life will endeavor to carry out the instructions correctly, but it is the User's responsibility to check that HDFC Life has carried out instructions correctly. If the transaction has not been carried out correctly or an error has occurred, the User should notify HDFC Life as soon as possible.

HDFC Life would be entitled, at its sole discretion, to seek offline written or other confirmation from the User of any Account Transaction as it may deem fit to ascertain or verify the genuineness of request for Website facility.

The User shall follow such procedure laid down by HDFC Life from time to time in case of loss of password. Neither HDFC Life nor any of their officers, directors, employees, advisors, affiliates or subsidiaries can or will have any responsibility or liability to the User or to any other person whose claim may arise through the User with respect to any of the circumstances described above.

The User must log out of the site(s) that has been accessed and close the web browser else, information about the User may appear on the screen of the computer when it is next used and HDFC Life cannot be held responsible for third parties having access to this information.

❖ **Unauthorized access:**

The Users are instructed to use legitimate User Id and Password assigned to them only. Use of access credentials meant for other users will be identified as unauthorized access to the Website and the User may be disabled or barred from using other services. Legal action may be taken as per applicable law.

The Site(s) and/or the services may be temporarily unavailable or restricted for administrative or other reasons. If this happens HDFC Life will endeavor to restore their availability as quickly as possible.

❖ **Evidence Of Account Transactions:**

HDFC Life's own records of the Account Transactions maintained through computer systems or otherwise including time of the Account Transactions shall be conclusive proof of the genuineness and accuracy of the Account Transactions and binding for all purposes.

❖ **Use of Website:**

The Website is deemed to be in use or is being accessed by You when it is loaded and/or continues to be loaded in temporary or permanent memory of Your computer or similar system or in the internet browser thereof. It is also understood by the User that if in any case the Policy of the User is lapsed due to reasons whatsoever; the internet password (IPIN) will not be generated and the User will not be able to update his IPIN. In cases if IPIN is generated but the Policy lapses due to reasons whatsoever; then the User possesses no service rights and shall not be able to access the details of his plan and Policy and may only view summary pages subject to amendment and change, as HDFC Life deems fit and necessary.

❖ **Restrictions on Use:**

You agree to use the Website strictly for Your personal use. You agree not to use this Website or the Website facility for any purpose which is manner inconsistent with these Terms and Conditions or in contravenes any provisions of law or is deemed inappropriate by HDFC Life. You agree not to use, transfer, distribute or dispose of any information contained in the Website in any manner that could compete or conflict with the business interest of HDFC Life or otherwise compromise or imperil the interests of HDFC Life.

5. Payment instruction:

When HDFC Life receiver's a transaction instruction from you through the payment mode, We will be entitled to debit any payment plus any charges payable for the transaction from the account you have specified. We shall not be liable if any transaction does not fructify or may not be completed or for any failure on part of the bank or the credit card agency to perform any of its obligations. We shall be under no liability whatsoever in respect of any loss or damage arising directly or indirectly out of the decline of authorization for any transaction, on account of the cardholder having exceeded the preset limit mutually agreed by the cardholder with the card issuing entity from time to time.

6. Foreign Jurisdiction:

HDFC Life accepts no liability whatsoever, direct or indirect for non-compliance with the laws of any country other than India. The mere fact that the Website can be accessed by a User in or from a country other than India would not mean that the laws of the said country would govern these Terms and/or the use of the Website by the User. HDFC Life's performance of Terms and Condition is subject to existing laws and legal process, and nothing contained in this Terms and Conditions is in derogation of HDFC Life's right to comply with governmental, court and law enforcement requests or requirements relating to your use of Website or information provided to/ gathered by HDFC Life with respect of such use.

7. Intellectual Property Rights:

You should assume that everything You see or read or hear or experience on the Website (including but not limited to directories, charts, guides, pictures, news articles, excerpts, opinions, critiques reviews, downloads, text, forms, photographs, source code, images, illustrations, profiles, data files, audio clips, video clips, copyrighted material, trademarks, service marks and the like, (collectively "the Content") is copyrighted / protected by intellectual property rights laws unless otherwise mentioned and may not be used except as provided in these Terms and Conditions.

8. Miscellaneous:

HDFC Life may sub-contract and employ advisors to carry out any of its obligations under these Terms and Conditions. HDFC Life may transfer or assign its rights and obligations under this contract to any Affiliate.

All Account Transactions, which cannot be carried out instantaneously, would be carried out during working hours either on the same day or such further period as may be determined and/or specified by HDFC Life depending upon the time of logging of the transaction / nature of transaction. You are requested to check with HDFC Life the estimated time required for completion of transaction / request, prior to execution of a transaction / request.

The performance of our obligations under these Terms may be interrupted and shall be excused by the occurrence of a force majeure event affecting us or any of our sub-contractors.

All Account Transactions shall be subject to Government notifications, the rules, regulations and guidelines issued by the Insurance Regulatory and Development Authority, the Reserve Bank of India, and those of other regulatory bodies defining rules/regulations governing the offer of any service under the Website facility, if any, on which such transactions are executed and/or cleared by HDFC Life.

HDFC Life also uses third party services for commercial transactions and payments. The security and privacy of those sites are not managed by HDFC Life, however HDFC Life shall be indemnified for any fraudulent transactions or misuse.

Payment transaction at a cybercafé/shared computer terminal is risky and you shall not use the services of a cybercafé/shared computer terminal to do any such transactions. If so, HDFC Life will not be liable for any misuse or fraud committed using such terminals or machines.

If HDFC Life fails to exercise any right or remedy under these terms, this shall not prevent HDFC Life from doing so at any time in the future.

The words 'including' or 'include' and words of similar effect will not be deemed to limit the general effect of the words which follow them.

Each provision of these terms will be construed separately and, in the event that any such provision may prove to be illegal or unenforceable, the remaining provision of these terms will continue in full force and effect.

The headings to sections will not form part of these terms and will not affect the interpretation of any section.

Any disclaimers and exclusions contained within these terms will survive termination of these terms.

9. Disclaimer:

You agree to indemnify and keep HDFC Life indemnified at all times from all losses, damages, costs, expenses, loss of profits, loss of business, proceedings, actions, suits (including legal fees) caused to or suffered by HDFC Life as a direct or indirect consequence of Your actions or actions that are attributable to Your User ID, including due to breach of Terms due to negligence or default.

We make no warranty regarding the Account Transactions entered into through the Website. No advice or information, whether oral or written, obtained by You from or through the Website facility or any person shall create any warranty not expressly stated herein.

HDFC Life, its employees and directors, its suppliers and its third party advisors shall not be liable for any action taken by you based on or relying on the information provided in or by the Website.

We will not be liable for any direct, incidental or consequential loss, which may be caused to you as a result of your use of the Website / Website facility.

If you are dissatisfied with the Website or any portion thereof, the Website facility or with any of these Terms and Conditions, Your sole and exclusive remedy is to discontinue using this Website and availing Website facility.

You acknowledge that any rights not expressly granted herein are reserved.

10. Jurisdiction:

Usage of this Website and these terms and conditions shall always be governed by Indian laws and all disputes shall be subject to exclusive jurisdiction of courts at Mumbai.

CHAPTER : 12

**ADVANTAGES OF HDFC LIFE INSURANCE AND LIFE
INSURANCE FOR FUTURE GOAL PLANNING**

- **Advantages of HDFC Life Insurance**
- **Life Insurance for Future Goal Planning**
 - ❖ **Certainty**
 - ❖ **Tax efficient**
 - ❖ **Flexibility**
 - ❖ **Wider options**
 - ❖ **Liquidity**
 - ❖ **Earmarking**
- **Insurance for Financial Security**
 - ❖ **Term insurance**
 - ❖ **Health insurance**
- **Retirement Planning**
- **Post Retirement Income**

➤ **Advantages of HDFC Life Insurance**

A wide range of vehicles are available to fund future financial goals. These could be low risk-low return instruments like bank deposits and small savings, or higher risk products such as equity, which can offer potentially higher returns. Insurance scores over other investment vehicles in a number of aspects

➤ **Life Insurance for Future Goal Planning**

❖ **Certainty**

Once a goal has been identified and a value for it has been crystallized, a life insurance policy is an excellent vehicle to fund the goal. This is because one can be rest assured that even in the unfortunate event of death or even critical illness, the sum assured will fund a future goal of the policyholder.

❖ **Tax efficient**

Maturity benefits of most insurance policies are tax free under Section 10 (10D) and the premium paid is eligible for deduction under Section 80C of the Income Tax Act, 1961.

❖ **Flexibility**

Insurance products, especially Unit Linked Plans, provide flexibility in terms of asset allocation to suit specific risk appetites, policy durations, premium payment terms and fund switching options.

❖ **Wider options**

Depending on the time horizon of the goal, the return required and the investor's risk appetite, a broad spectrum of asset allocations between equity and debt is possible in a Unit Linked Plan. An investor may tailor his policy to suit his requirement.

❖ **Liquidity**

Most Insurance products offer good liquidity after the lock-in period to take care of any emergency requirement of funds. But they do have inherent deterrents in the form of charges to discourage unnecessary encashment.

❖ **Earmarking**

Very often an insurance policy is taken for a specific goal. This therefore can become a deterrent against utilizing these funds for any other purpose and also encourages continued contributions.

➤ **Insurance for Financial Security**

Insurance helps you to provide for contingent liabilities like hospitalization, critical illness, debt redemption, etc. in a cost efficient manner.

❖ **Term insurance**

Term insurance is the simplest form of life cover, which pays the sum assured on death. This is useful to simply provide for a family's survival in the unfortunate event of demise of the bread winner. This can also be used to cover repayment of any debt of a policy holder by simply assigning the policy to the creditor. Upon maturity or claim on the policy, the proceeds are paid to the creditor. Loan Cover policies are a variant where the sum assured keeps reducing in line with the loan balance.

❖ **Health insurance**

These policies provide cover against major health care expenses like hospitalization, surgery, critical illness, etc. The benefits could be in the form of fixed pay-outs on hospitalization or a lump sum on diagnosis against some specified critical illnesses.

❖ **Accident benefit**

This is usually an add-on cover over a basic policy and pays an additional sum assured to the beneficiary in case of death due to accident. Since accidental death is sudden and unforeseen, the family could be faced with issues like relocation, debt servicing and other requirement for funds.

➤ **Retirement Planning**

Indian life expectancy has improved dramatically over the years due to availability of advanced medical facilities. However, a longer working life may not really be possible due to occurrences of life-style induced illness and high burn-out rate. The evolving demographic balance with plenty of young talent becoming continuously available may also be a deterring factor to a longer working life unless one is self-employed.

Consequently, our retirement life span could well be as long as our active working life span. This means that we have to build a solid corpus during our active life to maintain our life style for the long post retirement life if we are to enjoy the true meaning of the word "retirement". Pension Plans help us build up our savings during our earning years and provide us a lump sum on retirement. This lump sum can then provide us a retirement income by investing in an annuity.

➤ **Post Retirement Income**

The worst situation that a retiree can face is to run out of funds late into retirement. Such a situation may force him to seek help from friends / relatives or liquidate his fixed assets which essentially are a compromise of self-respect. This is where insurance offers the best solution in the form of an annuity. Annuities bought from the retirement corpus can either be used to provide regular post retirement income for a fixed term or for the entire life.

A pension scheme may be broadly divided into two phases, namely accumulation (pre-retirement) and distribution or consumption (post-retirement). In the above graph*, we assume a 30-year old who plans to retire at the age of 60 years and expects to live till the age of 80 years. His accumulation phase is between the age of 30 and 60 years when he builds his retirement corpus and distribution phase is between the age of 60 and 80 years when he draw's down this corpus for his living. Pension Plans ensure that the distribution phase of your life is as comfortable as your earning years.

CHAPTER : 13

REFERENCE, CONCLUSION & QUESTIONNAIRE

➤ **Reference**

➤ **Conclusion**

➤ **Questionnaire**

➤ **References**

- Jump up to:^{a b} <https://www.licindia.in/getattachment/Bottom-Links/annual-report/LIC-Annual-Report-2015-16.pdf.aspx>
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➤ **CONCLUSION:**

Life insurance is very important insurance and is essential for everyone's life. But in India the penetration level of insurance industry is very low compared to other developing countries where this industry has reached a saturation level as almost all the lives have been covered. Customers are the integral part of the industry. Thus companies face cut throat competition and have to differentiate themselves from others by innovative products and services. The insurance companies also have to consider the underlying facts, reason that drive customer's investment decision in life insurance.

➤ **Questionnaires :**

Client name

Date _____

Client address

Client phone number (H) _____ (W)

Client email _____

Do you have an insurance policy?

Yes

No

What type of insurance do you have?

Private

Public

Who influenced you to get an insurance policy?

The media

Insurance agents

Federal government

Friends, family and colleagues

Other

How many insurance policies do you currently have?

1

2

3

4

5

More than 5

What kind of insurance policies do you have? Check as many as you'd like.

Savings policy

Whole life policy

Endowment policy

Money back policy

Automobile insurance

Pension plan policy

- Property insurance
- Any other

What is the average term of the policies you have?

- Up to 5 yrs.
- Above 20 years.

Have you ever received any benefits from any of the policies you currently have?

- Yes
- No

If yes, how many times have you received it?

- 1
- 2
- 3
- More than three

How regularly do you pay your premiums?

- Monthly
- Quarterly
- Half year
- Yearly

10. Has any of your policies ever lapsed due to non-payment of premiums?

- Yes
- No

Have you received any incentives from your insurance company on the insurance

premiums?

Yes

No

Are you aware of any insurance bonuses of your policies?

Yes

No

Have you ever surrendered any insurance policy?

Yes

No