

Life Insurance

By Joshua Akena



Plot 6-9, Okot Close, Victoria Office Park, Bukoto, P.O. Box 4184 - Kampala



+256 (0) 417 333 500



Introduction to Life Assurance

- I. Be able to define life assurance
- II. Explain the principles of life assurance
- III. Be able to differentiate between life and general insurance
- IV. Be able to substantiate why people buy life assurance



Brief History

- Brief History- (Roman empire, 1583,1774,Africa,Uganda-2011,UIC-1996 ,Insurance Act 2017)
- Definition – Life contract, proposer, life office, assure
- Key risks- Death, Disability and Old age
- Principles - insurable interest (ownlife,Dr/ Cr,Hus/wife),
utmost good faith (disclosure- misrepresentation& Non- disclosure ,
proximate clause



Benefits of Life Assurance

- Characteristics- long term, human life, non-indemnity, assignable
- Benefits
 - a. Individual – peace of mind, savings, protection, mortgage, business protection, income at Old age
 - b. Community - Funeral burden, poverty reduction(dependence)
 - c. Nation- savings mobilization, employment, Tax



Law of agency & Marketing

- I. Understand the basic principles regarding the Law of Agency
- II. Understand the sales process



Law of Agency

- Law of agency(Contract- Principal/agent &Third parties)
- Creation (agreement,necessity,ratification,by law)
- Duties of an agent(obey,skill,perfom,good faith)
- Duties of the principal (expenses , commissions)
- Authority of the agent(Actual- express, implied & apparent)
- Termination(Act of parties – agreement, revocation, renunciation) & Law (Death, insanity, bankruptcy, frustration)
- Sales cycle (prospect, approach, needs assessment, presentation, objective handling ,close and after sales)



Classes of Life Assurance

1. Define the various classes of life insurance
2. Understand key features of each class



Classification of products

- Classification – savings, protection & investment
- Key terms- premium, Sum Assured, Maturity, Expiry
- Products (Term – protection(Mortgage, GLA), Whole life (protection, funeral, estate planning , Endowment(savings, education,
- Riders – Premium waiver, Double Accident, TPD, Critical Illness, Last Expense



Subclasses of Life Assurance products

- Be able to define the various sub-types of life assurance
- Understand the key features



Product classification

- Term Assurance (Level, increasing, decreasing, renewable, convertible)
- Whole life (With & without profits)- premium level/single
- Endowment (with & without, unit linked, flexi)
- Income protection (Disability – income)
- Group Life (master, fixed scale, FCL, Admin)
- Superannuation – retirement
- Group income



Annuities & Pensions

1. Be able to explain the various types of annuities
2. Understand key features of annuities and pensions
3. Name some investment options and in what cases they might be used



Annuities

- Funded & unfunded schemes
- Defined benefit and defined contribution
- Annuity, annuitant, deferred and pensions
- Factors affecting annuity rates (age, health,economy,inflation)
- Types(Immediate, deferred, annuity certain, Guaranteed, Last survivor)
- Investment of funds(low risk vs High risk, inflation, liquidity)



Policy documentation

- Be able to differentiate between specific and general questions on the proposal form
- Be able to define the various sections of the policy documents, identify key features and their importance



Proposal forms and underwriting

- Proposal form- General (address, name) & Specific(Sum insured, medical history)
- Underwriting & anti- selection
- Medical forms- MER, GP
- Questionnaires (Occupational and Financial(affordability, moral hazard)
- Policy document (schedule, conditions, exclusions)
- endorsements



Chapter 7-Underwriting, Reinsurance & Actuarial valuation

- Be able to understand the process of underwriting a life risk and be able to acknowledge the importance of requisite information required
- Be able to explain the importance of reserving and actuarial valuation
- Have a basic understanding of reinsurance



Underwriting , reinsurance and valuation

- Key terms – FCL, Standard Life, physical & moral hazard, Actuary
- UW-Factors-age, BMI, Family and Medical history
- Add.UW- Medical reports, questionnaires
- Premium rating- mortality, investment, expense, profits , reserve
- risks- (standard, increasing, constant(occupation), decreasing
- Underwriting- accept std rates, accept special terms, load, decline, postpone)
- Reinsurance (accept large risks, catastrophic cases & profit smoothing) , types(treaty , facultative)
- Reinsurance mechanism sharing (proportional , Non –proportion)
- Actuarial valuation
- Surplus(reserves, bonuses, dividends)



Chapter 8- Policy Administration

- Clearly explain the elements of policy administration
- Understand the implication of non-payment of premiums on a life policy
- Explain the purpose of the non-forfeiture provisions
- Be able to explain the implication of policy assignment and its key features
- Be able to explain circumstances under which clients share in profits



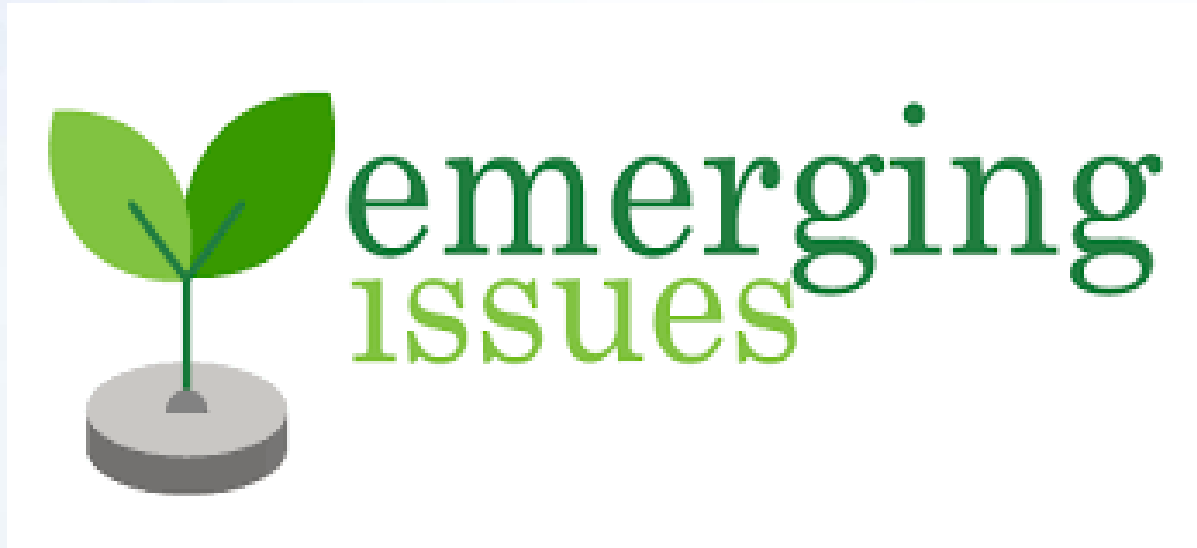
Claims Administration

- Procedures (notify, status of premium, policy Doc,proof of death, proof of age if not admitted)
- Claim types
 1. Death claim
 2. Critical illness
 3. Total Permanent Disability
 4. Maturity
 5. Surrender
 6. reinsurance



Emerging issues

- Define Micro Insurance, Takaful and Bancassurance
- Understand key features



Micro insurance, Bancassurance and Takaful

- Micro insurance – low income, low premium and excluded groups
 - Credit life, Personal accidents ,Funeral
- Bancassurance
 - Model (integrated and Non-integrated)
 - Benefits (Banks and insurers)
- Takaful
 - insurance (Islamic principles)
 - Haram-Gharar, Riba and Maisir(Gambling)
 - Principles (fund, contributions, losses, surplus)



Send questions to trainingdepartment@iiu.ac.ug



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