

Unit 2

Types of policy claims:

Survival benefit : survival benefit is the amount you receive at the end of your insurance policy tenure. Investing in a life insurance policy ensures that your family's financial needs are met in case something happens to you. However, if you survive till the end of the policy tenure, this policy can take care of your financial needs as well. Various life insurance plans provide a certain percentage of the sum assured when the policy matures, irrespective of your health conditions at that time. This is known as 'survival benefit'. It might include a number of elements like returns on your investments, accrued bonuses, etc.

Death claim : death of the insured in life insurance policy, the beneficiaries become entitled to the death benefit. To receive the sum, a legally entitled beneficiary is usually required to proceed to the claims department of an insurance company and bring proof of death of the insured and make a request to receive payment based on the terms of the life insurance plan.

Mandatory documents for death claim:

Mandatory Documents for Death Claim . *Claimant's statement / Claim intimation form - Download Form *For Lender Borrower Group (only for Credit Life policies) - Claimant's statement / Claim intimation form . *For Affinity / Employer-Employee Group - Claimant's statement / Claim intimation form . * Copy of Death certificate issued by Local Municipal Authority. *Copy of Claimant's Photo Identification Proof & Current Address Proof - List of Photo ID and Current Address Proof .
*Cancelled Cheque

Maturity Claim: maturity claim is associated with the Maturity Benefit of the Policy i.e. the claim which arises when the policy matures. It simply means that when the policy completes its tenure, a certain amount of money called Maturity Claim amount is settled towards the life assured. It is paid only if the policy completes its due course of time and the policy has been continued properly, i.e. all due premiums have been paid on time.

Documents required for maturity Claim

Original policy documents.

Photocopy of identity proof.

Photocopy of address proof.

Photocopy of age proof (if not previously submitted)

NEFT mandate with the bank details.

A cancelled cheque leaf or a copy of the policyholder's bank passbook.

Details regarding any assignment or reassignment.

Claim Settlement Process:

Death Claim Step One: Intimation of Claim

The claimant must submit the written intimation as soon as possible to enable the insurance company to initiate the claim processing. The claim intimation should consist of basic information such as policy number, name of the insured, date of death, cause of death, place of death, name of the claimant etc .Claim intimation form can be availed from nearest branch of the insurance company or/and by downloading it from the company website.

Step Two: Documentation

The claimant will be required to provide the following documents along with a claimant's statement:

- I. Certificate of Death
- II. Proof of age of the life assured (if not already given)
- III. Deeds of assignment / reassignments (if required)
- IV. Policy document
- V. Any other document as per requirement of the insurer

For early death Claim, (If the claim has accrued within three years from the beginning of the policy), the following additional requirements may be called for:

- I. Statement from the hospital if the deceased had been admitted to hospital
- II. Certificate of medical attendant of the deceased giving details of his/her last illness
- III. Certificate of cremation or burial to be given by a person of known character and responsibility present at the cremation or burial of the body of the deceased
- IV. Certificate by employer if the deceased was an employee

In special cases as per following the proof of death will be different from the standard specification

In case of an air crash the certificate from the airline authorities would be necessary certifying that the assured was a passenger on the plane.

In case of ship accident a certified extract from the logbook of the ship is required.

In case of death from medical causes, the doctors' certificate and/or treatment records may be required.

If the life assured had a death due to accident, murder, suicide or unknown cause the police inquest report, panchanama, post mortem report, etc would be required.

Step Three: Submission of required Documents for Claim Processing

For faster claim processing, it is essential that the claimant submits complete documentation as early as possible.

Step Four: Settlement of Claim

As per the regulation 8 of the IRDA (Policy holder's Interest) Regulations, 2002, the insurer is required to settle a claim within 30 days of receipt of all documents including clarification sought by the insurer. If the claim requires further investigation, the insurer has to complete its procedures within six months from receiving the written intimation of claim.

After receiving the required documents the company calculates the amount payable under the policy. For this purpose, a form is filled in which the particulars of the policy, bonus, nomination, assignment etc. should be entered by reference to the Policy Ledger Sheet. If a loan exists under the policy, then the section dealing with loan is contacted to give the details of outstanding loan and interest amount, which is deducted from the gross policy amount to calculate net payable claim amount. Generally all claim payments would be made through the electronic fund transfer.

Maturity & Survival Claims:

The payment by the insurer to the insured on the date of maturity is called maturity payment. The amount payable at the time of the maturity includes a sum assured and bonus/incentives, if any. The insurer sends in advance them intimation to the insured with a blank discharge form for filling various details in it. It is to be returned to the office along with Original Policy document, ID proof, Age proof if age is not already submitted, Assignment /reassignment, if any and Copy of claimant's Bank Passbook & Cancelled Cheque. Settlement procedure for maturity claim is simple after receipt of completed and stamped discharge form from the person entitled to the policy money along with policy documents, claim amount will be paid by account payee cheque.

Regarding maturity claims certain points are to be remembered:

If the life assured is reported to have died after the date of maturity but before the receipt is discharged, the claim is to be treated as the maturity claim and paid to the legal heirs. In this case death certificate and evidence of title is required.

Where the assured is known to be mentally deranged, a certificate from the court of law under the Indian Lunacy Act appointing a person to act as guardian to manage the properties of the lunatic should be called.

For Survival Benefit claim, Policy bond and discharge voucher is required.

Rider Claims:

The life insurance policy can be attached with different riders like accidental rider, Critical illness Rider, Hospital cash Rider, waiver of Premium Rider etc. For different Riders different proceedings can be opted for claim settlement. In some cases the claim may proceed as well as with the death Claim (Like Waiver of premium rider, accidental death Rider etc). But in some other cases different documents can be required for along with the duly filled Claim form & Policy Copy:

For Critical Illness Rider, necessary medical documents such as first investigation report, Doctor's prescription, Discharge Summary etc are required

For Accidental disability rider, Attested copy of FIR, Doctor Certificate of disability, Photograph of the injured with reflecting disablement, Original Medical bills with prescriptions/ treatment papers etc are required.

For Hospital cash rider medical documents are required such as Medical & Investigation report, Prescriptions, Medical and Investigation Bills, Discharge Card etc.

Conclusion: Importance of Proper Documentation in Claim Processing:

It is noted that in many cases the life insurance claim has been denied by the insurer because the claimant has failed to follow some step or not able to submit the necessary information to the company. So it is recommended that when you claim for life insurance, take proper steps and documentation so that you can collect your benefit without difficulty or delay.

Types of death Claim:

1)Earlier Claim 2)Non Earlier Claim **Death Claims are primarily categorized into early and non-early claims by insurance companies. Early claims are the claims which happen within three years from the date of commencement or revival of the policy (whichever is later). All other claims are categorized as non-early. For early claims, the insurance company may conduct an enquiry before settling the claim. For accident claims few more additional procedures may be required.**

Steps involved in settling a death claim in LIC of India

Intimation of Death claim to LIC . Supply of required forms based on early/ non-early nature of the claim

Submission of the duly filled forms along with required supporting documents.

Conducting an enquiry if inevitable.

Decide on settling or repudiating the claim based on the enquiry and documents. Crediting the amount to the nominee's account for settled claims / issuing a letter for repudiated claims stating the reasons.

Accidental Death Benefit:

Rider is a provision in a Life Insurance policy that can provide an additional payment if your death occurs as the result of an accident, often double the amount of money. **Reasons For Purchasing An Accidental Death Benefit Rider** .If you work in a potentially dangerous environment (with heavy machinery, for example) or drive more than average (either professionally or as a commuter), an accidental death benefit rider might be a good rider to consider adding to your