

Participant Handbook

Sector
BFSI

Sub-Sector
Fund Investment & Services
Occupation
**Independent Financial Advisory
and Agency**

Reference ID: **BSC/Q3801, Version 4.0**
NSQF level: 3



Insurance Agent

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Shri Narendra Modi
Prime Minister of India

“ Skilling is building a better India.
If we have to move India towards
development then Skill Development
should be our mission. ”



Certificate

COMPLIANCE TO QUALIFICATION PACK – NATIONAL OCCUPATIONAL STANDARDS

is hereby issued by the

BANKING, FINANCIAL SERVICES & INSURANCE (BFSI) SECTOR SKILL COUNCIL OF INDIA

for

SKILLING CONTENT: PARTICIPANT HANDBOOK

Complying to National Occupational Standards of

Job Role/ Qualification Pack: Insurance Agent QP No. 'BSC/Q3801, NSQF Level 3'

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Chairman

(Banking, Financial Services & Insurance (BFSI)
Sector Skill Council of India)

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About this Book

Welcome to the "Insurance Agent" training program. This handbook is designed to provide participants with comprehensive knowledge about the insurance policy sales process, focusing on sourcing the customers, assisting customers in filling application form and providing pre-issuance services and post-sale services to customers.

Throughout this training program, participants will gain insights into the intricacies of insurance policies, products, claim and client engagement. The handbook will cover various aspects, including educating clients on the risk-return profile of different insurance policies, aligning investment choices with financial goals, and conducting regular portfolio reviews. Participants will also be equipped with the necessary skills to stay updated on market trends and survey, insurance products like stocks and bonds, and regulatory changes within the insurance industry. Effective communication skills will be emphasized, enabling participants to build trust with clients, explain complex financial concepts, and address inquiries.

The handbook outlines the key knowledge and understanding required for successful insurance sales and post sales services. This includes staying informed about market conditions, fund characteristics, and relevant regulatory requirements.

Performance criteria are established to encourage participants to achieve the necessary skills through hands-on training and adherence to industry standards. This Participant Handbook is designed based on the Qualification Pack (QP) under the National Skill Qualification framework (NSQF) and it comprises of the following National Occupational Standards (NOS)/ topics and additional topics.

1. BSC/N3801: Source insurance customers
2. BSC/N3802: Assist customers in filling application form and providing pre-issuance services
3. BSC/N3804: Assist customers with post-sale services
4. DGT/VSQ/N0102: Employability Skills (60 Hours)

Symbols Used



Key Learning
Outcomes



Unit
Objectives



Notes



Exercise

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It is recommended that all trainings include the appropriate Employability skills Module. Content for the same can be accessed <https://www.skillindiadigital.gov.in/content/list>





1. Introduction to the Banking Sector and the Job Role of Insurance Agent



BFSI Sector Skill Council of India
"An Initiative of NSDC"

- Unit 1.1: Objectives and Benefits of the Skill India Mission
- Unit 1.2: Scope of the Banking Industry and its Sub-sectors
- Unit 1.3: Role and Responsibilities of Insurance Agent



Key Learning Outcomes

At the end of this module, the trainee will be able to:

1. Outline the overview of the Skill India Mission
2. Discuss about the Banking Industry and its sub-sectors
3. Define the role and responsibilities of an Insurance Agent

Unit 1.1 Objectives and Benefits of the Skill India Mission

Unit Objectives

At the end of this unit, the trainee will be able to:

1. Discuss the objectives and benefits of the Skill India Mission

1.1.1 Introduction - Skill India Mission

The Skill India Mission is a flagship initiative launched by the Government of India with the aim of empowering the country's youth by enhancing their skills and making them more employable. This ambitious program was inaugurated by Prime Minister Narendra Modi on July 15, 2015, with the vision of creating a skilled and productive workforce capable of meeting the demands of a rapidly evolving global economy. Key components of the Skill India Mission include:



Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

- This flagship scheme provides financial incentives to individuals who successfully complete skill development programs.
- It aims to provide skill training to a large number of Indian youth, enabling them to secure better livelihoods in relevant industries.



National Skill Development Corporation (NSDC)

- NSDC is a public-private partnership tasked with promoting skill development in the country.
- It collaborates with various training partners, industry associations, and other stakeholders to create a sustainable ecosystem for skill development.



Industrial Training Institutes (ITIs) and Polytechnics

- The Skill India Mission emphasizes the modernization and upgradation of existing ITIs and polytechnics to enhance the quality of vocational education and training.

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Apprenticeship Training

- Encouraging the adoption of apprenticeship training in industries is a crucial aspect of the initiative.
- This allows individuals to gain practical experience and on-the-job training, making them more industry-ready.



Recognition of Prior Learning (RPL)

- This component focuses on certifying the skills acquired through informal means and experience, giving due recognition to individuals who may have acquired skills through non-formal channels.



Kaushal and Rozgar Mela

- Job fairs are organized to facilitate the placement of skilled individuals in relevant industries, promoting a seamless transition from training to employment.

Fig 1.1 Schemes for Skill Development in India

Notes



1.1.2 Objectives of the Skill India Program

The primary objective of the Skill India Mission is to train over 400 million people in various sectors by 2022, aligning with the demographic advantage of having a large youth population. The program seeks to bridge the existing gap between the demand for skilled labour and the available workforce by imparting training in a wide range of industries, including manufacturing, healthcare, retail, IT, and more.

The Skill India Mission encompasses a set of comprehensive objectives aimed at addressing the challenges of unemployment, underemployment, and skill gaps in India. Here's an overview of the key objectives associated with this initiative:

- Equip a large number of individuals with industry-relevant skills to meet diverse sector demands.

Create a Skilled Workforce



- Enhance youth employability by providing skills aligned with job market requirements, narrowing the gap between industry needs and workforce skills.

Enhance Employability



- Design skill development programs for various industries, fostering a broad skill set among the workforce, including manufacturing, services, IT, healthcare, agriculture, etc.

Cater to Diverse Sectors



- Encourage entrepreneurship through training and support, fostering a culture of self-employment in addition to traditional employment.

Promote Entrepreneurship



- Establish a nationally recognized system for certifying skills to ensure credibility and acknowledgment by employers nationwide.

Standardize Skill Certification



- Extend skill development initiatives to rural areas, bridging the rural-urban divide by providing training opportunities in remote locations.

Bridge Rural-Urban Divide



- Address the needs of diverse demographic groups, including women, differently-abled individuals, and marginalized communities, ensuring accessibility for all.

Promote Inclusivity



- Emphasize continuous learning and upskilling throughout one's career to adapt to evolving industry trends and technologies, promoting a culture of lifelong learning.

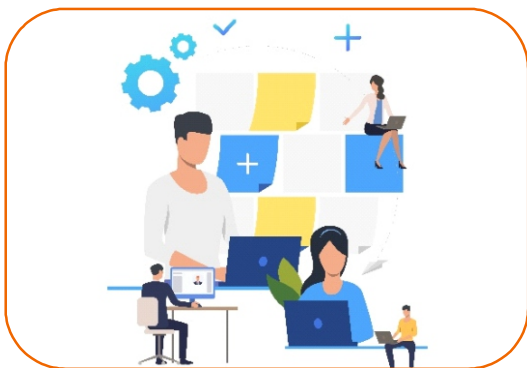
Encourage Lifelong Learning



Fig 1.2 Objectives of Skill India Mission

List of Skill India Courses

Skill India courses encompass a wide range of forces that are broadly categorized into five main groups, including:



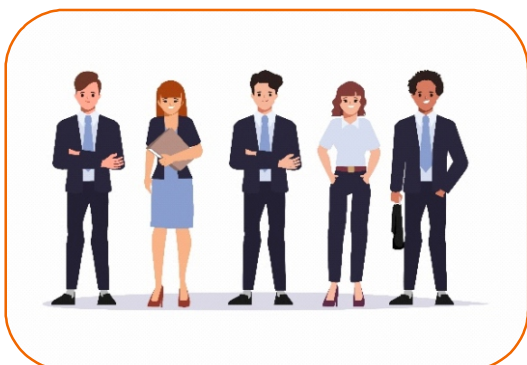
Management and Development Programs:

- Financial Statement Analysis, Modern Office Practices, Marketing for Manager, etc.



Training of Trainer:

- Accreditation Program for EM Trainers, Technology Infusion, etc.



Entrepreneurship Development Program:

- Women EDP, Women empowerment, CRR scheme, etc.



Skill Development Programmes:

- Dairy based ESDP, Carpentry, Electroplating, Fashion Designing, etc.



Other Skills:

- Promotion of Micro-enterprises, Cluster Development, Lending Strategies for MSMEs, etc.

Fig 1.3 List of Skill India Courses

1.1.4 Benefits of the Skill India Program

The Skill India Mission carries a multitude of benefits, contributing to the overall development and progress of the country. Some of the key advantages include:



Reduced Unemployment: By enhancing the employability of the workforce, the Skill India Mission contributes to reducing unemployment rates, especially among the youth.



Economic Growth: A skilled workforce is crucial for economic growth. The initiative aims to boost productivity and competitiveness, thereby contributing to overall economic development.



Global Competitiveness: A skilled workforce makes India more competitive on the global stage, attracting investment and enabling the country to participate effectively in the global economy.



Social Empowerment: Skill development programs empower individuals, particularly those from marginalized sections of society, by providing them with the means to secure gainful employment and improve their socio-economic status.



Industry Relevance: Aligning skills with industry requirements ensures that the workforce is better prepared to contribute immediately upon entering the job market, reducing the need for extensive on-the-job training.



Entrepreneurial Ecosystem: By promoting entrepreneurship, the initiative contributes to the creation of a robust entrepreneurial ecosystem, fostering innovation and job creation.



Reduction in Skill Gaps: The Skill India Mission addresses the prevailing gaps between the skills possessed by individuals and the skills demanded by employers, thereby promoting a more efficient labor market.

Fig 1.4 Benefits of Skill India Mission

Unit 1.2 Scope of the Banking Industry and its Sub-Sectors

Unit Objectives

At the end of this unit, the trainee will be able to:

1. Describe the scope of the Banking Industry and its sub-sectors

1.2.1 Overview

Let's start with understanding the concept of a bank and banking before delving into the banking industry and its various sub-sectors.

1. A **bank** is a financial institution that provides various services to individuals, businesses, and governments. It acts as a safe place to store money, offers loans, and facilitates financial transactions.

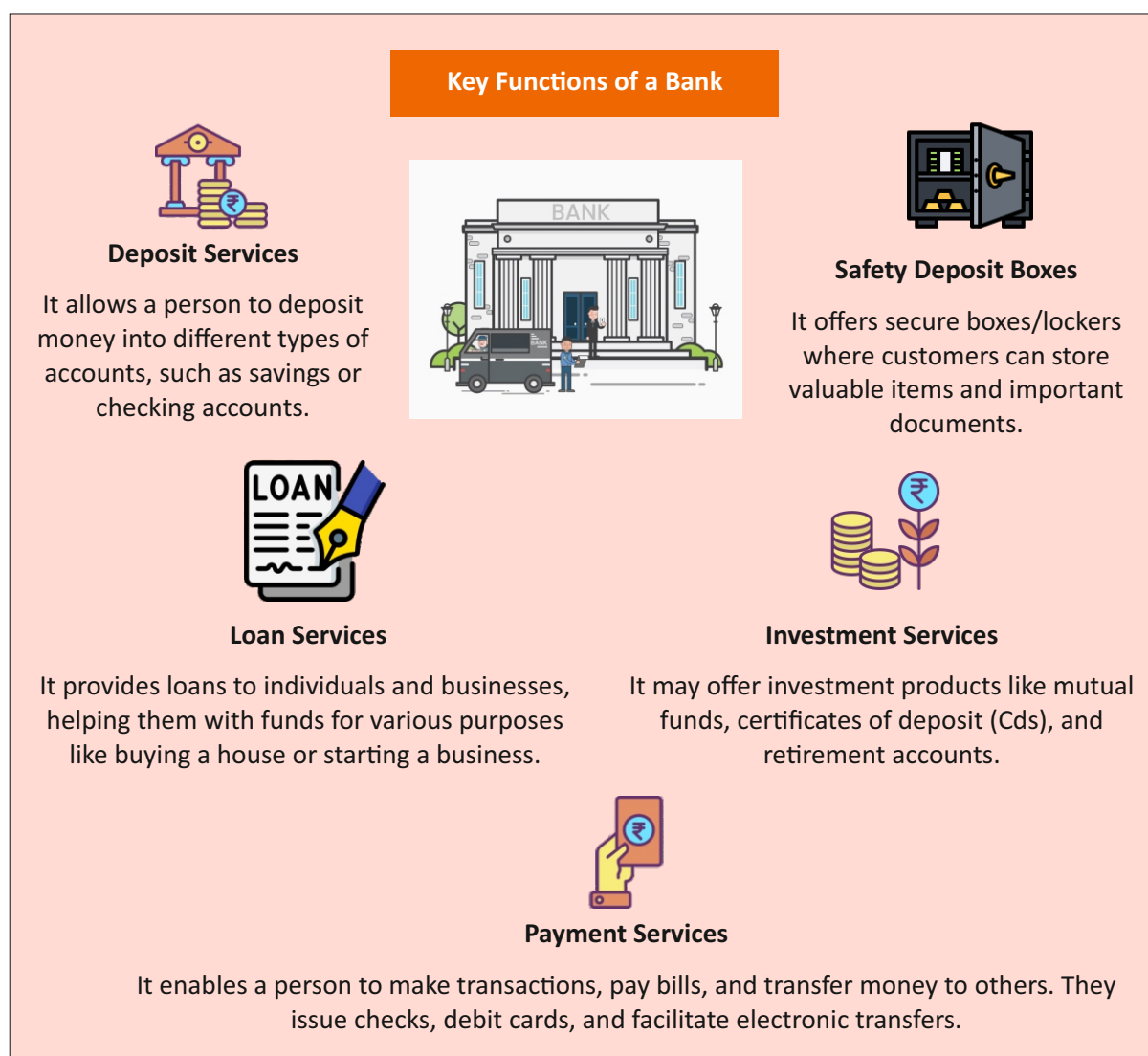


Fig 1.5 Key Functions of Bank

2. **Banking** refers to the activities and services provided by banks. It involves managing money, facilitating transactions, and supporting financial needs.



Savings Account:

- Deposit money, and earn interest on savings.



Checking Account:

- Deposit money for daily transactions, and use checks or debit cards for purchases.



Home Loan:

- Borrow money from the bank to buy a house, repay with interest over time.



ATM Transactions:

- Use ATMs for cash withdrawals, account balance checks, and deposits.



Online Banking:

- Manage accounts, transfer money, and pay bills online from home.

Fig 1.6 Examples of Banking

The **banking industry** is a vital part of the financial sector, serving as the backbone of the economy by providing diverse financial services. It plays a crucial role in facilitating transactions, promoting economic growth, and offering financial services to individuals and businesses worldwide. The industry includes various institutions contributing to the overall framework of financial transactions and economic development.



Fig 1.7 Reserve Bank of India's Logo

Image Source: Wikipedia

The banking industry in India has a rich historical legacy, evolving from traditional systems to a modern, technologically advanced landscape.

The **Reserve Bank of India (RBI)**, established in 1935, serves as the central bank, overseeing monetary policy and regulating financial institutions.

India's banking sector is diverse, featuring public sector banks, private sector banks, cooperative banks, and foreign banks, creating a multifaceted financial ecosystem. Recent years have seen notable technological advancements, including the adoption of **online banking, mobile banking, and digital payment systems**, aimed at improving customer experiences.

The government has actively promoted financial inclusion through initiatives such as **Jan Dhan Yojana**, ensuring access to basic banking services for every household.

The **Pradhan Mantri Mudra Yojana (PMMY)** focuses on providing financial support to small businesses, fostering entrepreneurship and economic development. However, challenges, particularly in managing **non-performing assets (NPAs)**, have led to reforms and increased scrutiny in the banking industry. On a positive note, the integration of **Fintech Solutions** offers opportunities for efficiency and innovation, reshaping the overall landscape of the industry.

1.2.2 Various Sub-sectors of Banking Industry

The banking industry is diverse and comprises various sub-sectors, each serving specific functions and catering to distinct financial needs. The following figure explains some of the key sub-sectors within the banking industry:

1. **Retail banking** focuses on providing financial services directly to individual consumers. These services include everyday banking needs like savings accounts, checking accounts, personal loans, mortgages, credit cards, and other retail-oriented financial services.

Key Players of Retail Banking

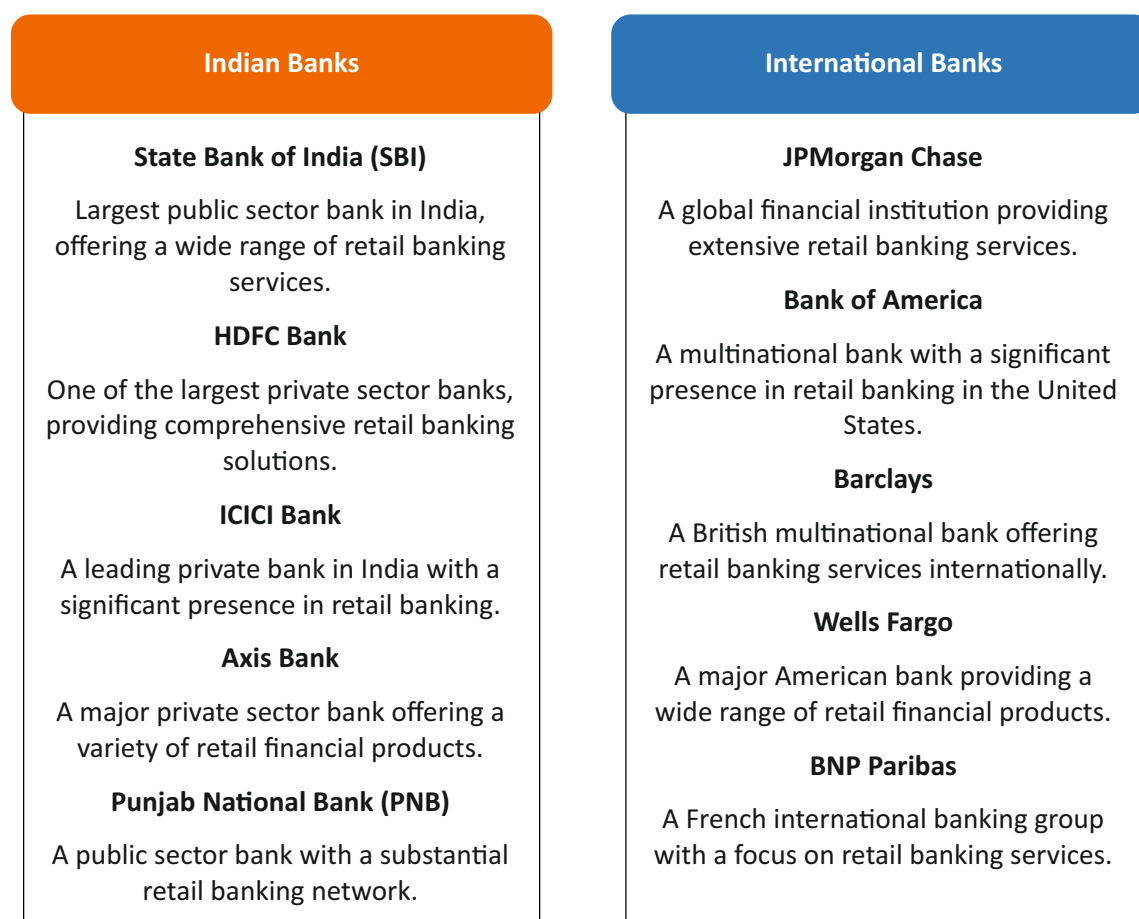


Fig 1.8 Key Players of Retail Banking

2. **Corporate banking** targets large businesses and corporations, offering tailored financial solutions to meet their unique needs. Services include corporate loans, trade finance, treasury management, and other financial products and services designed for large enterprises.

Key Players of Corporate Banking

Indian Banks

State Bank of India (SBI)

Offers a comprehensive range of corporate banking services to large businesses.

HDFC Bank

A major player in corporate banking, catering to the financial needs of large corporations.

ICICI Bank

Provides corporate banking solutions, including loans and financial advisory services.

Axis Bank

Offers corporate banking services, including working capital loans and trade finance.

Bank of Baroda

Provides corporate banking solutions with a focus on trade finance and international business.

International Banks

JPMorgan Chase

A global leader in corporate banking, offering a wide array of financial services to corporations.

Bank of America

A major player in corporate banking, providing financial services to large corporations.

Barclays

Offers corporate banking solutions, including corporate lending and treasury services.

HSBC

A multinational bank with a significant presence in corporate banking globally.

Deutsche Bank

Provides corporate banking services, including financing and treasury solutions for businesses.

Fig 1.9 Key Players of Corporate Banking

Notes



3. **Investment banking** engages in financial transactions on behalf of corporations, governments, and other entities. It involves services such as underwriting of securities, mergers and acquisitions (M&A), advisory services, and securities trading.

Key Players of Investment Banking

Indian Institution

SBI Capital Markets

Involved in various financial services, including underwriting and advisory.

ICICI Securities

Offers investment banking services, including advisory and capital market solutions.

Axis Capital

The investment banking subsidiary of Axis Bank, providing a range of financial services.

Kotak Investment Banking

Offers investment banking and advisory services, including M&A and capital raising.

JM Financial

Provides investment banking services, including advisory on mergers and acquisitions.

International Institutions

Goldman Sachs

A global investment banking and securities firm, involved in various financial services.

JPMorgan Chase

A multinational investment bank, offering extensive investment banking solutions.

Morgan Stanley

Provides a wide range of investment banking services, including advisory and capital raising.

Deutsche Bank

A global investment bank with a significant presence in various financial services.

Citigroup

An international bank offering investment banking services, including M&A and capital markets.

Fig 1.10 Key Players of Investment Banking

Notes



4. **Private banking** caters to high-net-worth individuals (HNWIs) and provides personalized financial services. It includes wealth management, investment advisory, estate planning, and other customized financial solutions.

Key Players of Private Banking

Indian Banks

HDFC Private Bank

A specialized division of HDFC Bank, offering private banking services to high-net-worth clients.

ICICI Private Banking

Provides personalized financial solutions for high-net-worth individuals, including wealth management.

Kotak Private Bank

The private banking arm of Kotak Mahindra Bank, catering to the affluent segment.

Axis Private Banking

Offers exclusive financial services for high-net-worth clients, including investment advisory.

YES Private Bank

A private banking division of YES Bank, focusing on personalized financial solutions.

International Banks

UBS

A global wealth management and private banking giant, serving high-net-worth individuals internationally.

Credit Suisse

Offers private banking and wealth management services on a global scale.

JPMorgan Private Bank

The private banking division of JPMorgan Chase, providing tailored financial solutions.

Goldman Sachs Private Wealth Management

Delivers personalized financial services for high-net-worth clients globally.

Morgan Stanley Private Wealth Management

Specializes in providing wealth management and private banking services.

Fig 1.11 Key Players of Private Banking

Notes



5. **Digital banking** utilizes technology to offer banking services through digital channels, including online banking, mobile banking, digital wallets, and other electronic platforms to conduct financial transactions.

Key Players of Digital Banking

Indian Banks/Platforms

Paytm Payments Bank

A digital bank offering a range of online financial services, including digital wallets and payments.

PhonePe

A digital payment platform that also provides digital banking services through its app.

Kotak 811

Kotak Mahindra Bank's digital banking platform, offering online banking services and digital account opening.

YONO (You Only Need One) by SBI

State Bank of India's digital platform providing various banking services.

Google Pay

A digital payment and banking platform offering online financial services.

International Banks/Platforms

Ally Bank

A digital-only bank in the United States, providing online banking services without physical branches.

Monzo

A digital bank in the UK offering mobile-based banking services.

Revolut

A fintech company providing digital banking services and international money transfers.

N26

A German neobank offering digital banking services through its mobile app.

Chime

A digital bank in the United States with a focus on mobile banking and financial services.

Fig 1.12 Key Players of Digital Banking

Notes



6. **Microfinance Institutions** focus on providing financial services to individuals in low-income or underserved communities. They offer small loans, savings accounts, and other financial products to support micro-entrepreneurs.

Key Players of Microfinance Institutions

Indian Institution

SKS Microfinance

A prominent microfinance institution in India, providing financial services to rural and low-income communities.

Bandhan Bank

Started as a microfinance institution, now a full-fledged bank with a focus on serving underbanked populations.

Ujjivan Small Finance Bank

A microfinance-focused bank providing financial services to the unbanked and underprivileged.

ESAF Small Finance Bank

Focuses on providing microfinance and banking services to underserved populations.

Janalakshmi Financial Services

A microfinance institution in India, offering financial solutions to low-income individuals.

International Institution

Grameen Bank

A pioneering microfinance institution in Bangladesh, providing small loans to alleviate poverty.

Opportunity International

An international microfinance network working to provide financial solutions to the underprivileged.

FINCA International

Operates microfinance programs globally, supporting entrepreneurship and financial inclusion.

BRAC

A global development organization with a focus on microfinance to empower the poor.

Accion

A nonprofit organization working to advance financial inclusion through microfinance solutions.

Fig 1.13 Key Players of Microfinance Institutions

Notes



7. **Cooperative banks** are owned and operated by their members, who are often individuals or businesses with a common interest. They provide banking services to members and operate on a cooperative basis.

Key Players of Cooperative Banking

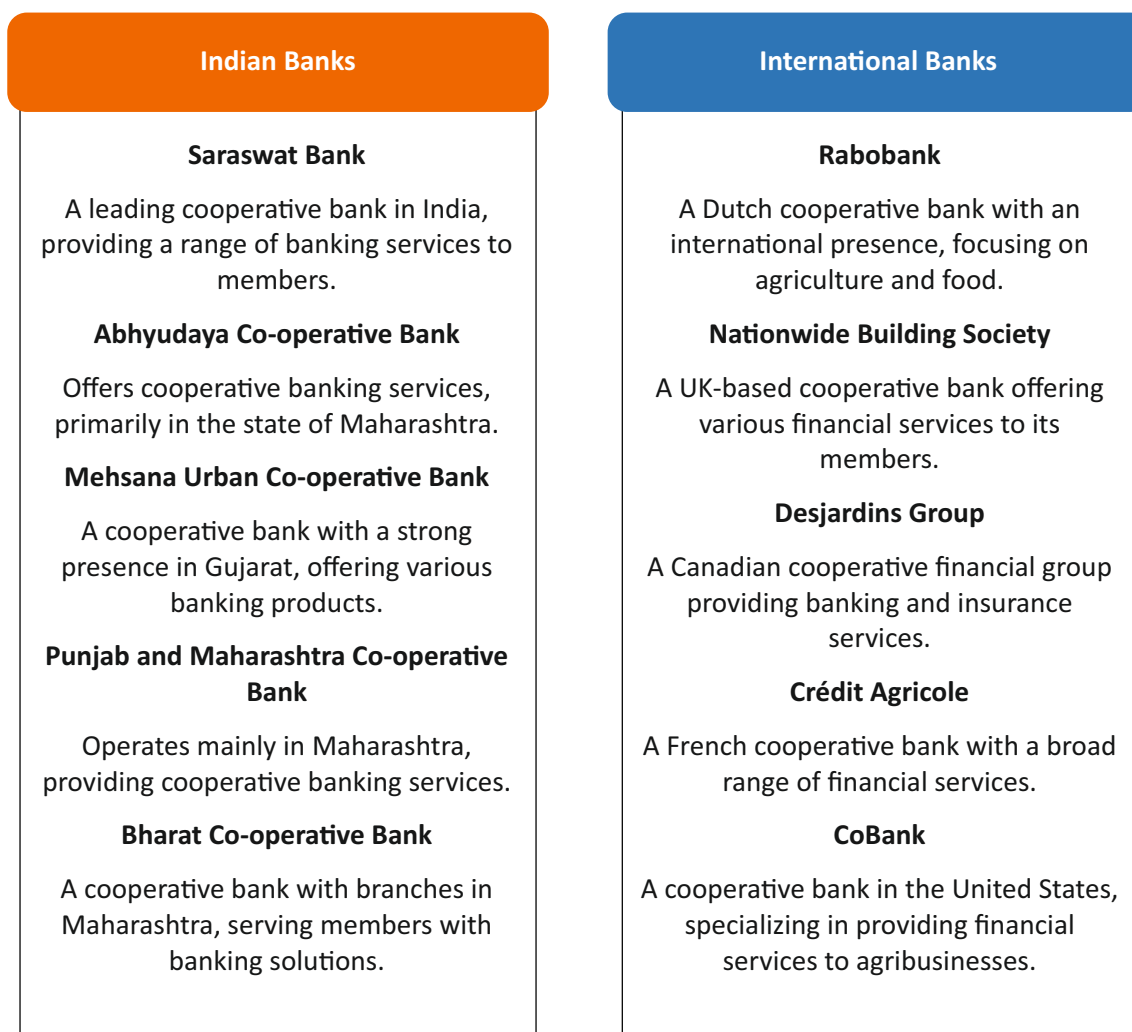


Fig 1.13 Key Players of Cooperative Banking

Notes



8. **Development banks** are specialized institutions that focus on financing economic development projects. They support infrastructure projects, industrial development, and initiatives aimed at promoting economic growth.

Key Players of Development Banking

Indian Institutions

NABARD (National Bank for Agriculture and Rural Development)

Focuses on agricultural and rural development, providing financial support and expertise.

SIDBI (Small Industries Development Bank of India)

Supports the growth of small-scale industries by providing financial and developmental assistance.

EXIM Bank of India

Facilitates international trade by providing financial assistance to exporters and importers.

IFCI Ltd. (Industrial Finance Corporation of India) A development finance institution supporting industrial projects and economic development.

National Housing Bank

Promotes housing finance and provides financial support to housing-related activities.

International Institutions

World Bank

An international financial institution providing loans and grants for development projects globally.

Asian Development Bank (ADB)

Focuses on economic and social development in the Asia-Pacific region, providing financial assistance.

African Development Bank (AfDB)

Supports economic and social development in African countries through financial and technical assistance.

Inter-American Development Bank (IDB) Promotes economic and social development in Latin America and the Caribbean through financial support.

European Bank for Reconstruction and Development (EBRD)

Supports the development of market-oriented economies in Eastern Europe, Central Asia, and North Africa.

Fig 1.14 Key Players of Development Banking

9. **Payment banks** focus on providing basic banking services, with a primary emphasis on digital transactions. They typically do not engage in lending activities but offer services like savings accounts, remittances, and bill payments.

Key Players of Payment Banking

Indian Banks

Airtel Payments Bank

A digital payment bank in India, providing basic banking services through digital channels.

Paytm Payments Bank

Offers payment bank services, including digital wallets and savings accounts.

India Post Payments Bank

A government-owned payment bank, extending financial services through India Post.

Jio Payments Bank

A digital payment bank associated with Jio, providing digital financial services.

Fino Payments Bank

Focuses on providing basic banking services through a network of branches and digital channels.

International Banks

Orange Money

An international mobile banking service offering payment and financial services.

Gcash

A mobile wallet and payment service in the Philippines, providing digital financial solutions.

TymeBank

A digital bank in South Africa, offering basic banking services through digital channels.

WeChat Pay

A Chinese mobile payment platform providing digital financial services.

N26

A German neobank offering digital banking services, including basic banking functions.

Fig 1.15 Key Players of Payment Banking

Notes



10. The central bank is the top institution in the banking system responsible for monetary policy, currency issuance, and overall financial stability. It acts as the regulatory authority for the banking sector and serves as the lender of last resort.

Key Players of Central Banking

Central Banks

Reserve Bank of India (RBI)

The central bank of India, responsible for monetary policy and financial stability.

Federal Reserve

The central bank of the United States, playing a key role in the country's monetary policy.

European Central Bank (ECB)

Responsible for monetary policy in the Eurozone, overseeing the Euro currency.

Bank of England

The central bank of the United Kingdom, responsible for monetary policy and financial stability.

People's Bank of China (PBOC)

The central bank of China, overseeing monetary policy and financial stability.

Fig 1.16 Key Players of Central Banking

Notes

- 11. Foreign banks** are international banks with a presence in a country other than their home country. They offer a range of banking services, often catering to multinational corporations and high-net-worth clients.

Key Players of Foreign Banking

Foreign Banks in India

Standard Chartered

A British multinational bank with a significant presence in India, offering various banking services.

Citibank

An international bank with a long-standing presence in India, providing diverse financial services.

HSBC

A multinational bank with a substantial presence in India, offering a wide range of banking solutions.

Deutsche Bank

A German global bank with operations in India, providing a variety of financial services.

Barclays

An international bank with a presence in India, offering banking and financial services.

International Key Players of Foreign Banking

JPMorgan Chase

One of the largest and most influential banks globally, offering a wide range of financial services.

Bank of America

A major American bank with a significant international presence, serving diverse clients.

BNP Paribas

A French multinational bank with operations in various countries, providing banking services.

Deutsche Bank

A global bank headquartered in Germany, offering diverse financial products and services.

Standard Chartered

Operating in numerous countries, especially in Asia, Africa, and the Middle East, providing international banking services.

Fig 1.17 Key Players of Foreign Banking

1.2.3 Capital Market and Insurance Sector in the Banking Sector

In simple terms, "**capital**" in the context of the capital market refers to money or financial resources that individuals, companies, or governments use for investment.

The **capital market** is like a financial marketplace where buyers and sellers trade financial securities like stocks, bonds, and other investment products. It's where companies raise funds from investors and investors buy or sell financial instruments. The capital market plays a crucial role in the banking sector by facilitating the flow of funds and supporting economic growth.

Key players of Capital market Companies in the Banking Industry/ Sector

Capital Market Companies in the Indian Banking Industry/Sector

Bombay Stock Exchange

Oldest stock exchange in Asia, facilitating stock trading in India.

National Stock Exchange

Largest stock exchange in India, providing a platform for trading.

HDFC Securities

A leading stockbroker offering various investment and trading services.

ICICI Securities

A prominent financial service provider, offering brokerage and investment services.

Kotak Securities

A subsidiary of Kotak Mahindra Bank, providing stockbroking services.

Capital Market Companies in the Global Banking Industry/Sector

New York Stock Exchange

One of the largest stock exchanges globally, based in the United States.

London Stock Exchange

A major stock exchange in the UK, facilitating international trading.

Goldman Sachs

A renowned global investment banking and securities firm.

J.P. Morgan

A multinational investment bank and financial services company.

Deutsche Bank

A German multinational investment bank and financial services company.

Fig 1.18 Key players of Capital market Companies in the Banking Industry/ Sector

1.2.4 Insurance Sector in Banking Sector

Meaning of Insurance

Insurance is a contractual arrangement between an insurer, typically an insurance company, and an insured individual. It provides financial protection to the insured against specified losses under certain circumstances.

Under the terms of an **insurance policy**, the **insured (customer)** is required to make regular premium payments to the insurer (**insurance company via agent**). In the event of an unfortunate occurrence, such as the death of the life insured or damage to the insured or their property, the insurer disburses a predetermined sum assured to the insured.

The essence of insurance lies in assuring protection against unforeseen and unfortunate losses. If an individual faces an unexpected event in their daily life leading to financial losses, they can seek compensation through insurance.

For instance, if a car sustains damage in an accident on the way to the office, the insurer can reimburse the repair expenses. However, normal wear and tear, like a malfunctioning headlamp, is not eligible for reimbursement.

Legally, insurance is defined as a contractual agreement wherein the insurer commits to compensating the insured for losses incurred due to unforeseen contingencies. This **contract** involves a consideration known as a **premium**, and the maximum benefit amount is termed as the **sum assured or sum insured**.

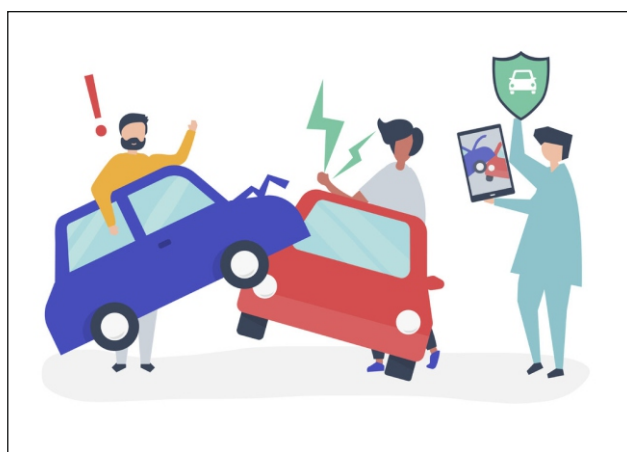


Fig 1.19 Example of Car Owners Getting Re-imbursed Due to Insurance

Functioning of Insurance

To understand how insurance functions, it is crucial to understand the following key terms and components:

- The money paid to the insurance company to access the benefits of the insurance policy.

Premium



- Applicable in non-life insurance policies, it represents the maximum coverage cap for costs incurred in a year due to any unfortunate event.

Sum Insured



- The amount paid by the life insurance company to the nominee in case of the insured event, such as death.

Sum Assured



Continue..

- Applicable in health and general insurance policies, specifying the maximum compensation for certain types of losses.

Policy Limit

- Relevant to general and health insurance policies, it represents the maximum amount of loss borne by the insured out of pocket before the insurer starts covering expenses.

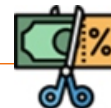
Deductible

Fig 1.20 Key Terms for Insurance

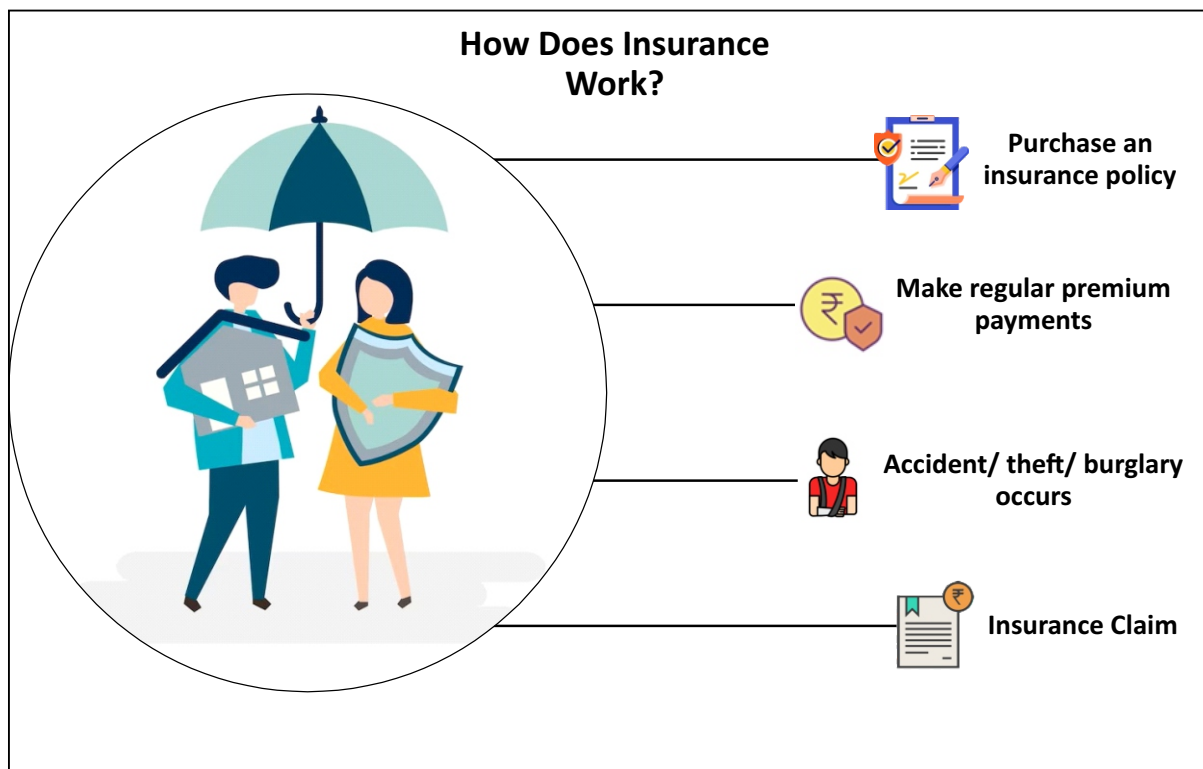


Fig 1.21 How Does Insurance Work?

Upon purchasing an insurance policy, regular premium payments are made for a specified period. The insurance company accumulates premiums from all policyholders, creating a pool of funds for potential losses resulting from insured events. The benefits received depend on the policy type and its conditions, and if no claims are made during the policy tenure, benefits may or may not be granted.

Insurance Sector

The insurance sector within banking involves providing financial protection against various risks. Individuals or businesses pay premiums to an insurance company, and in return, the insurer promises to compensate for specified losses, damages, illness, or death. Insurance is crucial for managing risks and ensuring financial stability.

Key players of Insurance Companies in the Banking Industry/ Sector

Insurance Sector Companies in the Indian Banking Industry/Sector

LIC (Life Insurance Corporation of India)

State-owned insurance company, largest in India.

ICICI Lombard

A leading private general insurance company.

HDFC ERGO

A joint venture between HDFC Ltd. And ERGO International AG, offering general insurance.

SBI Life

A joint venture between State Bank of India and BNP Paribas Cardif, providing life insurance.

New India Assurance

A government-owned general insurance company in India.

International Sector Companies in the Global Banking Industry/Sector

AIG (American International Group)

A multinational insurance corporation based in the United States.

Allianz

A German multinational financial services company with a strong presence in insurance.

Prudential

An international financial services group, specializing in life insurance and asset management.

AXA

A French multinational insurance company offering a wide range of insurance and asset management services.

Zurich Insurance

A global insurance company with a focus on general and life insurance products.

Fig 1.22 Key Players of Insurance Companies in the Banking Industry/ Sector

1.2.5 Structure of India Insurance Sector

The structure of the Indian insurance sector refers to how the industry is organized and operates. In simple terms, it involves understanding the different types of insurance companies, their functions, and how they contribute to the overall financial landscape. The sector is regulated and supervised by the Insurance Regulatory and Development Authority of India (IRDAI).

Type	Description
Life Insurance Companies	Focus on providing insurance coverage for life-related risks such as death, disability, and retirement. Examples include LIC (Life Insurance Corporation of India), ICICI Prudential Life Insurance, and HDFC Life.
General Insurance Companies	Deal with non-life risks, offering coverage for events like accidents, health issues, property damage, and other general risks. Examples include New India Assurance, ICICI Lombard, and Bajaj Allianz.

Table 1.1 Types of Insurance Companies

Regulatory Authority	Description
IRDAI (Insurance Regulatory and Development Authority of India)	The regulatory body overseeing the insurance sector in India, ensuring fair practices, protecting policyholders, and promoting industry growth.

Table 1.2 Regulatory Body

1.2.6 Growth Story of the India Insurance Sector

The growth story of the Indian insurance sector highlights the development and expansion of the industry over the years. It involves understanding the factors that have contributed to the sector's growth and the opportunities it presents.

1. Key Growth Factors

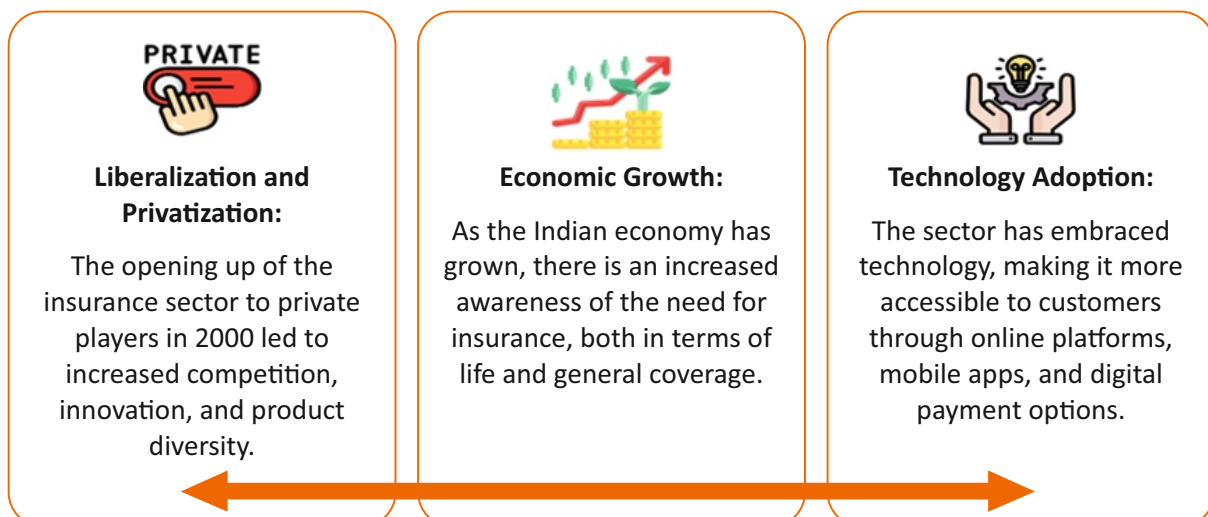


Fig 1.23 Key Growth Factors of the Indian Insurance Sector

2. Opportunities for Insurance Agents:



Expanding Customer Base

With a growing middle class and increased awareness, there is a significant market for insurance products.



Diverse Product Offerings

Insurance agents can leverage the variety of products offered by companies, tailoring solutions to meet the specific needs of clients.



Digital Platforms:

Utilizing digital channels for customer outreach and policy servicing, making the process more efficient and convenient.

Fig 1.24 Opportunities for Insurance Agents

1.2.6 Era before and after IRDAI

The era before and after IRDAI (Insurance Regulatory and Development Authority of India) represents a significant shift in how the insurance sector operates. Understanding this transition is essential for insurance agents to comprehend the regulatory framework and its impact.

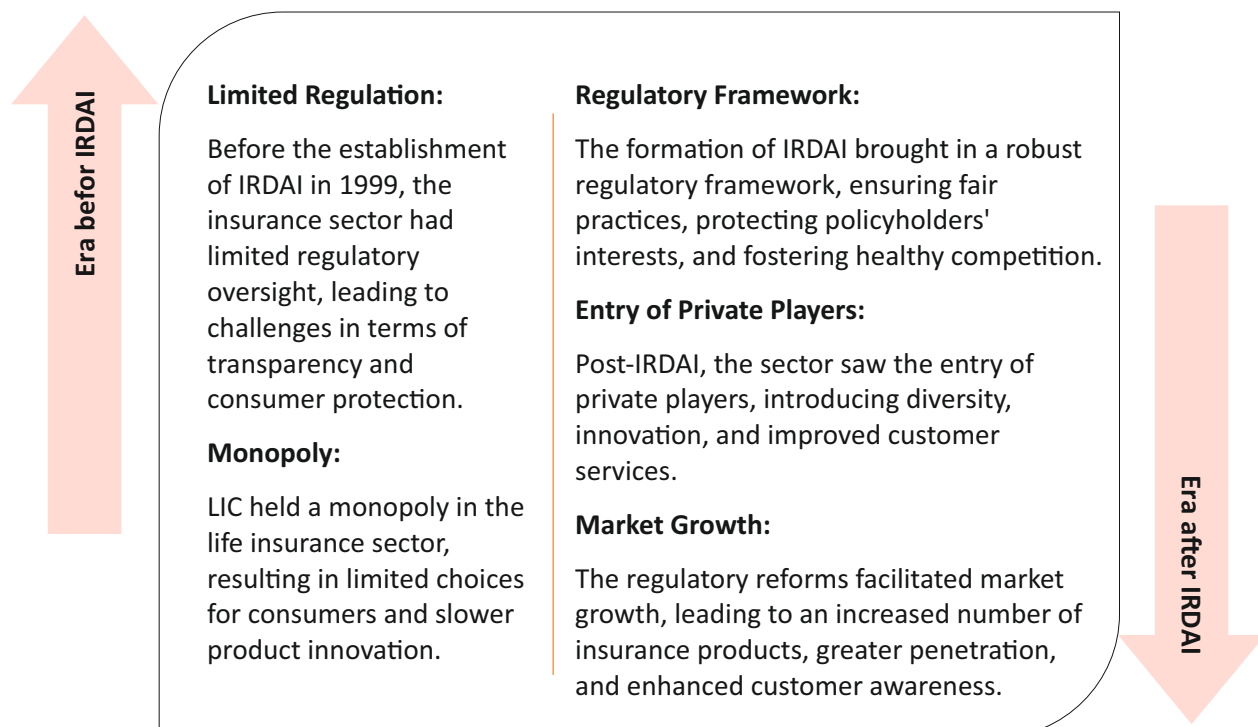


Fig 1.25 Era before and after IRDAI

1.2.7 Role of IRDAI

Understanding the role of IRDAI (Insurance Regulatory and Development Authority of India) is crucial for insurance agents as it governs the functioning of the entire insurance sector, ensuring fairness, transparency, and stability.

1. Key Functions

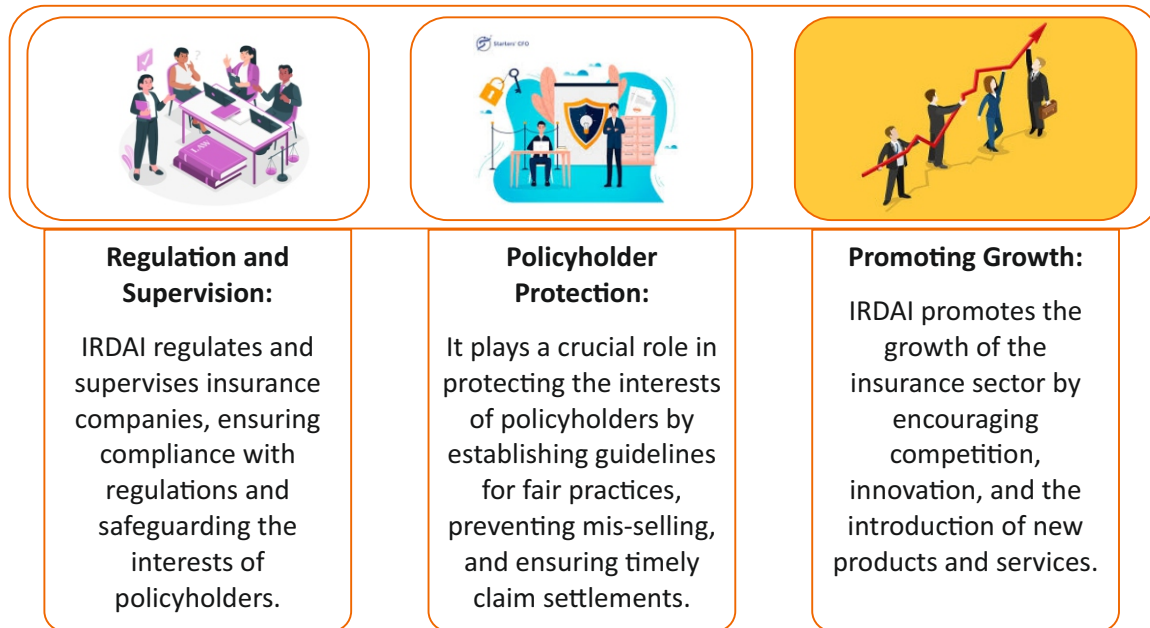


Fig 1.26 Key Functions of IRDAI

2. Impact on Insurance Agents



Fig 1.27 Impact on Insurance Agents

Unit 1.3 Role and Responsibilities of Insurance Agent

Unit Objectives

At the end of this unit, the trainee will be able to:

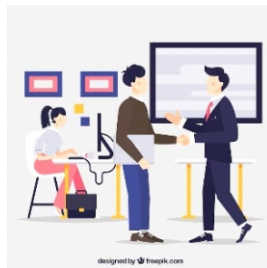
1. Discuss job roles and opportunities for an Insurance Agent
2. List the basic terminologies used in banking services

1.3.1 Skills and Competencies for the job role of Insurance Agent

Becoming a successful insurance agent requires a combination of skills, knowledge, and competencies to effectively navigate the industry, build relationships with clients, and achieve sales targets. The following figure explains key skills and competencies for the job role of an insurance agent.



Deep understanding of various insurance products



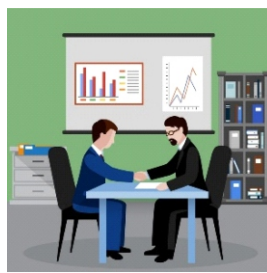
Ability to explain complex concepts in a clear manner



Strong verbal and written communication



Active listening to understand client needs

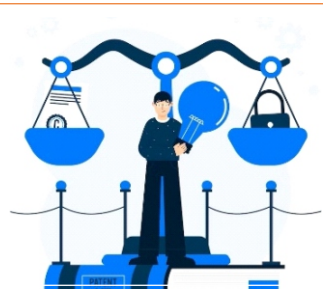


Proven sales ability and negotiation skills



Customer-centric approach and responsiveness

Continue..



Adherence to ethical standards and transparency



Analytical skills to assess risks and propose solutions



Efficient handling of multiple tasks and priorities



Adaptability to market trends and flexibility in solutions



Building and maintaining a professional network



Comfort with insurance software and digital tools



Basic understanding of financial principles



Intrinsic motivation to achieve targets



Awareness and adherence to industry regulations



Collaborative attitude with colleagues and stakeholders



Commitment to ongoing learning and staying updated

Fig 1.28 Skills and Competencies for the Job Role of Insurance Agent

1.3.2 Role and Responsibilities of Insurance Agent

Insurance agents play a crucial role in the insurance industry by serving as intermediaries between insurance companies and clients. Their primary responsibility is to help clients assess their insurance needs, provide information about available policies, and assist them in selecting appropriate coverage. The following figure explains the role and responsibilities of an insurance agent.



Fig 1.29 Role of an Insurance Agent

1.3.3 Scope and Opportunities

A career as an Insurance Agent in the insurance sector can offer various opportunities for individuals interested in sales, customer service, and risk management. The following are some key aspects and career opportunities associated with being an Insurance Agent:



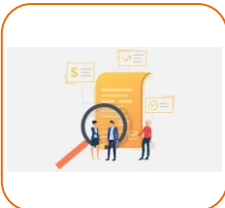
Insurance Agent

- Insurance Agents guide clients in selecting suitable insurance plans, establishing a reputation through effective salesmanship.



Risk Surveyors

- Risk Surveyors assess potential risks associated with insurable items, collaborating with risk managers to report findings to relevant parties.
- Career progression may lead to qualifications as a risk surveyor or risk manager.



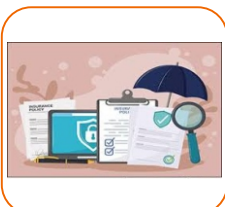
Insurance Investigator

- Insurance Investigators scrutinize questionable claims to verify their legitimacy, addressing instances of potential insurance fraud.



Relationship Manager

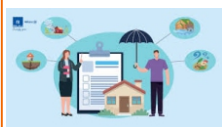
- Relationship Managers act as intermediaries between clients and the company, ensuring client satisfaction and loyalty through effective communication and support.



Underwriter

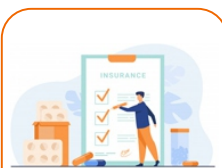
- Underwriters determine insurance policies and costs by analyzing prospective policyholders' information, potentially advancing into roles such as claims management or risk assessment.

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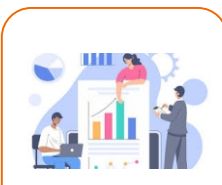
Insurance Brokers

- Insurance Brokers assist clients and insurers in securing favorable deals, offering guidance on optimal policies.
- Career advancement opportunities include management, underwriting, or specialization in claims administration.



Claims Adjuster

- Claims Adjusters investigate insurance claims, determining the company's liability based on thorough examination and analysis.
- Their findings are then evaluated by claims examiners.



Financial Analysts

Financial Analysts support businesses in financial planning, utilizing analysis models to predict sales, expenses, and market trends.

They play a crucial role in aiding management with strategic financial decision-making.

Fig 1.30 Scope and Opportunities of Insurance Agent

1.3.4 Basic Terminologies Used in the Banking Services

Understanding basic terminologies used in banking is essential for the Insurance Agent, engaging in financial transactions and for those interested in the banking industry. The following table exhibits the basic fundamental terms commonly used in banking services.

Terms	Meaning
Banking Sector	The industry comprises financial institutions that provide a range of financial services.
Financial Intermediation	The process of banks acting as intermediaries, connecting savers and borrowers in the economy.
Lending	Providing funds to borrowers with the expectation of repayment, often with interest.
Central Bank	The regulatory authority is responsible for monetary policy and financial stability.

Continue..

Retail Banking	Services provided by banks to individual customers, including savings and loans.
Commercial Banks	Banks that offer a wide range of financial services to businesses and individuals.
Cooperative Banks	Banks are owned and operated by their customers to meet common financial needs.
Development Banks	Financial institutions that provide long-term funding for economic development projects.
Financial Inclusion	The initiative is to provide affordable financial services to all segments of the population.
Non-Performing Assets (NPAs)	Loans that are not generating income for the lender because of default or other issues.
Fintech	Technology-driven financial services, combining finance and technology to enhance services.
Insurance Agent	A professional who sells insurance products and provides advice on risk management.
Life Insurance	Insurance coverage that pays out a sum of money upon the death of the insured individual.
Health Insurance	Coverage that pays for medical expenses incurred by the insured, promoting health care affordability.
Property and Casualty Insurance	Insurance that covers property damage and liability for injuries or damage caused by the insured.
Underwriting	The process of evaluating and determining the risk associated with insuring a particular individual or entity.
Claim	A formal request by the policyholder to the insurance company for payment in the event of a covered loss.
Risk Management	The identification and mitigation of potential risks to minimize financial losses.
Account	A formal arrangement with a financial institution allowing deposits, withdrawals, and transfers.
Deposit	Money placed into a bank account for safekeeping and, in most cases, to earn interest.

Continue..

Withdrawal	The act of taking money out of a bank account, either by visiting a branch or using an ATM.
Balance	The amount of money in a bank account at a given point in time, considering deposits and withdrawals.
Transaction	Any activity conducted within a bank account, such as deposits, withdrawals, or payments.
Statement	A document detailing the transactions, balances, and activities in a customer's account over a specific period.
Loan	A sum of money borrowed from a bank or financial institution is expected to be repaid over time.
Credit	The ability to borrow money or access goods and services with the agreement to pay later.
Debit Card	A card linked to a bank account for making purchases or withdrawing cash directly from the account.
Credit Card	A payment card allowing the cardholder to borrow funds up to a certain limit for purchases.
ATM (Automated Teller Machine)	A machine enabling customers to perform basic transactions without a bank teller.
Overdraft	A negative balance in a bank account resulting from withdrawals exceeding available funds.
Interest Rate	The percentage at which interest is earned on deposits or charged on loans.
Cheque	A written order directing a bank to pay a specific amount to the person or entity named on the cheque.
Direct Deposit	The electronic transfer of funds directly into a bank account, often used for salary payments.
Online Banking	The use of the internet to access and manage bank accounts, conduct transactions, and view statements.
Security Code/PIN	A personal identification number or security code is used to authenticate transactions.

Continue..

Fixed Deposit (FD)	A savings instrument where money is deposited for a fixed period at a predetermined interest rate.
Mortgage	A loan is used to purchase real estate, with the property serving as collateral for the loan.
Premium	The amount paid by the policyholder to the insurance company for coverage.
Policyholder	The individual or entity that owns an insurance policy.
Deductible	The amount the policyholder must pay out of pocket before the insurance coverage kicks in.
Coverage	The extent of protection provided by an insurance policy.
Policy Term	The duration for which an insurance policy provides coverage.
Beneficiary	The person or entity designated to receive the benefits or proceeds of an insurance policy in case of the policyholder's death.
Risk Assessment	The process of evaluating the potential risks associated with insuring a particular individual or entity.
Premium Rate	The cost of insurance per unit of coverage, often expressed as a monthly or annual payment.
Underinsured	When the coverage provided by an insurance policy is not sufficient to cover the full extent of a loss.
Exclusion	Specific situations or conditions not covered by an insurance policy.
Rider	An additional provision or amendment to an insurance policy that modifies the coverage.
Policy Limit	The maximum amount an insurance policy will pay for a covered loss.
Renewal	The process of extending or continuing an existing insurance policy beyond its original term.

Continue..

Liability	Legal responsibility or obligation, often referring to the insured party's responsibility for damages or injuries.
Grace Period	The additional time granted after the due date for the payment of a premium without penalty.
Cash Value	The amount of money that a policyholder can receive by surrendering a cash-value insurance policy before it matures.
Annuity	A financial product that provides a series of payments made at equal intervals, often used for retirement income.
Actuary	A professional who uses statistical models and mathematics to evaluate risks and calculate insurance premiums.

Table 1.3 Basic Terminologies Used in the Banking Services

Summary



- The Skill India Mission, initiated by the Indian Government in 2015, aims to empower the youth by enhancing skills and employability.
- Launched by Prime Minister Narendra Modi, the mission targets creating a skilled and productive workforce for the global economy's demands.
- Key components include Pradhan Mantri Kaushal Vikas Yojana (PMKVY), providing financial incentives for skill development programs.
- The National Skill Development Corporation (NSDC) collaborates with various stakeholders to promote skill development through public-private partnerships.
- Industrial Training Institutes (ITIs) and Polytechnics are modernized to improve the quality of vocational education and training.
- Apprenticeship Training encourages practical experience, making individuals industry-ready.
- Recognition of Prior Learning (RPL) certifies skills acquired through informal means, acknowledging non-formal learning.
- Kaushal and Rozgar Mela Organizes job fairs to facilitate skilled individuals' placement in relevant industries.
- The primary goal is to train over 400 million people in diverse sectors by 2022, addressing unemployment and skill gaps.
- Objectives include creating a skilled workforce, enhancing employability, catering to diverse sectors, and promoting entrepreneurship.
- Standardizing skill certification ensures credibility and acknowledgment nationwide.

- The mission bridges the rural-urban divide, promotes inclusivity, and encourages lifelong learning.
- Benefits include reduced unemployment, economic growth, global competitiveness, and social empowerment.
- Industry relevance ensures immediate contributions to the job market, reducing the need for extensive training.
- The initiative fosters an entrepreneurial ecosystem, reducing skill gaps in the labour market.
- The banking industry, a vital part of the financial sector, serves as the economic backbone.
- India's banking sector, diverse with public, private, cooperative, and foreign banks, has evolved technologically.
- Initiatives like Jan Dhan Yojana and Pradhan Mantri Mudra Yojana promote financial inclusion and support small businesses.
- Challenges include managing non-performing assets (NPAs), leading to reforms and increased scrutiny.
- Insurance agents require a combination of skills, knowledge, and competencies, including understanding various products and effective communication.
- Their role involves assessing clients' needs, selling policies, providing ongoing support, and facilitating the claims process.
- Insurance agents have opportunities to work independently, specialize, and achieve career advancement through leadership roles.
- The scope includes working with diverse insurance products, adapting work styles, staying updated on industry trends, and contributing to community well-being.
- Collaboration with various professionals within the insurance ecosystem and international collaborations are among the opportunities available to insurance agents.

Exercise

Answer the following questions –

1. What is the primary objective of the Skill India Mission, and how does it align with the demographic advantage of India?

2. How does the Skill India Mission contribute to reducing unemployment rates, especially among the youth?

3. What are some key technological advancements in India's banking sector mentioned in the content?

4. Write a short note on –

- Capital Market and Insurance Sector

- Roles and Responsibility of Insurance Agent

- Era before and after IRDAI

Fill in the blanks –

1. The Skill India Mission was inaugurated by Prime Minister Narendra Modi on _____, 2015.
2. The _____ within banking involves providing financial protection against various risks.
3. _____ work with a wide range of insurance products, catering to diverse client needs.
4. The structure of _____ refers to how the industry is organized and operates.

True or False –

1. The Skill India Mission primarily focuses on the urban population.
2. The Reserve Bank of India (RBI) was established in 1935 and serves as the central bank overseeing monetary policy.
3. Cooperative banks are often owned and operated by their customers to meet common financial needs.
4. Fintech Solutions in the banking industry offer minimal opportunities for efficiency and innovation.

Multiple Choice Questions (MCQ) –

1. What does the Skill India Mission aim to achieve by promoting apprenticeship training in industries?
 - A. Providing financial incentives
 - B. Gaining practical experience and on-the-job training
 - C. Organizing job fairs
 - D. Certifying skills acquired through informal means

2. Which key component of the Skill India Mission focuses on certifying skills acquired through informal means and experience?
 - A. Kaushal and Rozgar Mela
 - B. Recognition of Prior Learning (RPL)
 - C. Industrial Training Institutes (ITIs)
 - D. Apprenticeship Training
3. What is the primary role of the Insurance Agent in the insurance industry?
 - A. Assessing monetary policy
 - B. Selling banking services
 - C. Evaluating risks and proposing solutions
 - D. Conducting digital transactions
4. Which banking sub-sector typically focuses on providing basic banking services with a primary emphasis on digital transactions?
 - A. Cooperative Banks
 - B. Retail Banking
 - C. Payment Banks
 - D. Development Banks

Scan the QR Code to watch the related video



Various Sub-sectors of Banking Industry

https://www.youtube.com/watch?v=QtQic_fegOs



Basic Rules that are to be followed to dispose of the Waste Safely

<https://www.youtube.com/watch?v=AHBiWGGmCIU>



<https://www.youtube.com/watch?v=3ctoSEQsY54>

How does insurance work?





2. Source Insurance Customers

Unit 2.1: Identify Potential Customers

Unit 2.2: Sell Insurance Policy

Unit 2.3: Report Sales and Maintain Customer Records



Key Learning Outcomes

At the end of this module, the trainee will be able to:

1. Apply appropriate techniques to analyze customers' profiles and segment them based on their occupation, income and lifestyle
2. Role-play a situation to suggest appropriate insurance products to potential customers based on their requirements
3. Prepare a sample strategic plan for the customer to invest in different insurance policies
4. Draft a sample daily report on lead conversion for the sales of insurance policies

Unit 2.1 Identify Potential Customers

Unit Objectives

At the end of this unit, the trainee will be able to:

1. Describe the procedure of Conducting a Market using digital and Non- Digital Tools to identify potential customers, based on the Types of Insurance Policies targeted to be sold
2. Discuss effective approaches and techniques to analyze customer's profile and perform customer segmentation based on financial and non-financial parameters
3. Explain the Methods of Identifying and Understanding the Customer's Needs to cover themselves adequately against financial losses and their requirement for insurance policies
4. List various types of insurance covers

2.1.1 Types of Customers and its Segmentation

Insurance agents have a diverse customer base that includes people with different incomes, ages, occupations, genders and earning capacities. To serve each customer segment effectively, insurance agents need to understand their unique needs and preferences. This understanding helps agents tailor insurance plans to meet specific needs. To communicate the benefits and importance of insurance to customers with varying characteristics, agents need to adopt a tailored approach that considers their unique circumstances. In this regard, let's delve into each category and explore strategies for each characteristic.

1. Income Levels:

Different income levels often have varying insurance needs and preferences. Higher-income individuals might seek comprehensive coverage, while those with lower incomes may prioritize cost-effective plans.

Example: A high-income professional might opt for a premium health insurance plan covering extensive medical treatments, whereas someone with a lower income may choose a basic plan focusing on essential healthcare needs.

Notes



High-Income Individuals:

- These customers may seek comprehensive coverage, including high-value assets and life insurance with substantial benefits.
- **Example: Doctors, lawyers, business owners etc.**



Middle-Income Individuals:

- They might be interested in a mix of coverage, such as health insurance, car insurance, and possibly life insurance, balancing protection with affordability.
- **Example: Teachers, office executives etc.**



Low-Income Individuals:

- Focus is on essential coverage, like basic health or term life insurance, with lower premiums.
- **Example: Service workers, part-time employees, labours etc.**

Fig. 2.1 Customer Types Based on Income Level



Communication Tips for Insurance Agents to Approach Customers

- **High Income:** Emphasize comprehensive coverage, investment opportunities (e.g., whole life insurance), and tax benefits.
- **Middle Income:** Highlight affordability, protection against unexpected expenses, and the peace of mind insurance offers.
- **Low Income:** Focus on basic coverage options, affordability, and government assistance programs (if applicable).

2. Age Groups:

Insurance requirements change with age. Young individuals may focus on life insurance for financial security, while older individuals may prioritize health and retirement plans.

Example: A young couple might invest in a life insurance policy to secure their family's future, while a senior citizen may be more interested in a pension plan for retirement income.



Young Adults (18-30):

- May prioritize plans that offer coverage for critical illnesses, accident protection, and perhaps life insurance for future planning.
- **Example: College students, entry-level professionals.**



Middle-Aged Adults (30-50):

- Could be interested in family-oriented plans, encompassing health, life, and property insurance, considering responsibilities.
- **Example: Managers, parents.**



Seniors (50 and above):

- May prioritize health and retirement-focused plans, possibly downsizing other coverages.
- **Example: Retirees, senior citizens.**

Fig. 2.2 Customer Types Based on Age Groups



Communication Tips for Insurance Agents to Approach Customers

- **Young Adults:** Highlight the importance of starting early for lower premiums, protection against debt (e.g., student loans), and future financial security.
- **Middle-Aged:** Emphasize family protection, retirement planning, and health coverage for aging-related issues.
- **Seniors:** Focus on health insurance, long-term care options, and legacy planning.

3. Occupation:

Different occupations pose varied risks. Certain professions may demand specialized insurance coverage tailored to the associated risks.

Example: A construction worker might require accident insurance to cover workplace injuries, while a software developer may prioritize coverage for professional liabilities.



Fig. 2.3 Customer Types Based on Occupation



Communication Tips for Insurance Agents to Approach Customers

- Blue-Collar Jobs: Stress the importance of disability insurance, coverage for workplace injuries, and income protection.
- White-Collar Jobs: Discuss income replacement, asset protection, and coverage for professional liabilities.

4. Earning/Non-Earning Status:

The employment status of an individual influences their insurance needs. Earning individuals may require income protection, while non-earning individuals may focus on cost-effective plans.

Example: A working professional might opt for disability insurance to protect their income in case of disability, while a non-earning spouse may prioritize coverage for home-related risks.



Earning Individuals:

- Prioritize income protection, life insurance, and possibly investment-linked plans for wealth growth.



Non-Earning Individuals (homemakers, retirees):

- Emphasize health and retirement plans to ensure financial security.

Fig. 2.4 Customer Types Based on Earning/Non-Earning Status



Communication Tips for Insurance Agents to Approach Customers

- **Earning/Non-Earning Status:** Customize coverage based on financial dependence (e.g., breadwinner, dependent spouse), emphasizing income protection and financial security.

Notes



5. Gender:

Insurance needs are generally not gender-specific, but life stages and financial goals can influence insurance choices. Insurance needs can differ between genders due to factors like life expectancy and health concerns unique to each gender.

Example: Women might consider critical illness coverage for conditions specific to them, while men may focus on coverage related to health issues more common in their demographic.



Male Customers:

- May lean towards policies with a focus on accident coverage, life insurance, and possibly vehicle insurance.



Female Customers:

- Might prioritize health coverage, family plans, and life insurance for financial security.

Fig. 2.5 Customer Types Based on Gender



Communication Tips for Insurance Agents to Approach Customers

- **Gender and Marital Status:** Tailor discussions based on life stages (e.g., marriage, divorce, children) and respective insurance needs (e.g., family coverage, estate planning).

Notes



Other Types of Customers

6. Marital Status:

Marital status influences insurance needs, with married individuals often considering coverage for their families and single individuals focusing on personal protection.

Example: A married couple might opt for a family health insurance plan, while a single professional may prioritize individual life insurance.

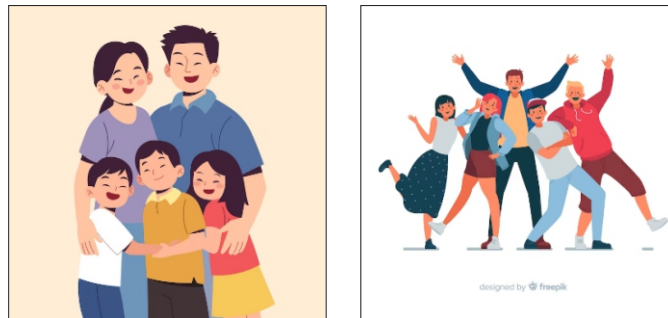
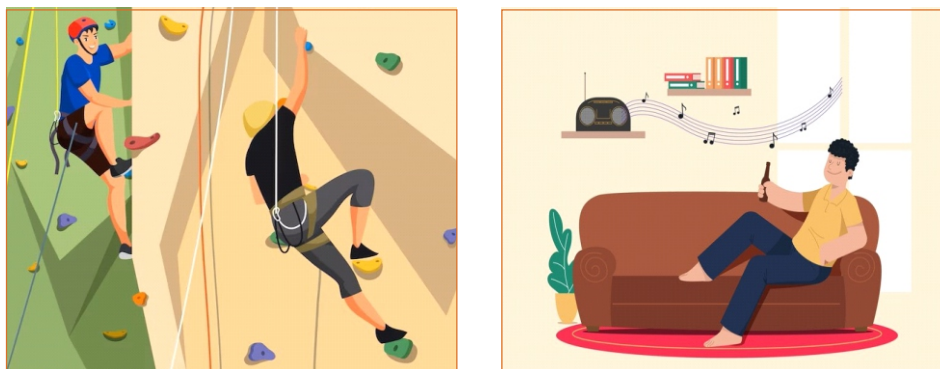


Fig. 2.6 Customer Types Based on Marital Status

7. Lifestyle and Hobbies:

Hobbies and lifestyle choices can impact insurance requirements, as certain activities may involve higher risks that need specialized coverage.

Example: An individual passionate about adventure sports may seek insurance covering potential injuries during such activities, while someone with a sedentary lifestyle may prioritize coverage for health-related issues.



A person with adventure life style

A person with sedentary lifestyle

Fig. 2.7 Customer Types Based on Lifestyle and Hobbies



Communication Tips for Insurance Agents to Approach Customers

- **Hobbies:** Assess risk exposure related to hobbies (e.g., extreme sports, travel) and recommend appropriate coverage options (e.g., adventure sports rider, travel insurance).

8. Geographical Location:

The location of an individual's residence can affect insurance needs, especially for factors like natural disasters or crime rates.

Example: Someone living in an earthquake-prone area might prioritize insurance that covers damages due to seismic activities, while a resident in a high-crime area may consider comprehensive home insurance.



Area prone to natural disasters
such as earthquake



High-crime Area such as theft and
burglary

Fig. 2.8 Customer Types Based on Geographical Location



Communication Tips for Insurance Agents to Approach Customers

- **Geographical Location:** Consider regional risks (e.g., natural disasters, crime rates) and recommend coverage accordingly (e.g., flood insurance, theft protection).

9. Health Status:

The health condition of individuals is a critical factor in choosing insurance. Pre-existing health conditions may necessitate specific health insurance coverage.

Example: Someone with a chronic medical condition may prioritize health insurance with comprehensive coverage, including specialized treatments and medications related to their condition.



Fig. 2.9 Customer Types Based on Health Status



Communication Tips for Insurance Agents to Approach Customers

- **Health Status:** Offer health insurance options tailored to pre-existing conditions, wellness programs, and preventive care services.

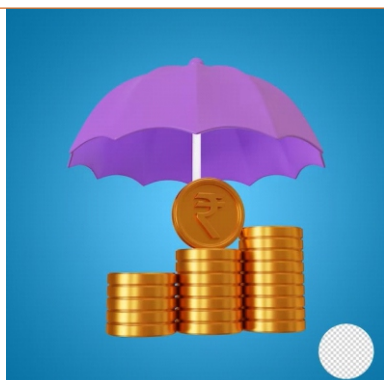
Global Tips for Insurance Agents to Approach Customers

In all interactions:

- Use clear and simple language to explain complex insurance concepts.
- Provide real-life examples or case studies to illustrate the benefits of insurance.
- Listen actively to understand individual concerns and offer personalized solutions.
- Be transparent about costs, coverage limitations, and potential risks.
- Follow up regularly to review coverage and make adjustments as needed based on changing circumstances.

2.1.2 Benefits and Need for Insurance

Insurance provides various benefits to different customer types, offering financial protection and peace of mind in the face of uncertainties. The following are some key benefits –



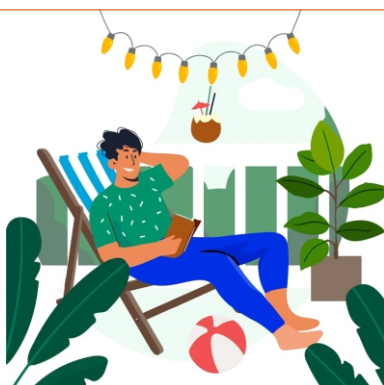
Financial Protection:

Insurance provides financial coverage against unexpected events, helping individuals and businesses mitigate the financial impact of unforeseen circumstances.



Risk Management:

It allows for the transfer of risk from the insured to the insurer, reducing the burden of potential losses.



Peace of Mind:

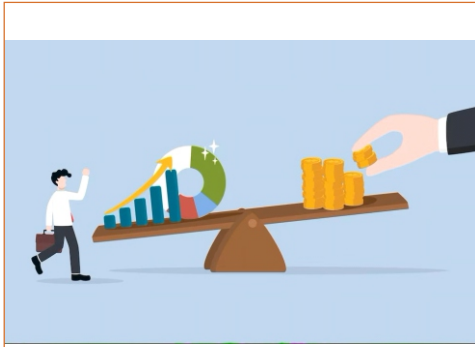
- Knowing that insurance is in place provides peace of mind, reducing stress and allowing individuals to focus on their activities without constant worry about potential losses.



Legal Compliance:

- In many cases, insurance is a legal requirement, such as auto insurance or workers' compensation, ensuring compliance with regulations.

Continue..



Economic Stability:

- Insurance contributes to economic stability by providing a financial cushion during times of crisis, preventing a sudden and severe economic downturn.



Encourages Savings:

- Certain types of insurance, such as life insurance with cash value, encourage disciplined savings **over the long term.**

Fig. 2.10 Benefits of Insurance

The following figure explains the consequences of not having insurance:



Financial Ruin:

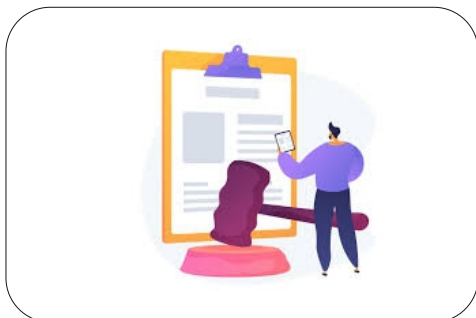
- Without insurance, individuals and businesses may struggle to recover financially from unexpected events, leading to potential bankruptcy or severe financial strain.



Health Risks:

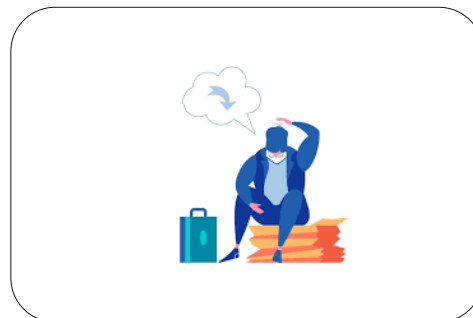
- Uninsured individuals may delay or forego necessary medical treatment, risking their health and well-being.

Continue..



Legal Consequences:

Failure to have certain types of insurance, like auto insurance, can result in legal consequences and penalties.



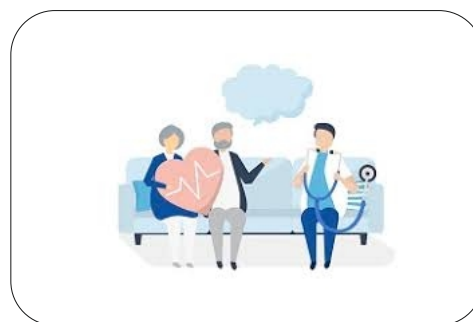
Lost Income:

- Without income protection insurance, individuals who cannot work due to illness or injury may face significant income loss.



Occupational Risks:

- High-risk occupations may require specialized insurance coverage, like disability insurance for physically demanding jobs.



Age-Related Risks:

- Older individuals may face higher premiums for life insurance due to increased mortality risk.

Fig. 2.11 Consequences of Not Having Insurance

2.1.3 Types of Insurance Policies and Covers

Insurance policies serve as financial tools aimed at minimizing risks and offering security against unexpected events. For insurance professionals, comprehending the array of policies is essential for meeting the diverse requirements of clients effectively. Essentially, insurance functions as an agreement with a provider to safeguard against financial losses resulting from specific adverse occurrences.

There are primarily two categories: **General Insurance and Life Insurance**. It's crucial for agents to grasp the nuances of these policies to aid clients in selecting appropriate coverage. Some significant types of insurance policies include:

1. **Life Insurance** – This type of insurance focuses on providing financial security to your loved ones in case of unfortunate events like death or disability. Let's dive deeper:

Continue..

Type of Insurance	Description	Key Players in India	International Players
 Life Insurance	Provides financial protection in the event of the insured's death.	LIC (Life Insurance Corporation of India), HDFC Life, ICICI Prudential	Prudential Financial (USA), AIA Group (Hong Kong), Ping An Insurance (China)
Term Insurance	Coverage for a specified term, pays only if the insured dies during that term.	Max Life Insurance, SBI Life	MetLife (USA), Legal & General (UK), AXA (France)
Whole Life Insurance	Offers coverage for the entire life, including a death benefit and a savings component.	Kotak Life, Bajaj Allianz Life	Northwestern Mutual (USA), Japan Post Insurance (Japan), Prudential plc (UK)
Endowment Policies	Combines life coverage with savings or investment, and provides a lump sum on maturity or death.	LIC Endowment Plan, HDFC Life Sanchay Plus	New York Life (USA), Allianz (Germany), China Life Insurance Company (China)
Unit-Linked Insurance Plans (ULIP)	Combines investment and insurance benefits in a single policy.	HDFC Life, Bajaj Allianz, Reliance Nippon Life	Aegon, Zurich Insurance Group, Sun Life Financial
Child Plans	Aids in financially securing a child's future needs like education and marriage.	LIC, HDFC Life, SBI Life	AIA Group, Manulife, Prudential plc
Pension Plans	Helps accumulate savings for retirement, providing a steady income post-retirement.	LIC, ICICI Prudential, HDFC Life	Vanguard, BlackRock, Fidelity Investments

Table 2.1 Types of Life Insurance Policies

When it comes to life insurance, there are several key aspects that insurance agents need to understand deeply. Let's break it down:

- a) **Human Life Value (HLV):** Just like we assess the value of a car after an accident, we need to evaluate a person's worth financially if they were to pass away. This is where HLV comes in. It calculates the economic loss a family would suffer if the breadwinner were to die prematurely. For example, if someone earns Rs. 1,20,000 per year and spends Rs. 24,000 on themselves, their HLV would be Rs. 12,00,000.
- b) **Level Premiums:** Life insurance usually requires constant premiums throughout the policy's term, unlike general insurance where premiums may vary. This ensures that there's enough money collected in the early years to cover claims of those dying young and vice versa.
- c) **Principle of Risk Pooling:** Life insurance pools contributions from many people to create a fund that protects against economic loss from premature death. This spreads the risk among policyholders.
- d) **Life Insurance Contract:** This document outlines all terms and conditions of the insurance, including the sum assured. It's a financial security guaranteeing the insured amount. While some argue that life insurance is a good way to save money, others prefer investing in higher-return instruments, as life insurance returns can be affected by inflation and may have higher initial costs.

2. **General Insurance** - General insurance is a type of insurance that covers different aspects of an individual's life, apart from death. It serves as a safety net for everything we own, including one's car and house. Suppose your car is damaged in an accident or your house catches fire, general insurance comes in to offer financial protection. There are different types of general insurance:

Type of Insurance	Description	Key Players in India	International Players
 General Insurance	Offers financial coverage against various risks other than death.	New India Assurance, ICICI Lombard, HDFC ERGO	Allianz, AXA, Zurich Insurance Group
 Health Insurance	Covers medical expenses, hospitalization, and related costs.	Star Health, Apollo Munich (now HDFC ERGO), Max Bupa	UnitedHealth Group (USA), Bupa (UK), Allianz Care (International)
Mediclaim Policies	Cover medical expenses and hospitalization.	New India Assurance Mediclaim, Oriental Insurance Happy Family Floater	Kaiser Permanente (USA), Ping An Health (China), Nippon Life Insurance (Japan)

Continue..

Critical Illness Insurance	Pays a lump sum upon diagnosis of specified critical illnesses.	HDFC ERGO Critical Illness Insurance, Reliance Nippon Critical Illness Policy	Aflac (USA), Aviva (UK), Manulife (Canada)
Personal Accident Insurance	Provides coverage for accidental death and disability.	ICICI Lombard Personal Protect, SBI General Personal Accident Insurance	Zurich Insurance Group (Switzerland), Tokio Marine (Japan), Chubb (USA)
Group Health Insurance	Provided by employers, covers medical costs for employees and their dependents.	New India Assurance Group Mediclaim, Star Health Group Health Insurance	Cigna (USA), Aetna (USA), Bupa Global (International)
 Property/Home Insurance	Protects the structure and contents of a home against risks.	HDFC ERGO Home Insurance, Bharti AXA Home Insurance	State Farm (USA), Allianz (Germany), Aviva (UK)
Homeowners Insurance	Covers the structure and contents against risks like fire, burglary, etc.	IFFCO Tokio Home Protector, National Insurance Homeowners Policy	Liberty Mutual (USA), Farmers Insurance (USA), RSA Insurance Group (UK)
Tenant's Insurance/Renters Insurance	Covers the belongings of tenants and provides liability coverage.	Bajaj Allianz Tenant Package, Oriental Insurance Householder's Insurance	Lemonade (USA), Hiscox (UK), Assurant (USA)
 Auto/Motor Insurance	Provides coverage for vehicles and liabilities associated with them.	ICICI Lombard Motor Insurance, New India Assurance Motor Insurance	GEICO (USA), Progressive (USA), Allianz (Germany)
Third-Party Liability Insurance	Mandatory by law, covers damages to third-party property and injury/death.	National Insurance Third Party Liability, Oriental Insurance Third Party Insurance	Allstate (USA), AXA (France), Zurich Insurance Group (Switzerland)

Continue..

Comprehensive Insurance	Covers third-party liability and damages to the insured vehicle.	Bharti AXA Comprehensive Insurance, HDFC ERGO Comprehensive Motor Insurance	Admiral Group (UK), Tokio Marine (Japan), MAPFRE (Spain)
 Travel Insurance	Provides coverage during domestic and international trips against various risks.	HDFC ERGO Travel Insurance, Reliance General Travel Insurance	Allianz Travel (International), AXA Assistance (France), Travelers (USA)
Domestic Travel Insurance	Covers unexpected events during domestic trips.	SBI General Domestic Travel Insurance, Oriental Insurance Travel Insurance	Chubb Travel Insurance (USA), AIG Travel Guard (USA), RSA Travel Insurance (UK)
International Travel Insurance	Offers coverage for medical emergencies, trip cancellations, lost baggage, etc.	ICICI Lombard International Travel Insurance, Tata AIG Travel Guard	World Nomads (International), Seven Corners (USA), April International (France)
 Commercial Insurance	Designed for businesses, provides coverage for various business-related risks.	ICICI Lombard Commercial Insurance, Bajaj Allianz Business Insurance	Zurich Insurance Group (Switzerland), AIG (USA), AXA XL (International)
Commercial Property Insurance	Covers physical assets and property of a business against risks.	Oriental Insurance Business Property Insurance, United India Commercial Insurance	The Hartford (USA), Munich Re (Germany), Zurich Insurance Group (Switzerland)
Liability Insurance	Protects against legal liabilities arising from business operations.	New India Assurance Liability Insurance, HDFC ERGO Business Liability Insurance	AIG (USA), Hiscox (UK), Chubb (USA)
Business Interruption Insurance	Compensates for financial losses due to interrupted business operations.	Reliance General Business Interruption Insurance, IFFCO Tokio Business Protect	Lloyd's (UK), Berkshire Hathaway (USA), Swiss Re (Switzerland)

Continue..

 Crop Insurance	Aimed at farmers, provides coverage for losses in crops due to various reasons.	Agriculture Insurance Company of India, HDFC ERGO Crop Insurance	American Agricultural Insurance Company (USA), Farmers Mutual Hail Insurance (USA)
- Weather-Based Crop Insurance	Protects farmers against losses due to adverse weather conditions.	SBI Crop Insurance, Oriental Insurance Weather Insurance	Rain and Hail (USA), QBE Insurance Group (Australia), Swiss Re (Switzerland)
- Yield-Based Crop Insurance	Covers losses in crop yield due to various reasons.	United India Crop Insurance, National Insurance Yield Insurance	Munich Re (Germany), Zurich Insurance Group (Switzerland), Allianz (Germany)
 Marine Insurance	Provides coverage for goods in transit, ships, and related marine risks.	New India Assurance Marine Insurance, Oriental Insurance Cargo Insurance	Lloyd's (UK), AIG (USA), Allianz Global Corporate & Specialty (Germany)
Cargo Insurance	Covers loss or damage to goods during transit by sea, air, or land.	Bharti AXA Marine Cargo Insurance, IFFCO Tokio Cargo Insurance	Aon (UK), XL Catlin (Bermuda), Mitsui Sumitomo Insurance (Japan)
Hull Insurance	Covers damage to the ship's hull and machinery.	National Insurance Hull Insurance, United India Machinery Insurance	Chubb (USA), The Standard Club (UK), RSA Insurance Group (UK)

Continue..

 Professional Indemnity Insurance	Protects professionals against legal liabilities arising from their services.	ICICI Lombard Professional Indemnity Insurance, New India Assurance Professional Indemnity	Aon (USA), Marsh (USA), Hiscox (UK)
Specialty Insurance	Tailored coverage for specific needs or risks.	Oriental Insurance Pet Insurance, United India Event Insurance	Berkshire Hathaway Specialty Insurance (USA), Hiscox (UK), QBE Insurance Group (Australia)
Pet Insurance	Covers veterinary expenses for the policyholder's pets.	National Insurance Pet Insurance, New India Assurance Pet Insurance	Petplan (USA), Trupanion (Canada), RSA Pet Insurance (UK)
Event Insurance	Protects against financial losses associated with event cancellations or disruptions.	HDFC ERGO Event Insurance, Bajaj Allianz Event Insurance	Beazley (UK), Tokio Marine HCC (USA), AIG Event Insurance (USA)

Table 2.2 Types of General Insurance Policies

Notes





As an insurance agent, addressing various scenarios and offering suitable solutions to clients is a critical aspect of the role. Let's delve into each scenario in detail and discuss potential solutions:

a) Scenario 1: Crop loss due to drought for farmers

Explanation: Drought poses a significant threat to farmers, leading to diminished crop yields or complete crop failure, which can result in substantial financial setbacks.



Fig. 2.12 Crop loss due to drought for farmers

Example: Despite extensive investment in cultivating crops, a farmer suffers substantial losses when prolonged drought conditions cause the crops to wither and fail.

Solution: Provide Crop Insurance. This coverage safeguards farmers against crop loss due to natural calamities like drought, floods, or pests, enabling them to recover financially and sustain their agricultural operations. Additionally, offering guidance on drought-resistant crop varieties and water-efficient irrigation methods can help mitigate risks.

b) Scenario 2: Market price fluctuations for business owners

Explanation: Fluctuations in market prices can severely impact business profitability and stability, particularly for those reliant on specific commodities or raw materials.



Fig. 2.13 Market price fluctuations for business owners

Example: A small manufacturing firm faces challenges as sudden increases in raw material prices erode profit margins.

Solution: Offer Business Interruption Insurance or Price Fluctuation Insurance. Business Interruption Insurance provides coverage for lost income and operating expenses during periods of market volatility, while Price Fluctuation Insurance helps businesses manage risks associated with fluctuating raw material prices by offsetting increased costs.

c) Scenario 3: Pest infestation in food production facilities

Explanation: Pest infestations in food production facilities can lead to product contamination, quality issues, and financial losses through recalls and damage to reputation.

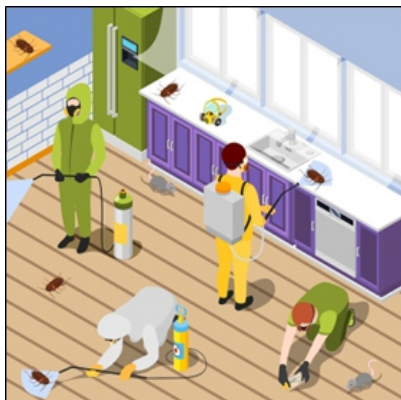


Fig. 2.14 Pest infestation in food production facilities

Example: A food processing plant grapples with a pest infestation in storage areas, resulting in contaminated batches and subsequent product recalls.

Solution: Provide Product Recall Insurance or Property Insurance. Product Recall Insurance covers the costs of recalling and replacing contaminated products, while Property Insurance addresses damages caused by covered events like pest infestations. Additionally, advising on preventive measures such as regular pest control inspections and hygiene standards can help mitigate risks.

d) Scenario 4: Business risks - fire, machinery breakdown, and natural disasters

Explanation: Business owners face diverse risks, including fire outbreaks, machinery failures, explosions, and natural calamities, all of which can disrupt operations and lead to significant financial losses.

Example: A manufacturing company experiences a fire incident that damages machinery and inventory, halting operations and resulting in substantial financial setbacks.



Fig. 2.15 Pest infestation in food production facilities

Solution: Offer Commercial Property Insurance and Business Interruption Insurance. Commercial Property Insurance covers damages to buildings, machinery, equipment, and inventory caused by covered events, while Business Interruption Insurance compensates for lost income and operating expenses during operational downtime. Additionally, recommending risk management strategies such as regular machinery maintenance and disaster recovery planning can help mitigate such risks.

The following table exhibits the difference between life insurance and general insurance:

General Insurance	Life Insurance
• Contracts of indemnity: In general insurance, the insurer compensates the exact amount of loss incurred due to events like fire or theft.	• Contracts of assurance: Life insurance provides a fixed sum assured to beneficiaries upon the death of the insured.
• The benefit amount is fixed at the beginning of the contract and is paid out accordingly in the event of a covered loss.	• The sum assured is paid to beneficiaries upon the death of the insured.
• Contracts are typically short-term, usually for one year and renewable.	• Contracts are generally long-term, although some may be renewed annually.
• Uncertainty lies in the occurrence of events like accidents or natural disasters.	• Uncertainty revolves around the timing of death. Life insurance protects against the risk of premature death.
• The probability of events like fire or earthquakes remains constant over time.	• The probability of death increases with age in life insurance.
To simplify, while general insurance covers unforeseen events like accidents or property damage, life insurance provides financial protection against the certainty of death, ensuring beneficiaries receive a predetermined sum upon the policyholder's demise.	

Table 2.3 General Insurance Vs Life Insurance

2.1.4 Digital and Non-Digital Tools for Conducting Market Survey

Insurance agents need effective tools and strategies to sell insurance policies in today's competitive market. Digital and non-digital tools offer unique advantages to attract potential customers and gather insights. A comprehensive approach that blends both types of tools is necessary to identify potential customers and understand their preferences and needs across various insurance types.

The figure below displays examples of digital and non-digital tools that can be used for effective market research. Let's explore these tools along with scenario-based examples and solutions.

1. Digital Tools –

Digital tools are software or online platforms that gather insights from customers and the market. These tools help track trends, analyze data, and understand customer preferences, which improve insurance policies and sales strategies. Examples include online surveys, social media monitoring, and customer analytics platforms.

Types of Digital Tools



- Online Surveys

- Create targeted questionnaires on digital survey platforms.
- Gather quantitative data on customer preferences and concerns.

Examples - SurveySparrow, Google Forms, Typeform

Scenario: An insurance agent wants to understand customer preferences and needs regarding health insurance policies.

Solution: The agent can create online surveys or questionnaires using platforms like Google Forms or SurveyMonkey. These tools allow for easy distribution via email or social media, and the responses can be analyzed quickly to identify trends and preferences.



- Social Media Listening

- Monitor discussions, comments, and sentiments on social media.
- Understand public opinions and identify trends related to insurance.

Examples - Brandwatch, Talkwalker, Simplify360

Scenario: An insurance agent wants to understand customer sentiment about car insurance.

Solution: Monitor social media platforms like Twitter and Facebook using tools like Hootsuite or Sprout Social. Track mentions of keywords related to car insurance and engage with customers to address their concerns.



- Google Trends and Keyword Research

- Analyze search patterns and popular queries.
- Gain insights into customer interests and trending topics in insurance.

Examples - Google Trends, SEMrush, Ahrefs

Scenario: An insurance agent wants to identify popular insurance products in their region.

Solution: Use Google Trends to analyze search trends for insurance-related keywords. Conduct keyword research using tools like Google Keyword Planner to understand what terms potential customers are using to search for insurance.

Continue..

	- Customer Analytics Platforms • Track customer interactions on digital platforms. • Analyze website visits, click-through rates, and online behaviours. Examples - Google Analytics, Hotjar, Mixpanel
Scenario: An insurance agency globally wants to analyze customer behaviour on its website. Solution: Implement customer analytics platforms such as Google Analytics, Adobe Analytics, or Mixpanel to track website traffic, user engagement, and conversion rates. Gain insights into customer preferences and behaviours to optimize the user experience and marketing strategies.	
	- Email Surveys • Conduct targeted surveys among existing customers or subscribers. • Collect feedback on specific insurance policies and identify cross-selling opportunities. Examples - Mailchimp, Constant Contact, Zoho Survey
Scenario: An insurance company in India seeks feedback from policyholders about their satisfaction with their life insurance coverage. Solution: Use email marketing platforms like Mailchimp, Sendinblue, or Constant Contact to create and distribute email surveys to policyholders. Collect feedback on policy features, customer service, and overall satisfaction levels.	

Table 2.4 Types of Digital Tools

2. Non-Digital Tools

Non-digital tools are methods that do not rely on technology or digital devices. Instead, they involve traditional approaches such as face-to-face interactions, group discussions, and physical surveys conducted in person or over the phone. Non-digital tools may also include techniques like attending networking events, conducting interviews with customers or industry experts, and organizing focus groups to gather feedback and insights. These methods are valuable for understanding customer needs and preferences in a more personal and direct manner.

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Types of Non-Digital Tools



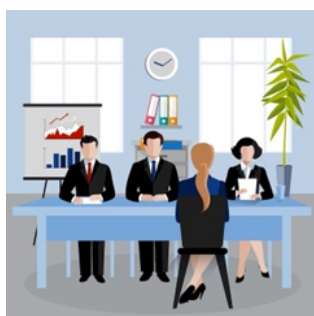
- Focus Groups

- Organize interactive discussions with potential customers.
- Understand perceptions, preferences, and concerns regarding insurance policies.

Examples - Q&A Research and Consultancy, Ipsos, Nielsen India

Scenario: An insurance agency globally is launching a new auto insurance product and wants to gather insights from potential customers.

Solution: Organize focus group sessions with diverse participants to discuss their insurance needs, preferences, and pain points regarding auto insurance coverage. Use a skilled moderator to facilitate discussions and extract valuable insights.



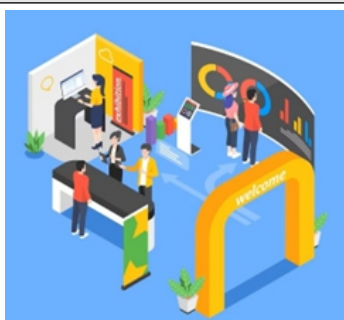
- Interviews

- Conduct one-on-one interviews to gather in-depth qualitative insights.
- Understand customer attitudes, preferences, and decision-making criteria.

Examples - KANTAR, Inductis, MaRS Monitoring & Research Services

Scenario: An insurance agent wants to understand the insurance needs of a specific demographic, such as young professionals.

Solution: Conduct one-on-one interviews with members of the target demographic to understand their insurance needs and preferences. Use open-ended questions to encourage in-depth responses.



- Field Surveys

- Deploy surveys in specific geographic areas to gather local insights.
- Capture regional variations in preferences based on local factors.

Examples - TNS India, IMRB International, Centre for Marketing in Emerging Economies (CMEE)

Scenario: An insurance agent wants to gather data on insurance penetration in a specific geographic area.

Solution: Conduct field surveys by going door-to-door or setting up booths at local events. Use a structured questionnaire to collect information from residents about their insurance coverage and needs.

Continue..



- Networking Events

- Attend industry events, conferences, or community gatherings related to insurance.
- Engage with potential customers in person, building relationships and understanding their insurance needs.

Examples - National Insurance Academy, Insurance Institute of India, IRDAI

Scenario: An insurance agent wants to expand their client base and build relationships with potential customers.

Solution: Attend networking events such as industry conferences or community gatherings to meet new prospects. Use these events to engage in meaningful conversations and exchange contact information for follow-up.

Table 2.5 Non-Digital Tools

2.1.3 Procedure of Conducting a Market Survey

As an insurance agent, navigating the dynamic landscape of the insurance market is crucial to succeed. Understanding market surveys and the insurance market are two key elements of this journey. Let's break them down in simple terms.

1. Meaning of Market Survey:

A **market survey** is a methodical gathering and analysis of data regarding a specific market, including its **size, trends, competitors, and customer preferences**.

Think of a market survey as a detective kit for understanding the customers and competitors. It's a structured way to gather information through methods like questionnaires, interviews, or focus groups, basically asking the market:



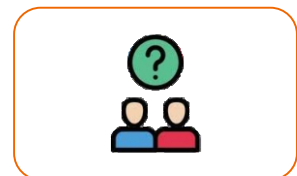
What are people's insurance needs and preferences?



Are they happy with their current coverage?



What are their concerns and pain points?



What do they think about your competitors?

Fig. 2.15 Key Queries Related to Market Survey

2. The Insurance Market:

The insurance market is like the backbone of our financial security. It provides a safety net for individuals, families, and businesses against unexpected events like accidents, illnesses, natural disasters, and more. Without the insurance market, people would be left vulnerable to financial ruin in times of crisis.

Imagine the insurance market as a giant puzzle, with each piece representing a different type of insurance (life, health, auto, etc.) and the players involved (companies, agents, brokers, customers). Understanding this market empowers the insurance agents to:

1. **Identify potential customers:** Where are the gaps in coverage? Who needs your expertise?
2. **Stay ahead of trends:** What new products or services are emerging? How can you adapt?
3. **Craft winning sales strategies:** What are your competitors doing? How can you differentiate yourself?
4. **Price your products competitively:** Are you offering the right value for the right price?



Fig. 2.16 Insurance market



Fig. 2.17 Identifying a Gap in the Market

Example 1: Identifying a Gap in the Market

Survey: Shyam an insurance agent, conduct a survey in his local community and discover many young adults lack renters' insurance due to affordability concerns.

Solution: Develop a budget-friendly renters insurance plan with targeted marketing towards this demographic.

Tip: Look for underserved niches within the market and tailor the offerings accordingly.



Fig. 2.18 Cyber Threats

Example 2: Staying Ahead of Trends

Market Research: Vandana an insurance advisor, learn that cyber insurance is becoming increasingly important due to rising cyber threats.

Solution: Take courses and specialize in cyber insurance to meet this growing demand.

Tip: Stay updated on industry trends and be proactive in adapting the skillset.

Example 3: Crafting a Winning Sales Strategy

Competitor Analysis: Shreeja an insurance professional, discover that their competitor offers 24/7 customer support, which resonates with busy professionals.

Solution: Highlight the unique strengths, like personalized consultations and fast claim processing.

Tip: Differentiate by identifying what sets you apart from the competition.

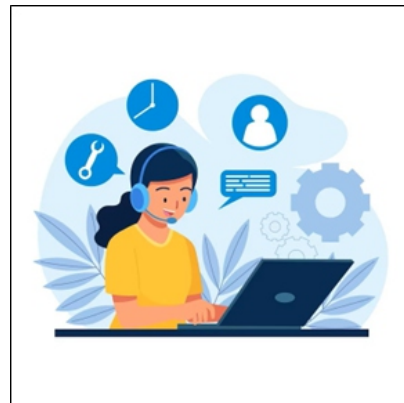


Fig. 2.19 Personalized Consultations

3. Importance of Staying Up-to-Date in the Insurance Market:

As an insurance agent, staying up-to-date with the latest developments, trends, and regulations in the insurance market is crucial for providing top-notch service to your clients. Below are the following reasons:

Notes

Reasons for Staying Up-to-Date in the Insurance Market



Changing Regulations

Scenario: Let's say there's a new law passed that affects the coverage requirements for automobile insurance in your state. If you're not aware of this change, you might unintentionally sell policies that don't meet the updated regulations.

Solution & Tips:

- ❖ **Regular Training:** attend seminars, workshops, or online courses to keep yourself informed about regulatory changes.
- ❖ **Follow Industry Updates:** Subscribe to industry newsletters, blogs, or publications that provide updates on regulatory changes.



Evolving Products and Coverage Options

Scenario: Suppose a new type of insurance policy is introduced in the market that offers comprehensive coverage for cyberattacks. If not aware of this new product, you might miss out on an opportunity to offer valuable coverage to clients, especially those in tech-related industries.

Solution & Tips:

- ❖ **Product Training:** Attend training sessions offered by insurance companies to learn about new products and coverage options.
- ❖ **Networking:** Connect with other insurance professionals and share insights about emerging trends and products in the market.



Changing Customer Needs and Preferences

Scenario: Imagine there's a shift in consumer behaviour, and more people are interested in purchasing insurance policies online rather than through traditional channels. If you're not aware of this trend, you might miss out on potential clients who prefer digital interactions.

Solution & Tips:

- ❖ **Customer Surveys:** Regularly survey your clients to understand their changing needs and preferences.
- ❖ **Adaptation:** Embrace technology and offer online quoting, policy management, and customer service options to cater to the evolving preferences of your clients.

Continue..

 Competitive Landscape	Scenario: Suppose a new insurance agency opens in your area and offers lower premiums or better coverage options than what you currently provide. If you're not aware of this competition, you might lose clients to your competitors. Solution & Tips: ❖ Competitive Analysis: Keep an eye on your competitors and analyze their offerings, pricing strategies, and marketing tactics. ❖ Value Proposition: Emphasize the unique value and personalized service you offer to differentiate yourself from competitors.
 Economic Factors and Market Conditions	Scenario: During times of economic downturn, individuals and businesses may reassess their insurance needs and look for more cost-effective options. If you're not aware of the economic climate and its impact on insurance purchasing behaviour, you might struggle to retain clients. Solution & Tips: ❖ Economic Indicators: Stay informed about economic indicators such as unemployment rates, GDP growth, and inflation, as they can influence insurance buying behaviour. ❖ Flexible Offerings: Be prepared to offer flexible payment options or discounts during challenging economic times to retain clients.

Table 2.6 Reasons for Staying Up-to-Date in the Insurance Market

Conducting a market survey to identify potential customers for different types of insurance policies involves a systematic approach using both digital and non-digital tools. The following figure explains the step-by-step procedure for Insurance agents to conduct the market survey:

Step-By-Step Procedure	Examples or Strategies
1.  Define Objectives and Scope	❖ Clearly state the goals of the survey. ❖ For example, find out what people think about life insurance or health insurance. ❖ Also, figure out where these people live and what they are like.

Continue..

2.	 Select Digital and Non-Digital Tools	❖ Choose the tools for use. ❖ Online surveys on the internet or social media can help. ❖ But don't forget about talking to people face-to-face in meetings or going to events.
3.	 Develop Survey Instruments	❖ Make questions for the online survey that asks people about what kind of insurance they want and what they know about it. ❖ Talk to the people in person, and have a plan for what to talk about.
4.	 Digital Tools Implementation	❖ Put the online surveys on the internet where people can see them. ❖ Check social media to see what people are saying about insurance. ❖ Use tools like Google Trends to know what people are searching for. ❖ Look at the data from the online surveys to see how people are interacting.
5.	 Non-Digital Tools Implementation	❖ Talk to groups of people about insurance in meetings. ❖ Have one-on-one talks with people, either in person or on the computer, to learn more about what they want. ❖ Go out to specific places and ask people about insurance. ❖ Also, go to events where you can meet new people and learn about their needs.

Continue..

6.	 Data Collection and Analysis	❖ Gather all the information received from both online and in-person sources. ❖ Look at the numbers from the online surveys to see what most people said. ❖ Also, think about the stories people told you in person.
7.	 Generate Insights and Recommendations	❖ Find the important things from all the information. ❖ See if there are trends or groups of people who want similar things. ❖ Then, come up with ideas on how to make insurance better based on the findings.
8.	 Continuous Monitoring and Adaptation	❖ Keep checking what people are saying and if things are changing. ❖ Change how to talk about insurance or what to offer based on the learnings. ❖ Do this regularly to ensure effective results.

Table 2.7 Procedure of Conducting a Market Survey

Notes



2.1.4 Customer Analysis & Profiling

As an insurance agent, the ability to understand and analyze customers is paramount. Effective customer analysis and profiling not only strengthen relationships but also enable to tailor insurance solutions that align with the unique needs and preferences of the clients. The following figure outlines a few suggestive steps for customer analysis and profiling as an insurance agent.

Step	Explanation	Examples
1.	 Comprehensive Data Gathering	❖ Gather different types of information about customers, like how old they are, how much money they make, what they do for a living, and who is in their family. ❖ Also, find out about their money situation - how much they earn, what they own, what they owe, and how they spend their money.
2.	 Engage in Personal Conversations	❖ Talk to customers one-on-one to get to know them better. ❖ This helps build a good relationship and provides a better understanding of what they want and what's important to them, both financially and personally.
3.	 Utilize Customer Surveys	❖ Create surveys that ask customers about their experiences with insurance, what they expect, and if they are happy with the products. ❖ Include questions about their money goals and lifestyle choices.
4.	 Leverage social media and Online Presence	❖ Look at what customers share on social media to learn about their hobbies, interests, and big life events. ❖ Connect with them online to understand more about what matters to them beyond just money.

Continue..

5.	 Leverage Customer Analytics Platforms	❖ Use tools that help to understand how customers interact with insurance. ❖ This can show the patterns and provide insights into what they like and don't like, not just about money but also about their personal preferences.
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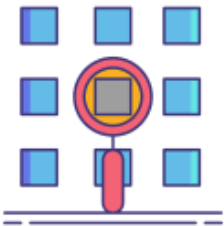
Table 2.8 Suggestive Steps for Customer Analysis and Profiling

2.1.5 Steps for Performing Segmentation Techniques

Segmentation is a powerful strategy that allows insurance agents to categorize clients based on shared characteristics, enabling a more personalized and targeted approach. Implementing effective segmentation techniques is crucial for tailoring insurance solutions to the unique needs of different client groups. The following are the key steps for insurance agents to perform segmentation techniques:

Step	Explanation	Examples
1.	 Define Segmentation Criteria	❖ Start by deciding how to group clients based on money-related things like how much they earn and what they want to achieve financially. Also, consider things like age, lifestyle, values, and what stage of life they are in.
2.	 Data Collection	❖ Collect important information from clients, including money details, personal information, and what they like. Use surveys, talks, and feedback to get a better understanding.

Continue..

3.	 Analyze and Identify Patterns	❖ Use tools to look at the data and find patterns. See what things are similar or different among clients. This helps create groups that make sense.
4.	 Create Client Segments	❖ Make different groups of clients based on the patterns found. Make sure each group has things in common and is useful for the goals.
5.	 Validation	❖ Check if the groups created are strong and different from each other. Use numbers and real-world examples to be sure.
6.	 Develop Segment-Specific Strategies	❖ Make special plans for each group. This includes how to talk, what to offer, and how to reach out to them. Think about what each group likes and wants.
7.	 Implement and Monitor	❖ Put the plans into action and watch how well they work. Keep an eye on important measures to see if any new approach is making a difference.

Continue..

8.	 Refine and Adapt	❖ Change the groups and plans as needed. Keep up with what's happening in the world and what clients are doing. Make sure the plans always fit with what clients want and what's going on in the market.
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Table 2.9 Steps for Performing Segmentation Techniques

2.1.6 Methods of Identifying and Understanding the Customer's Needs

It is essential to comprehend and recognize the requirements of customers in order to provide them with appropriate insurance coverage. To cover themselves adequately against financial losses and meet their specific requirements, insurance agents employ various methods. The following are the key methods of identifying and understanding customers' needs for insurance policies:

Method	Explanation
 In-depth Interviews	❖ Have deep conversations with clients, asking them open-ended questions about their money situation, worries, and goals. ❖ This helps find out what insurance they have and what might be missing.
 Client Surveys and Questionnaires	❖ Ask clients to fill out forms or answer questions about their money, lifestyle, and what they own. ❖ This gives structured information about their needs and vulnerabilities.

Continue..



CRM Systems

- ❖ Use computer systems to keep track of all the times you talked to clients, what they bought, and any problems they had.
- ❖ This helps them see patterns and figure out what insurance they might need in the future.



Review Existing Policies

- ❖ Look at the insurance clients already have to see how much they are covered.
- ❖ Find any gaps or places where they might need more protection.



Risk Assessments

- ❖ Figure out how much risk clients have based on how they live, what they do for a living, and where they live.
- ❖ Talk about what might happen and how it could affect them financially.



Active Listening

- ❖ Pay attention when clients talk, not just to the words but also to how they say things and what their body language shows.
- ❖ This helps them understand exactly what kind of insurance they need.



Life Events Awareness

- ❖ Keep track of big events in clients' lives, like getting married or retiring.
- ❖ These events often mean they need to change their insurance to fit their new situation.

Continue..

 Education Materials	❖ Share information and have talks to help clients understand different types of insurance. ❖ This helps them make smart decisions about what coverage they need.
 Technology and Analytics	❖ Use computers to see what clients do online, what they like, and what they search for. ❖ This helps find out if there are things, they need insurance for that they haven't talked about.
 Regular Policy Reviews	❖ Meet with clients regularly to talk about what's new in their lives or with their money. ❖ Change their insurance to match what they need now.
 Long-Term Relationships	❖ Stay in touch with clients often, checking in to see how they are doing. ❖ This helps them notice changes early and make sure their insurance still fits their life.
 Collaboration with Specialized Teams	❖ Work with experts in different areas to get advice on what kind of insurance clients might need. ❖ This ensures that insurance plans are just right for each person.

Table 2.10 Methods of Identifying and Understanding the Customer's Needs

Unit 2.2: Sell Insurance Policy

Unit Objectives

At the end of this unit, the trainee will be able to:

1. Describe detailed features of products and services offered by the insurance companies
2. Discuss various risks and returns of non-insurance products
3. Explain the effective techniques for handling customer objections
4. Describe the standard procedure of the insurance companies

2.2.1 Detailed Features of Insurance Products and Services by Insurance Companies

Insurance companies offer a diverse range of products and services to cater to the varying needs of individuals, businesses, and organizations. The following figure explains the key features of some common insurance products and services:

1. Life Insurance Products:

Term Life Insurance



1. Features:

- Provides coverage for a specified term.
- Pays a death benefit if the insured passes away during the policy term.
- Pure insurance with no cash value component.

• Benefits:

- Affordable premiums.
- Financial protection for the insured's beneficiaries.

Continue..

Whole Life Insurance

2 Features:



- Offers coverage for the entire life of the insured.
- Includes a cash value component that grows over time.
- Premiums remain constant throughout the policyholder's life.
- **Benefits:**
 - Lifetime coverage and death benefit.
 - Cash value accumulation for policy loans or withdrawals.

Universal Life Insurance

1. Features:



- Flexible premiums and death benefits.
- Investment component with cash value growth.
- Allows policyholders to adjust coverage and premium payments.
- **Benefits:**
 - Flexibility in managing policy features.
 - Potential for cash value accumulation.

Endowment Life Insurance

1. Features:



- Maturity benefit is paid if the insured survives the policy term.
- Combines insurance coverage with savings.
- Fixed premiums and a guaranteed sum assured.
- **Benefits:**
 - Provides a lump-sum payout at maturity or death, whichever occurs first.
 - Savings element for long-term financial goals.

Fig. 2.20 Life Insurance Products

2. Health Insurance Products:

Individual Health Insurance



1. Features:

1. Covers medical expenses for an individual.
2. Can include hospitalization, outpatient care, and preventive services.
3. Premiums based on individual health factors.

4. 2. Benefits:

1. Financial protection against medical expenses.
2. Choice of healthcare providers.

Family Floater Health Insurance



1. Features:

1. Covers the entire family under a single policy.
2. Shared coverage limit for all family members.
3. Premium based on the age of the eldest family member.

4. 2. Benefits:

1. Simplified administration with a single policy for the family.
2. Cost-effective compared to individual policies for each family member.

Critical Illness Insurance



1. Features:

1. Pays a lump sum upon diagnosis of a specified critical illness.
2. Covers illnesses like cancer, heart attack, and stroke.
3. Standalone or rider option to existing health policies.

4. 2. Benefits:

1. Provides financial support for expensive treatments.
2. Helps cover non-medical expenses during illness.

Fig. 2.21 Health Insurance Products

3. Property and Casualty Insurance Products:

Auto Insurance



1. Features:

1. Covers damage to the insured vehicle and liability for injuries or damage to others.
2. Options for comprehensive coverage, collision, and liability.
3. Premiums based on factors like driving history and vehicle type.

2. Benefits:

1. Financial protection against accidents and damage.
2. Legal liability coverage.

Homeowners Insurance



1. Features:

1. Covers the structure, personal belongings, and liability.
2. Additional living expenses coverage.
3. Various add-ons like earthquake or flood insurance.

2. Benefits:

1. Rebuilding or repairing the home after covered events.
2. Protection against theft or damage to personal property.

Renters Insurance



1. Features:

1. Covers personal belongings, liability, and additional living expenses.
2. No coverage for the structure, as it's the landlord's responsibility.
3. Affordable premiums.

2. Benefits:

1. Protection for personal belongings against theft or damage.
2. Liability coverage for tenant-related incidents.

Fig. 2.22 Property and Casualty Insurance Products

4. Specialty Insurance Products:



Travel Insurance

1. Features:

1. Covers trip cancellations, medical emergencies, and lost baggage.
2. Single trip or annual multi-trip options.
3. Coverage for travel-related risks.

2. Benefits:

1. Reimbursement for trip cancellations or interruptions.
2. Emergency medical assistance and evacuation.



Pet Insurance

1. Features:

1. Covers veterinary expenses for pets.
2. Options for accident-only or comprehensive coverage.
3. Some policies include preventive care.

2. Benefits:

1. Financial support for unexpected veterinary bills.
2. Peace of mind for pet owners.



Cyber Insurance

1. Features:

1. Protects against cyber threats, data breaches, and hacking.
2. Covers legal expenses, notification costs, and loss of income.
3. Tailored for businesses and individuals.

2. Benefits:

1. Financial protection against cyber-related losses.
2. Assistance with managing and mitigating a cyber incident.

Fig. 2.23 Specialty Insurance Products

Notes



5. Business Insurance Products:

Commercial Property Insurance



1. Features:

1. Covers buildings, equipment, and inventory against damage or loss.
2. Business interruption coverage.
3. Optional coverage for outdoor signage and valuable papers.

2. Benefits:

1. Financial protection for property damage.
2. Assistance with business continuity during disruptions.

Liability Insurance



1. Features:

1. Protects against legal claims for bodily injury or property damage.
2. Different types include general liability, professional liability, and product liability.
3. Essential for businesses to manage risks.

2. Benefits:

1. Legal defense and settlement coverage.
2. Protection against financial loss due to lawsuits.

Business Interruption Insurance



1. Features:

1. Compensates for lost income and operating expenses during disruptions.
2. Often linked to property insurance.
3. Covers profits that would have been earned.

2. Benefits:

1. Financial support during periods of business interruption.
2. Helps businesses recover and resume operations.

Fig. 2.24 Business Insurance Products

6. Agriculture Insurance Products:



Crop Insurance:

1. Features:

1. Protects farmers against crop yield or revenue losses.
2. Government-sponsored schemes like PMFBY and NAIS.
3. Options for weather-based or yield-based coverage.

2. Benefits:

1. Financial assistance in case of crop failure.
2. Stability for farmers against unpredictable weather events.



Livestock Insurance:

1. Features:

1. Covers losses due to the death of livestock.
2. Options for individual or group policies.
3. Compensates for market value or replacement cost.

2. Benefits:

1. Protection against financial loss from unexpected deaths.
2. Supports farmers in maintaining their livelihoods.

Fig. 2.25 Agriculture Insurance Products

7. Additional Insurance Products:



Personal Accident Insurance:

1. Features:

1. Pays a lump sum or weekly benefit for accidental death or disability.
2. Coverage for medical expenses related to accidents.
3. Can be standalone or a rider to life insurance policies.

2. Benefits:

1. Financial support in case of accidental injuries or death.
2. Assistance with medical costs and rehabilitation.

Continue..



Umbrella Insurance:

1. Features:

1. Provides additional liability coverage beyond standard policies.
2. Covers legal costs and claims that exceed primary policy limits.
3. Often used by individuals and businesses with high net worth.

Fig. 2.26 Additional Insurance Products

2.2.2 Various Risks and Returns of Non-Insurance Products

In the insurance world, "**risk**" refers to the likelihood of an event occurring that could result in a loss. For example, the risk of a car accident, a house fire, or a medical emergency.

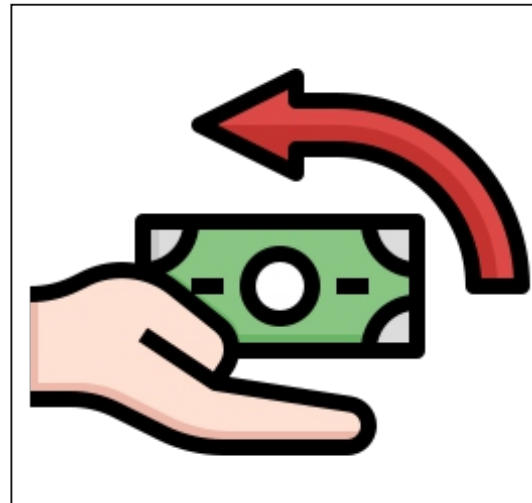


Fig. 2.26 Symbol for Risk and Return

On the other hand, "**return**" in insurance is the benefit customer receive from their policy when such events happen. It could be financial compensation to repair the car after an accident, rebuild the home after a fire, or cover medical expenses during an illness.

Insurance companies assess these risks and set premiums accordingly. The higher the risk, the higher the premium the customer will likely pay. Conversely, if the risk is lower, your premiums may be more affordable.

Understanding **risk and return** helps the customers to choose insurance policies that strike the right balance between protection and affordability. By working with an insurance agent, you can navigate these concepts with ease and ensure you're adequately covered without overpaying.

Non-insurance products refer to financial products and services that do not provide insurance coverage against specific risks. These products serve different purposes, such as wealth accumulation, investment, lending, or retirement planning.

As an insurance agent, it's essential to broaden our understanding beyond insurance products and delve into the world of non-insurance financial products. These products don't provide insurance coverage against specific risks but serve different financial purposes such as wealth accumulation, investment, lending, or retirement planning.

Let's break down each non-insurance product, its associated risks, potential returns, and how they might fit into scenarios for our clients:



Equities (Stocks)

- **Risk:** Stock prices can swing widely due to economic conditions or changes within a company.
 - **Scenario:** Imagine you invest in a tech company's stock, and its value drops because of new competition entering the market.
- **Return:** Stocks offer the potential for high returns over time and may pay out dividends regularly.
 - **Solution:** Diversify your stock portfolio to spread risk, and consider long-term investments in well-established companies.



Bonds

- **Risk:** Bond prices can fluctuate with changes in interest rates, and there's a risk of the issuer defaulting on payments.
 - **Scenario:** You buy a corporate bond, but the company faces financial difficulties and can't repay its debt.
- **Return:** Bonds provide regular interest income and may appreciate in value.
 - **Solution:** Consider investing in government bonds or highly-rated corporate bonds for more security.

Continue..



Mutual Funds

- **Risk:** Mutual funds are subject to market fluctuations and the fund manager's decisions.
 - **Scenario:** Your mutual fund's value drops due to a sudden market downturn.
- **Return:** Mutual funds offer diversification and professional management.
 - **Solution:** Research funds with solid track records and align with your risk tolerance.



Exchange-traded Funds (ETFs)

- **Risk:** ETFs track indexes or commodities, so their value can change based on market movements.
 - **Scenario:** A sector-specific ETF you invested in suffers losses due to industry challenges.
- **Return:** ETFs provide diversification and often have lower costs.
 - **Solution:** Choose ETFs with broad market exposure to reduce risk.



Real Estate Investment Trusts (REITs)

- **Risk:** REIT values can fluctuate with real estate market changes and interest rate shifts.
 - **Scenario:** Your REIT's properties lose value during an economic downturn.
- **Return:** REITs offer dividend income and potential property appreciation.
 - **Solution:** Look for REITs with diverse property portfolios and strong management teams.



Certificates of Deposit (CDs)

- **Risk:** CDs have fixed interest rates and penalties for early withdrawal.
 - **Scenario:** You lock in a CD with a low interest rate, missing out on higher rates offered later.
- **Return:** CDs provide safety and predictable returns.
 - **Solution:** Match CD terms with your financial goals and keep some funds accessible for emergencies.

Continue..



Savings Accounts and Money Market Accounts

- **Risk:** Returns may not outpace inflation, and interest rates can be low.
 - **Scenario:** Your savings account interest rate doesn't keep pace with rising prices.
- **Return:** These accounts offer liquidity and low risk.
 - **Solution:** Use them for short-term savings goals and emergency funds.



Cryptocurrencies

- **Risk:** Cryptocurrencies are highly volatile and subject to regulatory changes.
 - **Scenario:** Your chosen cryptocurrency's value crashes due to regulatory crackdowns.
- **Return:** They offer high potential returns but come with significant risk.
 - **Solution:** Only invest what you can afford to lose and stay informed about regulatory developments.



Precious Metals (Gold, Silver)

- **Risk:** Precious metal prices can be volatile and are influenced by market sentiment.
- **Scenario:** The price of gold falls sharply due to improving economic conditions.
- **Return:** They serve as a hedge against inflation and a safe-haven asset.
- **Solution:** Include precious metals in your portfolio for diversification and stability during uncertain times.

Fig. 2.27 Various Risks and Returns of Non-Insurance Products

2.2.3 Sales Process of Insurance Policies

The sales process for insurance policies typically involves several stages. The following table exhibits an overview of the insurance sales process with examples:

Steps	Description	Activities	Examples
 1. Prospecting	Identifying potential customers	Cold calling, lead generation, networking	Purchasing contact lists, attending industry events
 2. Needs Analysis	Understanding customer needs	Conducting interviews, surveys, analyzing risk factors	Asking questions about current coverage, financial situation, and goals
 3. Presenting Options	Providing policy options	Explaining coverage, benefits, and premiums	Presenting different insurance plans (e.g., term life, whole life)
 4. Handling Objections	Addressing customer concerns	Listening actively, providing additional information	Addressing cost concerns, explaining policy terms
 5. Closing the Sale	Finalizing the transaction	Issuing policy documents, collecting payment	Having the customer sign the policy application and pay the first premium

Continue..

 6. Follow-up	Ensuring customer satisfaction	Providing ongoing support, addressing concerns	Following up to ensure policyholders are satisfied and addressing any issues
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Table 2.11 Insurance Sales Process

Let's consider an example in the context of selling life insurance:

1. Prospecting:

- Identify individuals with dependents or financial responsibilities.
- Cold call or use lead generation tools to reach out to potential customers.

2. Needs Analysis:

- Conduct interviews to understand the customer's financial situation and future goals.
- Analyze risk factors such as age, health, and income.

3. Presenting Options:

- Explain different life insurance plans (e.g., term life, whole life).
- Provide scenarios demonstrating how each plan meets the customer's needs.

4. Handling Objections:

- Address concerns about premium costs and policy terms.
- Provide additional information on the benefits of life insurance for the customer's specific situation.

5. Closing the Sale:

- Complete the necessary paperwork for the selected policy.
- Collect the initial premium payment and issue the policy documents.

6. Follow-up:

- Ensure the customer understands the policy terms.
- Follow up periodically to address any questions or concerns.

1. Various Stages of Selling Insurance Policies:

Stage	Description	Activities	Examples
 Why Sell	Convey the importance of insurance	Educate clients on financial protection, peace of mind	Explain how life insurance ensures family security in case of unexpected events
 What to Sell	Identify suitable policies	Assess client needs and recommend appropriate coverage	Recommend term life for young families, whole life for long-term financial planning
 How to Sell	Guide clients through the process	Simplify policy explanations, answer questions	Use easy-to-understand language, provide real-life scenarios
 How Much to Sell	Determine coverage amount	Analyze the client's financial situation and liabilities	Recommend coverage based on income, debts, and future needs
 When to Sell	Choose the right timing	Emphasize the benefits of early coverage	Highlight lower premiums for younger individuals

Continue..

 Whom to Sell	Target specific demographics	Identify potential clients based on life stages	Focus on young families for life insurance, retirees for retirement planning
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Table 2.12 Various Stages of Selling Insurance Policies

2. Repeat Sales:

Stage	Description	Activities	Examples
 How to Do Repeat Sale?	Build relationships and offer additional coverage	Stay in touch with clients, provide policy reviews	Offer additional coverage for new life stages (e.g., child education policies)

Table 2.13 Methods for Repeat Sales

3. Generating Sales Leads from Existing Customers:

Stage	Description	Activities	Examples
 How to Generate Sales Leads from Existing Customers?	Leverage satisfied clients for referrals	Ask for referrals, offer incentives	Offer discounts or rewards for referring friends or family

Table 2.14 Generating Sales Leads from Existing Customers

Notes



4. Sample Stories of Insurance Providing Financial Support:

Scenario	Story
 Health Insurance	Mary had a health insurance policy when she unexpectedly faced a serious illness. The insurance covered her medical expenses, allowing her to focus on recovery without worrying about the financial burden.
 Life Insurance	John, the primary breadwinner, tragically passed away. His life insurance policy provided a lump sum to his family, ensuring they could maintain their lifestyle and cover ongoing expenses.
 Auto Insurance	Sarah got into a car accident, and her insurance covered the repair costs for her vehicle as well as medical expenses. Without insurance, the financial impact could have been overwhelming.
 Home Insurance	A fire damaged Tom's house, but his home insurance covered the rebuilding costs. This support helped him and his family get back on their feet without enduring a significant financial setback.

Table 2.15 Sample Stories of Insurance Providing Financial Support

Notes



5. Balancing Investment and Insurance:

Balancing investment and insurance is crucial for a well-rounded financial plan. Insurance provides protection against unexpected events, while investments help in wealth accumulation and achieving financial goals. The right balance ensures a comprehensive and resilient financial strategy for individuals.

Aspect	Importance	Examples
 Risk Protection	Insurance protects against unforeseen events	Health insurance covers medical costs, life insurance provides financial support in case of the insured's demise
 Wealth Accumulation	Investments help grow wealth over time	Investing in stocks, bonds, or mutual funds can yield returns, contributing to long-term financial goals
 Diversification	Spreading risk across various assets	Combining life insurance for protection with diverse investments reduces overall financial risk
 Financial Goals	Aligning products with specific objectives	Term life insurance for income protection, investment in a retirement fund for long-term financial security

Table 2.16 Balancing Investment and Insurance

2.2.4 Effective Techniques of Handling Customer Objections

Handling customer objections effectively is a crucial skill for insurance agents. Objections are a natural part of the sales process, and addressing them with professionalism can lead to successful outcomes. The following are effective techniques for handling customer objections as an insurance agent:



Actively listen by allowing customers to express concerns fully, without interruption, demonstrating empathy and gathering information to address objections.



Acknowledge objections and express empathy to validate customers' feelings, building rapport and trust.



Clarify and confirm understanding by asking open-ended questions, ensuring a clear grasp of customer concerns for effective response.



Reframe objections positively, highlighting benefits or alternative perspectives to shift focus toward potential solutions.



Provide information and educate customers on the value of insurance products to address misconceptions and reinforce benefits.



Offer solutions and options, demonstrating flexibility and willingness to meet customer needs, turning objections into opportunities for agreement.



Use social proof by sharing success stories or testimonials, building credibility and trust in the insurance product.



Handle price objections with value emphasis, shifting focus from cost to the received value and helping customers see long-term advantages.



Proactively overcome objections by anticipating and addressing concerns during the presentation, showcasing knowledge and preparation.



Close with confidence by asking for commitment after addressing objections, reinforcing benefits, and guiding the conversation toward a positive resolution.



Follow up by scheduling to address remaining concerns, showing commitment to customer satisfaction and allowing further discussion.



Embrace continuous improvement by reflecting on objections, seeking feedback, and learning from challenges to enhance overall effectiveness in objection handling.

Fig. 2.28 Effective Techniques of Handling Customer Objections

2.2.5 Standard Procedure of the Insurance Companies

The standard procedure of insurance companies involves several key steps, from the initial application process to policy issuance and claims management. While specific procedures may vary among insurers and types of insurance, the following figure explains the general outline of the standard procedure followed by insurance companies:

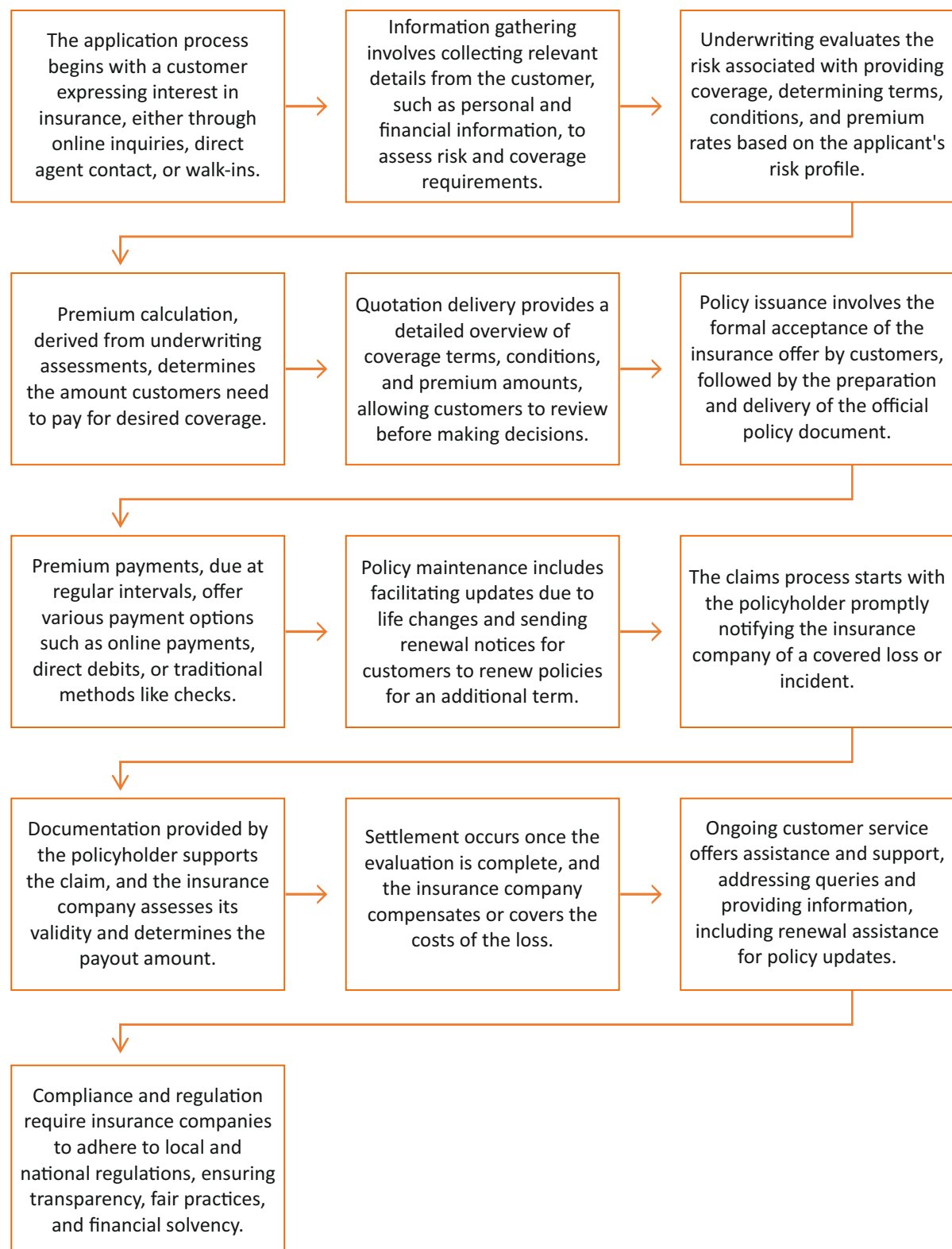


Fig. 2.29 Standard Procedure of the Insurance Companies

Unit 2.3: Report sales and maintain customer records

Unit Objectives

At the end of this unit, the trainee will be able to:

1. Explain various formats used in preparing sales reports

2.3.1 Various Formats Used in Preparing Sales Reports

Insurance agents frequently utilize diverse formats when creating sales reports to efficiently monitor and assess their sales performance. These different report structures offer valuable insights, enabling agents to make informed decisions, establish achievable goals, and consistently enhance their strategies for success. The selection of a particular format depends on the individual needs and objectives of the insurance agent, as well as the characteristics of the business. The subsequent list outlines some of the formats commonly utilized in the insurance industry:

1. Monthly Sales Summary:

- Provides a detailed overview of sales performance on a monthly basis.
- Breaks down sales by different insurance products.
- Highlights key metrics such as policies sold, premiums generated, and commissions earned.

Month	Policies Sold	Premiums Generated (Rs.)	Commissions Earned (Rs.)
January	50	25,000	5,000
February	65	32,500	6,500
March	45	22,500	4,500
...	...	...	...
Total YTD	160	80,000	16,000

Table 2.17 Sample table format for Monthly Sales Summary

Notes

2. Quarterly Performance Report:

- Summarizes sales performance over a three-month period.
- Compares actual sales with targets or quotas.
- Provides insights into successful strategies and areas for improvement.

Quarter	Policies Sold (Target: 120)	Premiums Generated (Rs.)	Commissions Earned (Rs.)
Q1	40	20,000	4,000
Q2	35	17,500	3,500
Q3	45	22,500	4,500
Q4	...	...	...
Total YTD	120	60,000	12,000

Table 2.18 Sample table format for Quarterly Performance Report

3. Year-to-Date (YTD) Analysis:

- Tracks sales performance from the beginning of the year to the current date.
- Allows agents to assess their progress towards annual goals.
- Includes a breakdown of sales by product and region.

Year-to-Date	Product/Insurance Type	Policies Sold	Premiums Generated (Rs.)	Region
2024	Life Insurance	50	25,000	North
2024	Health Insurance	40	20,000	South
2024	Auto Insurance	30	15,000	East
...	...	...	...	...
Total YTD		120	60,000	

Table 2.19 Sample table format for Year-to-Date (YTD) Analysis

4. Product-wise Sales Report:

- Focuses on individual insurance products or policy types.
- Provides a detailed analysis of the sales performance of each product.
- Helps identify the most and least successful products.

Product/Insurance Type	Policies Sold	Premiums Generated (Rs.)	Commissions Earned (Rs.)
Life Insurance	60	30,000	6,000
Health Insurance	40	20,000	4,000
Auto Insurance	30	15,000	3,000
...	...	...	...
Total	130	65,000	13,000

Table 2.20 Sample table format for Product-wise Sales Report

5. Customer Segmentation Report:

- Categorizes clients based on criteria such as demographics, location, or policy type.
- Enables agents to tailor sales strategies to specific customer segments.
- Highlight which segments contribute most to sales.

Customer Segment	Policies Sold	Premiums Generated (Rs.)	Commissions Earned (Rs.)
Young Professionals	30	15,000	3,000
Families	40	20,000	4,000
Retirees	25	12,500	2,500
...	...	...	...
Total	95	47,500	9,500

Table 2.21 Sample table format for Customer Segmentation Report

6. Lead Conversion Report:

- Tracks the conversion of leads into actual sales.
- Identifies the most effective lead sources.
- Helps optimize lead generation and conversion processes.

Lead Source	Total Leads	Converted Sales	Conversion Rate (%)
Online Forms	150	30	20
Referrals	80	25	31.25
Cold Calls	120	15	12.5
...	...	...	...
Total	350	70	20

Table 2.22 Sample table format for Lead Conversion Report

7. Commission and Compensation Report:

- Summarizes commissions and compensation earned by the agent.
- Breaks down earnings by product or policy type.
- Offers insights into the profitability of different insurance lines.

Product/Policy Type	Policies Sold	Premiums Generated (Rs.)	Commissions Earned (Rs.)
Life Insurance	25	12,500	2,500
Health Insurance	40	20,000	4,000
Auto Insurance	30	15,000	3,000
...	...	...	...
Total	95	47,500	9,500

Table 2.23 Sample table format for Commission and Compensation Report

8. Policy Renewal Report:

- Monitors the renewal status of policies.
- Highlights upcoming renewals and lapses.
- Assists in developing strategies to improve policy retention.

Policy Status	Number of Policies	Premiums Due (Rs.)	Lapses
Active	150	75,000	5
Upcoming	30	15,000	-
Lapsed	20	-	20
...	...	...	...
Total	200	90,000	25

Table 2.24 Sample table format for Policy Renewal Report

9. Geographical Sales Analysis:

- Analyzes sales performance based on geographic regions.
- Helps identify high-performing and underperforming areas.
- Informs decisions on resource allocation and marketing efforts.

Region	Policies Sold	Premiums Generated (Rs.)	Commissions Earned (Rs.)
North	40	20,000	6,000
South	30	15,000	4,500
East	25	12,500	3,750
West	25	12,500	3,750
...	...	...	...
Total	120	60,000	18,000

Table 2.25 Sample table format for Geographical Sales Analysis

10. Customer Retention Report:

- Tracks customer retention rates over a specified period.
- Identifies trends in policy renewals and cancellations.
- Provides insights into customer satisfaction and loyalty.

Month	Policies Renewed	Policies Cancelled	Retention Rate (%)
January	25	5	83.3
February	28	4	87.5
March	30	6	83.3
...	...	...	...
Total	83	15	85.6

Table 2.26 Sample table format for Customer Retention Report

11. Sales Funnel Analysis:

- Maps out the stages of the sales process, from lead generation to closing.
- Highlights conversion rates at each stage.
- Assists in optimizing the sales funnel for efficiency.

Sales Stage	Leads In	Leads Converted	Conversion Rate (%)	Revenue Generated (Rs.)
Lead Generation	500	-	-	-
Initial Contact	300	150	50	-
Needs Assessment	150	75	50	-
Proposal/Presentation	75	45	60	-
Closing	45	30	66.67	60,000
Total	1070	300	28.04	60,000

Table 2.27 Sample table format for Sales Funnel Analysis

12. Cross-Selling and Upselling Report:

- Evaluates the success of cross-selling and upselling efforts.
- Identifies opportunities for selling additional products to existing clients.
- Measures the impact on overall revenue.

Client ID	Initial Purchase	Cross-Sell Product	Upsell Product	Revenue Impact (Rs.)
001	Life Insurance	Health Insurance	-	5,000
002	Auto Insurance	Home Insurance	-	4,000
003	Health Insurance	-	Higher Coverage	6,000
...	...	...	...	...
Total	-	-	-	15,000

Table 2.28 Sample table format for Cross-Selling and Upselling Report

13. Activity and Pipeline Report:

- Tracks daily or weekly activities, such as client meetings, calls, and follow-ups.
- Provides an overview of the sales pipeline, including potential deals in progress.
- Helps agents prioritize and manage their workload.

Date	Activity Type	Pipeline Status
2022-01-05	Client Meeting	Prospect
2022-01-10	Follow-up Call	Negotiation
2022-01-20	Policy Issued	Closed - Won

Table 2.29 Sample table format for Activity and Pipeline Report

Notes

14. Competitor Analysis Report:

- Evaluates the competitive landscape in the insurance market.
- Assesses the strengths and weaknesses of competitors.
- Informs strategic decisions to stay competitive.

Competitor	Strengths	Weaknesses	Key Strategies to Stay Competitive
Competitor A	- Strong brand recognition	- Limited product offering	- Enhance product diversity and expand offerings
	- Robust online presence	- Higher premium rates	- Implement targeted marketing campaigns to boost brand awareness
	- Extensive network of agents		- Explore strategic partnerships for wider market reach
Competitor B	- Competitive pricing	- Relatively small market share	- Conduct market research to identify pricing trends
	- Efficient claims processing	- Limited geographical coverage	- Expand service areas through targeted expansion initiatives
	- Positive customer reviews and satisfaction		- Emphasize customer service and collect feedback for continuous improvement
Competitor C	- Innovative use of technology	- Higher customer churn rate	- Invest in technology to enhance customer experience
	- Strong emphasis on customer engagement and loyalty programs	- Slow response to market trends	- Regularly update strategies based on evolving market dynamics
	- Comprehensive and customizable policies		- Conduct regular product reviews and updates

Table 2.30 Sample table format for Competitor Analysis Report

Summary



- Insurance policies are financial instruments designed to mitigate risks and provide protection against unforeseen circumstances, with various types catering to different needs.
- Life insurance includes term insurance, whole life insurance, and endowment policies, each offering unique coverage and benefits.
- Health insurance encompasses Medicaclaim, critical illness, personal accident, and group health insurance, addressing medical expenses and unexpected health events.
- Property/home insurance includes homeowners, renters, and auto/motor insurance, protecting against risks like fire, burglary, and accidents.
- Travel insurance covers unexpected events during domestic and international trips, offering protection for medical emergencies and trip cancellations.
- Commercial insurance includes property, liability, and business interruption insurance, safeguarding businesses against various risks.
- Crop insurance, marine insurance, professional indemnity insurance, and speciality insurance (such as pet and event insurance) address specific needs.
- Market surveys for insurance involve a combination of digital tools (online surveys, social media listening, analytics) and non-digital tools (focus groups, interviews, field surveys).
- The procedure includes defining objectives, selecting tools, developing survey instruments, implementing digital and non-digital tools, collecting and analyzing data, generating insights, and continuous monitoring.
- Customer analysis involves comprehensive data gathering, personal conversations, surveys, leveraging social media, customer analytics platforms, and segmentation techniques.
- Segmentation involves defining criteria, collecting data, analyzing patterns, creating segments, validating, developing strategies, implementing, monitoring, refining, and adapting.
- Identifying customer needs includes in-depth interviews, surveys, leveraging CRM systems, reviewing existing policies, risk assessments, active listening, staying informed about life events, providing education, and utilizing technology.
- Types of insurance covers include life, health, motor, home, travel, personal accident, business, crop, professional indemnity, cyber, marine, public liability, rural, group, employee compensation, householder's, trade credit, event, title, and government schemes.
- Detailed features of insurance products include term life, whole life, universal life, endowment life, individual health, family floater health, critical illness, auto, homeowners, renters, travel, pet, cyber, commercial property, liability, business interruption, crop, and livestock insurance.
- Various risks and returns of non-insurance products involve equities, bonds, mutual funds, ETFs, REITs, CDs, savings/money market accounts, cryptocurrencies, precious metals, and government schemes.
- Effective techniques for handling customer objections include actively listening, acknowledging objections, clarifying understanding, reframing positively, providing information and education, offering solutions, using social proof, handling price objections with value emphasis, proactively overcoming objections, closing with confidence, and following up.
- Customer objection handling should embrace continuous improvement through reflection, seeking feedback, and learning from challenges to enhance overall effectiveness.

- The standard procedure of insurance companies involves various steps, starting with the application process when customers express interest in insurance through online inquiries, direct agent contact, or walk-ins. Information gathering follows, collecting personal and financial details to assess risk and coverage requirements.
- Underwriting evaluates the risk and determines terms, conditions, and premium rates based on the applicant's profile.
- Premium calculation derives the amount customers need to pay, and quotation delivery provides an overview for customer review.
- Policy issuance formalizes acceptance, and premium payments offer various options. Policy maintenance includes updates and renewal notices, and the claims process involves notifying the company, providing documentation, assessment, and settlement.
- Ongoing customer service and compliance with regulations are integral.
- In preparing sales reports, insurance agents use various formats tailored to their needs.
- Common formats include monthly sales summaries, quarterly performance reports, year-to-date analysis, product-wise sales reports, customer segmentation reports, lead conversion reports, commission and compensation reports, policy renewal reports, geographical sales analyses, customer retention reports, sales funnel analyses, cross-selling and upselling reports, activity and pipeline reports, and competitor analysis reports. These formats allow agents to efficiently monitor and assess sales performance, make informed decisions, and enhance their strategies.
- The choice of format depends on individual needs, objectives, and business characteristics.

Exercise

Answer the following questions –

1. Explain the key features and benefits of Whole Life Insurance. How does it differ from Term Insurance?

2. Discuss the importance of segmentation techniques for insurance agents. Provide two examples of criteria used in segmentation and explain how they contribute to a more personalized approach.

3. Discuss the importance of actively listening to customers and how it contributes to effective objection handling in the insurance industry.

4. Explain the significance of reframing objections positively in the insurance sales process. Provide an example of how an insurance agent can reframe a common objection.

Fill in the blanks –

1. _____ Insurance provides coverage for accidental death and disability.
2. _____ Insurance covers loss or damage to goods during transit by sea, air, or land.
3. Insurance agents use social proof, such as success stories or testimonials, to build _____ and trust in the insurance product.
4. Insurance companies adhere to local and national regulations to ensure transparency, fair practices, and financial _____.

True or False –

1. Comprehensive Insurance covers only damages to your vehicle.
2. Group Health Insurance is not mandatory and depends on individual preferences.
3. The claims process starts with policyholders notifying the insurance company of an uncovered loss or incident.
4. Premium payments are typically due only once a year and cannot be paid through online methods.

Multiple Choice Questions (MCQ) –

1. Which type of insurance provides coverage for medical emergencies, trip cancellations, and lost baggage during international travel?
 - A) Domestic Travel Insurance
 - B) Critical Illness Insurance
 - C) International Travel Insurance
 - D) Personal Accident Insurance
2. What is the primary purpose of Business Interruption Insurance?
 - A) Covering damages to commercial properties
 - B) Compensating for financial losses due to interrupted business operations
 - C) Protecting against legal liabilities
 - D) Providing coverage for accidental death and disability
3. Which technique involves offering solutions and options, demonstrating flexibility, and turning objections into opportunities for agreement?
 - A) Active Listening
 - B) Reframing Objections
 - C) Providing Information
 - D) Using Social Proof

4. In the insurance sales process, what is the purpose of the quotation delivery step?
- A) Evaluating the risk profile
 - B) Notifying the insurance company of a loss
 - C) Providing an overview of coverage terms and premiums
 - D) Scheduling follow-up appointments

Scan the QR Code to watch the related video



Types of Insurance Policies – Life insurance

https://www.youtube.com/watch?v=B6fxY4I_c8A



Difference between Health Insurance and Life insurance

<https://www.youtube.com/watch?v=k2RrkXgl7VM>



Difference Between life and general insurance

https://www.youtube.com/watch?v=GdIxMsyAM_c



Customer and Market Segmentation

<https://www.youtube.com/watch?v=Q0u1II8UeyA>



Various Risk and Return of Non- Insurance Products

https://www.youtube.com/watch?v=4KGvov_Ke9Y



Sales Process of Insurance Policies

<https://www.youtube.com/watch?v=IE76wy1shM>

Scan the QR Code to watch the related video



How to create presentation for insurance sales?

<https://www.youtube.com/watch?v=QvEzQPfmwKQ>



Effective Techniques of Handling Customer Objections

<https://www.youtube.com/watch?v=K5l3HXrb2UI>



Effective Techniques of Handling Customer Objections

<https://www.youtube.com/watch?v=2kk9ZhVnpbg>



7 Mistakes Advisors Make when Prospecting

<https://www.youtube.com/watch?v=QYP1z8uMXUs>



3. Provide Pre-Issuance Services to the Customers



Unit 3.1: Assist Customer in filling the Application Form

Unit 3.2: Carry out Pre-Issuance Services



Key Learning Outcomes

At the end of this module, the trainee will be able to:

1. Dramatize on how to quote premium for the chosen insurance product by the customer based on the detailed information provided
2. Role play on how to assist the customers in completing application forms and handle their queries
3. Dramatize a situation to assist the customers with scheduling appointments for medical check-ups

Unit 3.1: Assist Customer in filling the Application Form

Unit Objectives

At the end of this unit, the trainee will be able to:

1. Discuss the Regulations or Guidelines of IRDAI
2. Outline the terms and conditions and related material facts for an insurance policy
3. List various types of insurance covers
4. State the significance of obtaining all supporting documents and payment of the first premium from the customer as per applicable standards

3.1.1 Regulations or Guidelines of IRDAI

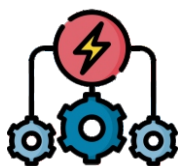
The Insurance Regulatory and Development Authority of India (IRDAI) is responsible for regulating the insurance sector in India. It was established in 1999 as an autonomous and statutory body to regulate and promote the insurance industry in the country. The primary objective of IRDAI is to protect the interests of policyholders, promote the growth and development of the insurance industry, and ensure financial stability within the sector. Below are the key points that summarize the rules and regulations stated in the IRDAI Act:



Establishment: The IRDAI Act, enacted in 1999, establishes the Insurance Regulatory and Development Authority of India (IRDAI) as an autonomous and statutory body.



Regulatory Authority: The Act grants IRDAI the authority to regulate and promote the insurance sector, ensuring its orderly growth and development.



Powers and Functions: IRDAI is empowered with various functions, including issuing licenses to insurers and intermediaries, formulating regulations, and protecting the interests of policyholders.

Continue..



Licensing: The Act outlines the process for licensing insurers, insurance intermediaries, and other entities involved in the insurance business, ensuring compliance with regulatory requirements.



Consumer Protection: IRDAI is mandated to protect the interests of policyholders, promote fair treatment of consumers, and establish grievance redressal mechanisms.



Financial Oversight: The Act mandates IRDAI to monitor the financial stability of insurance companies, set solvency margins, and ensure insurers have adequate capital to meet their obligations.



Market Development: IRDAI is tasked with fostering competition, encouraging innovation, and promoting the overall development of the insurance market in India.



Policyholder Education: The Act emphasizes the importance of educating consumers about insurance products, their rights, and the benefits of insurance in financial planning.



Coordination with Government: IRDAI collaborates with the government to formulate policies and regulations conducive to the growth and stability of the insurance industry.

Continue..



Adjudication of Disputes: The Act provides mechanisms for the adjudication of disputes and enforcement of regulatory decisions.

Fig. 3.1 Key Points Related to IRDAI Act 1999

To access the most up-to-date and accurate information on IRDAI rules and regulations, please visit the below website links.

1. IRDAI Official Website - <https://www.irdai.gov.in/>
2. IRDAI Act 1999 - <https://irdai.gov.in/document-detail?documentId=366291>
3. IRDAI Guidelines - <https://irdai.gov.in/guidelines>
4. IRDAI Regulations - <https://irdai.gov.in/regulations>

As an insurance agent, it's crucial to understand and adhere to the regulations and guidelines set forth by the Insurance Regulatory and Development Authority of India (IRDAI). These regulations ensure transparency, fairness, and protection for customers. Let's delve into what these regulations entail and how they impact an individual as a policyholder.



1. Transparency in Policy Terms and Conditions:

Scenario: Mr. Ashwin considering purchasing a health insurance policy, but he is overwhelmed by the jargon-filled terms and conditions in the policy document.

Solution: As an insurance agent, it is important to help customers simplify the complexities of their insurance policy and walk them through each clause, explaining what it means in simple, easy-to-understand language. It is also important to ensure that all crucial details such as premiums, coverage limits, and exclusions are disclosed upfront to help customers make informed decisions. By doing so, customers can have a clear understanding of their policy and the benefits it provides, which can help them feel more confident and secure in their coverage.

2. Fair Claims Settlement Practices:

Scenario: Mrs. Sushma has filed a claim for property damages, but the insurance company is delaying the settlement process.

Solution: Advocate the customer throughout the claims process. Help her gather all necessary documentation and follow up with the insurer to expedite her claim. Also, ensure that she is treated fairly and receives the compensation she is entitled to under the policy terms.

3. Protection Against Mis-selling:

Scenario: Arvind approached by an agent promoting an insurance product that doesn't align with his needs.

Solution: To ensure customer satisfaction, it is crucial to prioritize trust. Conduct a thorough analysis to understand their financial goals, risk tolerance, and coverage requirements. Based on this assessment, recommend products that best fit their individual circumstances while ensuring that they are not sold anything unnecessary.

4. Disclosure of Commission and Charges:

Scenario: A retired teacher expressed concern about the impact of hidden fees and commissions on the cost of their insurance policy.

Solution: It is important to maintain transparency in the customer-insurer relationship. This can be achieved by providing a clear and detailed breakdown of all charges associated with the customer's policy, including premiums, fees, and commissions. By doing so, customers can have a complete understanding of where their money is being allocated, which will empower them to make informed and sound financial decisions.

5. Grievance Redressal Mechanism:

Scenario: Ms. Seema encounter an issue with her insurance provider, but she is unsure how to resolve it.

Solution: Be her advocate and guide her through the grievance redressal process outlined by the IRDAI. Ensure that her concerns are heard and addressed in a timely manner. Whether it's escalating the issue within the insurer or seeking assistance from regulatory authorities, stand by her side until a satisfactory resolution is reached.



3.1.2 Understanding Terms & Conditions & Related Material Facts for Insurance Policy

As an insurance agent, the primary goal is to ensure that the clients fully understand the terms and conditions of their insurance policies. Insurance policies are often laden with **complex terminology and legal jargon, which can be intimidating and confusing for the average person**. However, by breaking down these terms into simpler language and providing relatable examples, it can empower the clients to make informed decisions about their insurance coverage. Let's delve into the **key terms, conditions, and material facts of insurance policies**, with practical scenarios and solutions explained in simple language.

Terms & Conditions & Related Material Facts for Insurance Policy



Material Facts:

- **Pre-existing Conditions:** If customer have any pre-existing health conditions, it's essential to disclose them to their insurance agent. Failure to do so could result in denied claims later on.
- **Occupation and Lifestyle:** The customer's occupation and lifestyle may impact their insurance coverage. For example, if they have a high-risk occupation or participate in hazardous activities, they may need additional coverage.
- **Changes in Circumstances:** It's important to notify your insurance agent of any significant life changes, such as marriage, divorce, or the birth of a child. These changes could affect your coverage needs.

Terms and Conditions

- **Premium:** This is the amount customer pay for the insurance coverage. It's typically paid monthly, quarterly, or annually.
- **Coverage Limit:** This refers to the maximum amount the insurance company will pay for covered losses.
- **Deductible:** The deductible is the amount customer is responsible for paying out of pocket before the insurance coverage kicks in.
- **Exclusions:** These are specific situations or conditions that are not covered by the insurance policy. It's essential to review these carefully to understand any limitations in customer's coverage.
- **Policy Term:** This indicates the duration of the insurance coverage. It's crucial to know when the policy expires and needs renewal.
- **Claims Process:** The policy outlines the procedure for filing a claim and the steps involved in getting reimbursed for covered losses.
- **Beneficiary Information:** Clearly state who the beneficiaries are and the conditions under which they will receive the benefits. In life insurance, for instance, this information is critical.



Customer-Centric Scenario Examples

Scenario 1: Understanding Coverage Limits



I'm not sure if my coverage limit is sufficient to protect my assets.

As your insurance agent, I'll review your current coverage limits and assess whether they align with your needs. If necessary, we can explore options for increasing your coverage to provide greater protection.



Scenario 2: Confusion About Deductibles



I don't understand how my deductible works.

I'll explain how deductibles function and help you choose a deductible amount that fits your budget and risk tolerance. Additionally, I'll clarify any questions you have about how deductibles impact your premiums and claims process.



3.1.3 Quoting Premium for Chosen Insurance Product

Quoting the accurate premium for a chosen insurance product is crucial in the pre-issuance process. This involves a comprehensive understanding of the **insurance product, risk factors, and the customer's specific requirements**. Providing transparent and detailed premium quotes enables customers to make informed decisions about their insurance coverage.

As an insurance agent in India, quoting premiums for chosen insurance products and assisting customers with completing application forms are integral aspects of their role and involve a detailed and customer-centric approach. The following figure explains the step-by-step guide for quoting the premium for the chosen insurance product:



1. Understand Customer Needs:

- Begin by having a detailed discussion with the customer to understand their insurance requirements.
- Identify the type of coverage they are seeking, the duration of coverage, and any specific features or riders they are interested in.



2. Gather Customer Information:

- Collect relevant information from the customer, such as age, health condition, occupation, and any other factors that might influence the premium.
- For life insurance, inquire about the sum assured and the desired policy term.



3. Analyze Risk Factors:

- Assess the risk factors associated with the customer's profile.
- Understand the potential risks that may affect the insurance premium, such as age-related risks, health conditions, or occupational hazards.



4. Consult with Underwriters:

- Collaborate with underwriters within the insurance company to get insights into the risk assessment process.
- This step ensures that the quoted premium aligns with the company's underwriting guidelines.

Continue..

**5. Utilize Premium Calculators:**

- Many insurance companies provide online tools or premium calculators.
- Use these tools to estimate the premium based on the gathered information.
- Ensure accuracy by cross-referencing the results with internal guidelines.

**6. Provide Transparent Quotation:**

- Clearly communicate the quoted premium to the customer.
- Break down the components of the premium, explaining how factors such as age, coverage amount, and term impact the overall cost.
- Transparency is crucial in gaining the customer's trust.

**7. Offer Options and Comparisons:**

- Present various coverage options and their corresponding premiums.
- Provide comparisons between different plans, emphasizing the benefits and limitations of each.
- This helps customers make informed decisions based on their budget and needs.

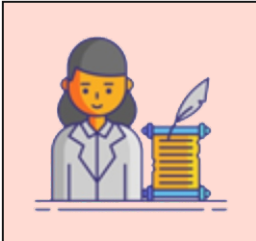
**8. Address Affordability and Flexibility:**

- Discuss flexible payment options and frequencies (monthly, quarterly, annually) to make the premium more manageable for the customer.
- Address any concerns about affordability and provide solutions that align with their financial capacity.

Fig. 3.2 Steps for Quoting Premium for Chosen Insurance Product

3.1.4 Insurance Underwriting

As an insurance agent, it is crucial to make sure that customers have a clear understanding of the underwriting process involved in different types of insurance, such as life, health, or general insurance. Let's work together to explore these concepts and how they impact customers as policyholders.



Insurance Underwriters are like the gatekeepers of insurance companies. They assess risks associated with insuring individuals or assets and determine if they should provide coverage and at what cost. They're like the financial detectives who analyze customer's application and make decisions based on various factors.

A. Life Insurance Underwriting

- a. **Basic Concepts:** Underwriting in life insurance is the process where the insurance company evaluates the risk associated with insuring an individual. They assess various factors like age, health, occupation, lifestyle, and medical history to determine the premium rates and coverage.
- b. **Non-Medical Underwriting:** In some cases, applicants might qualify for coverage without undergoing a medical examination. Instead, insurers rely on information provided in the application and may use other data sources for evaluation.
- c. **Medical Underwriting:** This involves a detailed review of an individual's medical history, including current health status, past illnesses, medications, and any pre-existing conditions. Medical underwriting helps insurers accurately assess the risk and set appropriate premiums.
- d. **Standard Life:** Standard life refers to individuals who meet the insurance company's criteria for insurability based on factors like health and lifestyle.
- e. **Rating Factor:** Rating factors are characteristics that influence the premium charged for a policy. These can include age, gender, smoking status, occupation, and health history.
- f. **Anti-selection:** Anti-selection refers to the situation where individuals with higher risks are more likely to seek insurance coverage than those with lower risks. Underwriters use various strategies to mitigate this risk, such as setting appropriate premiums based on risk assessment.

B. Health Insurance Underwriting

- a. **Basic Concepts:** Underwriting in health insurance involves evaluating the risk associated with insuring an individual's medical expenses. This includes assessing factors like age, pre-existing conditions, and lifestyle habits. Underwriters consider factors like medical history, family history, lifestyle choices, and occupation to determine the risk level and premium for health insurance policies.
- b. **Principles and Tools:** Underwriters rely on principles such as risk pooling, risk assessment, and statistical analysis, along with tools like actuarial tables and predictive modelling, to evaluate risk and set premiums.
- c. **Underwriting Process:** The underwriting process for individual health policies includes collecting medical information, assessing risk, determining coverage and premiums, and issuing the policy.
- d. **Group Health Policies:** Underwriting for group health policies involves assessing the overall risk of the group rather than individual members. Factors such as the size and demographics of the group are considered.

C. General Insurance Underwriting

- a. **Physical Hazards:** These are tangible risks that can lead to property damage or bodily injury, such as fire, theft, or natural disasters.
- b. **Risk Management:** Risk management strategies help mitigate physical hazards through measures like installing security systems, maintaining property, and adhering to safety regulations.
- c. **Excess/Deductibles:** Policyholders can choose excess or deductibles, which are amounts they agree to pay out of pocket before the insurance coverage kicks in. Higher excess amounts typically result in lower premiums.
- d. **Moral Hazard:** Moral hazard refers to the increased risk of loss due to behaviours like negligence or intentional actions that may lead to a claim.
- e. **Sum Insured:** The sum insured is the maximum amount the insurance company will pay out in the event of a claim. It's determined based on factors like the value of the insured property or potential liability.



Scenario 1: Meera, a 40-year-old mother of two, wants to buy life insurance but is hesitant about undergoing a medical exam due to her fear of needles. She's worried about getting fair coverage without it.

Solution: As her insurance agent, explain that some insurers offer non-medical underwriting options. You can explore policies that don't require a medical exam but still provide adequate coverage based on Meera's health questionnaire and lifestyle.

Scenario 2: Rajan, a small business owner, wants to provide health insurance for his employees but is concerned about affordability and coverage options.

Solution: Suggest exploring group health insurance plans tailored to Rajan's business size and budget. By pooling the risk of his employees, you can offer competitive premiums and comprehensive coverage, ensuring their health needs are met.

Scenario 3: Darshan is purchasing home insurance and wants to understand how the sum insured is determined to ensure he's adequately covered in case of a disaster.

Solution: As his insurance agent, explain to Darshan that the sum insured should reflect the cost of rebuilding his home and replacing its contents in the event of a total loss. You will assess his property's value, building materials, and require coverage to determine the appropriate policy sum insured.

3.1.5 Significance of Obtaining Supporting Documents and First Premium

As an insurance agent, the primary goal is to ensure that the clients are adequately protected against life's uncertainties. One of the fundamental steps in this journey is obtaining all the necessary supporting documents and the payment of the first premium from the customer. Let's delve into why these steps are so significant and explore some real-life scenarios to understand their importance.

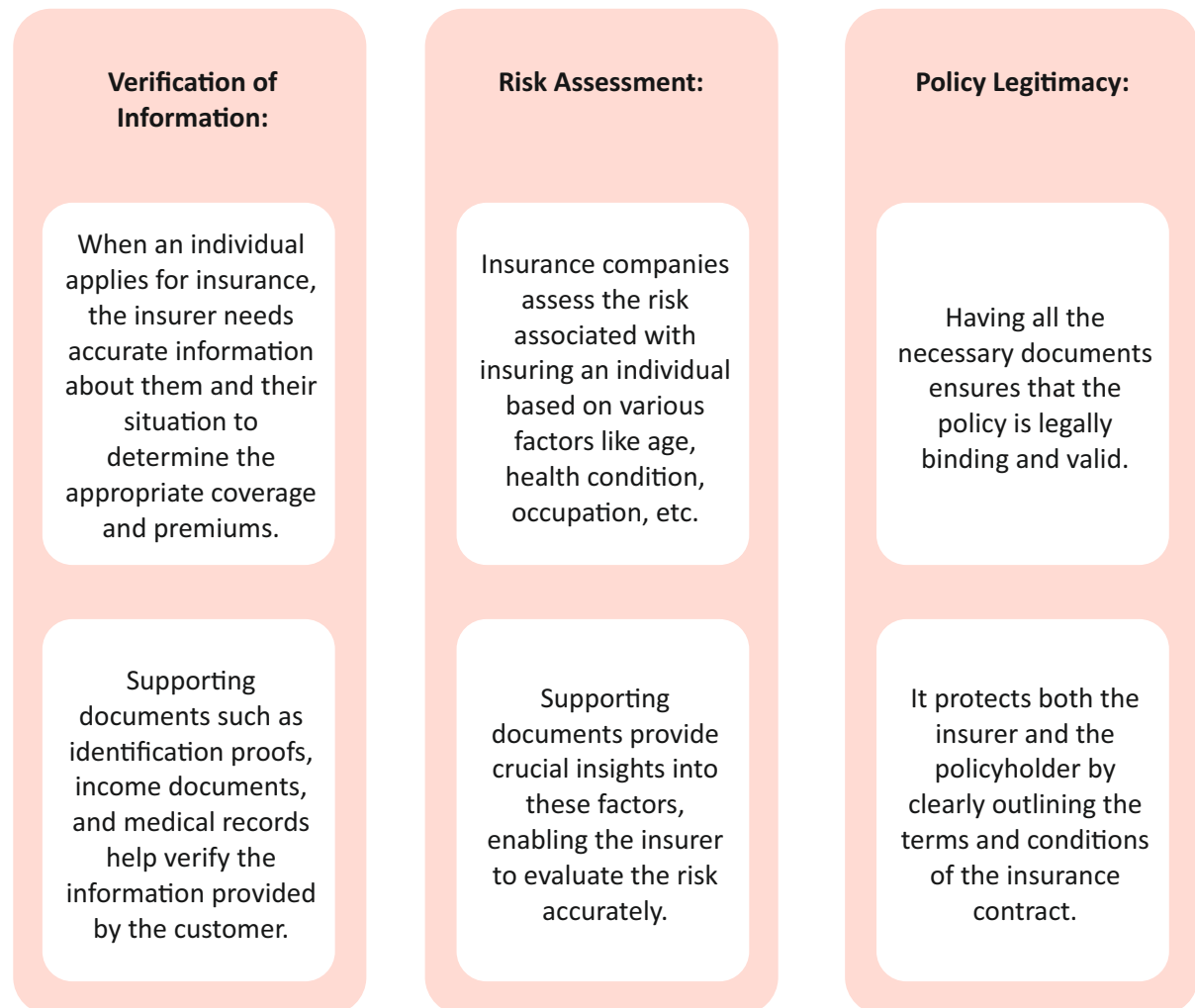


Fig. 3.3 Significance of Obtaining Supporting Documents

**Scenario 1:**

Medical History Verification: Suppose a customer applies for health insurance but fails to provide medical records. Without these documents, the insurer cannot accurately assess the customer's health condition, leading to potential issues in the future, such as claim disputes or denial.

Scenario 2:

Income Proof for Life Insurance: When applying for life insurance, the insurer typically requires income proof to determine the appropriate coverage amount. If a customer fails to provide these documents, it might result in underinsurance, leaving their loved ones financially vulnerable in case of an unfortunate event.

Policy Activation:

Paying the first premium is akin to activating your insurance policy. It initiates the coverage period, ensuring that you are protected against risks from day one.

Financial Commitment:

By making the first premium payment, the customer demonstrates their commitment to the insurance policy. It signifies their intent to maintain the policy and fulfill their obligations as a policyholder.

Fig. 3.4 Importance of First Premium Payment

**Scenario 1:**

Delayed Coverage: If a customer delays the payment of the first premium, their coverage might be delayed as well. In case of an unexpected event during this period, they would not be entitled to any benefits from the policy, leaving them financially exposed.

Scenario 2:

Policy Cancellation: Failure to pay the first premium within the specified timeframe may result in the cancellation of the policy. This means the customer loses out on the protection offered by the policy and may need to reapply, potentially at higher premiums due to changes in their circumstances.

3.1.6 Assisting Customers with Application Forms and Handling Queries

Assisting customers in completing application forms is a critical step in the pre-issuance process. It requires effective communication and a thorough understanding of the information required. Addressing customer queries promptly and accurately fosters confidence and ensures the accuracy of the submitted information. Clear communication also helps in mitigating any potential misunderstandings.

Notes



1. Explain Application Process:

- Guide the customer through the application process step by step.
- Explain the purpose of each section and ensure they understand the importance of providing accurate information.

**2. Verify Information:**

- While assisting customers in completing the application forms, verify the accuracy of the provided information.
- Clarify any ambiguous details and rectify errors promptly to avoid processing delays.

**3. Address Customer Queries:**

- Be prepared to address any queries the customer may have regarding the application process, policy terms, or any other related concerns.
- Provide clear and concise explanations to ensure they feel confident in their decision.

**4. Collect Supporting Documents:**

- Emphasize the importance of submitting necessary supporting documents.
- Clearly communicate the documents required for processing the application and guide the customer on how to provide them.

**5. Follow Up:**

- After the application is submitted, follow up with the customer to confirm receipt and address any additional queries that may arise during the processing period.
- Keep them informed about the status of their application.

Fig. 3.5 Steps for Assisting Customers with Application Forms and Handling Queries

3.1.7 Various Types of Insurance Covers

As already discussed in Unit 2.2 of Module 2, there are numerous types of insurance covers designed to protect individuals, businesses, and assets from various risks and uncertainties. It is essential to educate customers about the different types of insurance policies available to help them select the most appropriate one for their needs. These policies include life insurance, health insurance, property insurance, and more. By providing information on the characteristics and advantages of each policy, customers can make informed decisions and choose the best option for themselves.

Notes

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Unit 3.2: Carry out Pre-Issuance Services

Unit Objectives

At the end of this unit, the trainee will be able to:

1. Explain the standard procedure for submitting an application to the underwriting team with supporting documents for processing
2. Describe the standard procedure to coordinate with the underwriting team and the vendor partners
3. State the significance of regular follow-up on medical reports and ensure the same is received by the underwriting team

3.2.1 Standard Procedure to Submit Application to Underwriting Team

Submitting an application to the underwriting team with supporting documents is a crucial step in the insurance process. This process ensures that the underwriters have all the necessary information to assess the risk and determine the terms of coverage. Below is a standard procedure for submitting an application to the underwriting team:

	Complete the Application Form: • Fill out the application form accurately and completely. Provide all the necessary personal and financial information as required.
	Gather Supporting Documents: • Collect all required supporting documents. These may include: • Personal identification (ID, passport, etc.) • Proof of income (pay stubs, tax returns, etc.) • Bank statements • Employment verification • Credit history report • Property details (for real estate transactions)

Continue..

	Check for Accuracy: Review the application and supporting documents to ensure accuracy. Any discrepancies or missing information may lead to delays in processing.
	Compile a Submission Package: Organize all documents into a neat and orderly submission package. Ensure that the underwriting team can easily review and verify the information.
	Submit Application to Underwriting: Depending on the process in place, submit the application package to the underwriting team through the designated channel. This could be an online submission, email, or a physical submission depending on the organization's policies.
	Follow Up: After submission, follow up with the underwriting team to confirm receipt of the application. Inquire about the expected timeline for the underwriting process.
	Respond to Requests for Additional Information: Be prepared to provide any additional information or clarification requested by the underwriting team promptly. This can expedite the processing time.
	Underwriting Evaluation: The underwriting team will thoroughly review the application and supporting documents. They will assess the risk associated with the application and make a decision based on their criteria.
	Receive Decision: Once the underwriting process is complete, the applicant will be notified of the decision. This could be an approval, denial, or a request for further information.

Continue..



Address Conditions and Close the Process:

- If there are conditions attached to the approval, address them promptly. Once all conditions are met, the underwriting process is considered complete.

Fig. 3.5 Standard Procedure to Submit Application to Underwriting Team

It's important to note that the specific requirements and procedures may vary depending on the type of application (e.g., loan, insurance) and the policies of the institution handling the underwriting process. Insurance agents must always refer to the specific guidelines provided by the organization in question.

3.2.2 Standard Procedure to Coordinate with Underwriting Team and Vendor Partners

As an insurance agent, one of the key aspects of providing excellent service to our clients is coordinating effectively with underwriting teams and vendor partners. This ensures that we can offer the best possible coverage and solutions tailored to our customers' needs. Let's dive into the standard procedure for this coordination, along with some real-life scenarios and solutions explained in simple terms.



Assessing Customer Needs: Before anything else, it's crucial to understand what our customers need. This involves gathering information about their assets, liabilities, and any specific risks they face.



Consultation and Proposal: Based on the gathered information, we provide our clients with proposals outlining various insurance options that suit their requirements. This is where our expertise comes into play as we guide them through the available choices.



Underwriting Process: Once the client accepts a proposal, we pass the details to the underwriting team. Underwriters assess the risks associated with insuring the client and determine the terms and pricing of the policy.

Continue..



Communication with Vendor Partners: Simultaneously, we liaise with vendor partners such as appraisers, inspectors, or medical professionals, depending on the type of insurance. These partners provide additional information crucial for underwriting.



Policy Issuance: After the underwriting process is complete and any necessary inspections or evaluations are done, the policy is issued to the client.

Fig. 3.6 Standard Procedure to Coordinate with Underwriting Team and Vendor Partners



Customer-Centric Scenario Examples



Scenario: A client needs homeowners' insurance but is unsure about the coverage options and costs.

Solution: Sit down with the client to understand their specific needs, explaining different coverage options in plain language. Once they choose a plan, work closely with the underwriting team to ensure they receive a policy that provides adequate protection at a reasonable cost.

Scenario: During the underwriting process, the underwriter requests additional information about the client's property.

Solution: Communicate promptly with the client, explaining the underwriter's request and facilitating any necessary inspections or evaluations by vendor partners. Clear communication helps alleviate any concerns the client may have about the process.

Scenario: A client's application is declined due to a pre-existing medical condition.

Solution: Explain empathetically the situation to the client, outlining possible alternatives such as seeking coverage from specialized insurers or exploring other insurance products that may better suit their needs. We also offer ongoing support and guidance throughout the process.

Scenario: There's a delay in policy issuance due to administrative issues.

Solution: Communicate proactively with the underwriting team and the client, keeping them informed about the status of their application and any delays. Additionally, we take steps to expedite the process wherever possible to minimize inconvenience for the client.

3.2.3 Significance of Regular Follow-up on Medical Reports

As an insurance agent, ensuring the well-being and satisfaction of our clients is our top priority. One critical aspect of this responsibility is to regularly follow up on medical reports and ensure they are received by the underwriting team. This process might seem bureaucratic, but it plays a vital role in securing the best possible coverage for our clients. Let's delve into why this is significant and how we can make it a seamless experience:



Accurate Risk Assessment: Medical reports provide valuable information about an individual's health status. Regular follow-up ensures that the underwriting team has the most up-to-date and accurate information, allowing them to assess the risk associated with insuring a particular individual more precisely. This helps in setting appropriate premiums and terms.



Timely Decision-Making: Insurance underwriting involves the evaluation of various risk factors to determine coverage and pricing. Regular follow-up ensures that the underwriting process moves forward smoothly and in a timely manner. Delays can be minimized, and decisions can be made promptly, benefiting both the insurer and the insured.



Mitigation of Adverse Selection: Adverse selection occurs when individuals with higher risks are more likely to purchase insurance. Regular follow-up helps identify any discrepancies or omissions in medical reports, reducing the chances of adverse selection by ensuring that accurate information is used in the underwriting process.



Enhanced Customer Relations: Regular communication with applicants regarding the status of their medical reports demonstrates transparency and professionalism. It helps build trust between the insurer and the insured, leading to positive customer relations. This is particularly important in maintaining customer satisfaction and loyalty.



Compliance with Regulations: In many jurisdictions, there are regulations and standards that insurance companies must adhere to when underwriting policies. Regular follow-up on medical reports ensures compliance with these regulations, reducing the risk of legal and regulatory issues.

Continue..



Risk Management: Timely and accurate information from medical reports enables the underwriting team to assess and manage potential risks effectively. This, in turn, contributes to the overall risk management strategy of the insurance company.



Cost Control: Efficient underwriting processes, supported by regular follow-up, contribute to cost control for insurance companies. Delays, errors, or incomplete information can lead to increased operational costs. By ensuring a smooth flow of information, these costs can be minimized.



Prevention of Fraud: Regular follow-up helps in verifying the authenticity of the medical information provided by applicants. This is essential for preventing insurance fraud, where individuals may provide false or misleading information to obtain coverage under false pretenses.

Fig. 3.7 Significance of Regular Follow-up on Medical Reports

3.2.4 Assisting with Scheduling Medical Check-up Appointments

Assisting clients with scheduling medical check-up appointments is a key service in the insurance application process. It contributes to a smooth and efficient pre-issuance process, ensuring that all necessary information is obtained for underwriting evaluation. The following are the steps to ensure a smooth scheduling process:

Clearly communicate the importance of medical check-ups in the underwriting process, helping clients understand its significance.

Offer clear instructions on how to schedule medical check-up appointments, including any specific requirements or preferred providers.

Continue..

Work closely with vendor partners, such as medical exam providers, to facilitate the scheduling process and ensure availability.

Offer flexible options for appointment scheduling, considering the convenience and preferences of the client.

Set realistic expectations regarding the time and process involved in scheduling and completing medical check-ups.

Regularly follow up with clients to ensure they have scheduled their medical check-ups and address any concerns or questions they may have.

Assist clients in overcoming any challenges or obstacles in scheduling appointments, demonstrating a commitment to their needs.

Keep clients informed about the progress of their medical check-ups, providing updates on appointments and expected timelines.

Share relevant information with the underwriting team regarding scheduled medical check-ups to facilitate a coordinated review process.

If there are any delays or issues with scheduling, work proactively to address them and keep the underwriting process on track.

Fig. 3.8 Steps for Assisting with Scheduling Medical Check-up Appointments

Notes



Summary



- The Insurance Regulatory and Development Authority of India (IRDAI) is an autonomous body established in 1999 to regulate and promote the insurance industry, focusing on protecting policyholders and ensuring financial stability.
- IRDAI formulates regulations, issues licenses, and supervises insurance companies, intermediaries, and entities involved in insurance, emphasizing consumer protection and market development.
- The IRDAI Act, 1999, serves as the legal foundation, establishing IRDAI as a regulatory authority with powers and functions including licensing, consumer protection, and market development.
- Quoting premiums for insurance involves understanding customer needs, gathering information, analyzing risk factors, consulting underwriters, using premium calculators, providing transparent quotations, offering options, and addressing affordability.
- Assisting customers with application forms requires explaining the process, verifying information, addressing queries, collecting supporting documents, and following up to ensure accurate and timely submissions.
- Understanding terms and conditions for insurance policies includes policy coverage, exclusions, policy terms, premium payment terms, beneficiary information, claims process, policy termination, riders, free look period, policy illustrations, and disclosure of material facts.
- Obtaining supporting documents and the first premium is crucial for regulatory compliance, accurate risk assessment, fraud prevention, policy customization, legal obligations, customer understanding, policy activation, premium commitment, efficient claims processing, transparency, trust, record-keeping, risk management, and adherence to standards.
- Submitting applications to the underwriting team involves completing forms, gathering supporting documents, checking for accuracy, compiling a submission package, submitting through the designated channel, following up, responding to requests, undergoing underwriting evaluation, receiving decisions, addressing conditions, and closing the process.
- Coordinating with underwriting teams and vendor partners requires pre-screening applications, organizing documentation, providing clear communication, following up, providing additional information, collaborating with vendor partners, updating clients, facilitating review meetings, communicating decisions, and offering post-issue support.
- Regular follow-up on medical reports is crucial for accurate risk assessment, timely decision-making, mitigation of adverse selection, enhanced customer relations, compliance with regulations, risk management, cost control, prevention of fraud, and overall efficiency in the underwriting process.
- Assisting with scheduling medical check-up appointments involves communicating importance, offering clear instructions, working with vendor partners, providing flexible options, setting realistic expectations, regular follow-ups, assisting with challenges, and keeping stakeholders informed about the process.

Exercise

Answer the following questions –

1. What are the primary functions and responsibilities of the Insurance Regulatory and Development Authority of India (IRDAI)?

2. Briefly explain the key points outlined in the Insurance Regulatory and Development Authority of India (IRDAI) Act, 1999, regarding the establishment, regulatory authority, and powers/functions of IRDAI.

3. Why is it important for insurance agents to provide transparent quotations for chosen insurance products?

4. Enumerate the key aspects covered in the terms and conditions of an insurance policy.

Fill in the blanks –

1. The IRDAI Act, enacted in _____, establishes the Insurance Regulatory and Development Authority of India (IRDAI) as an autonomous and statutory body.
2. Quoting premiums for chosen insurance products involves a comprehensive understanding of the insurance product, risk factors, and the customer's specific _____.
3. Assisting customers in completing application forms requires effective communication and a thorough understanding of the information _____.
4. Obtaining supporting documents and the payment of the first premium fulfill legal and contractual obligations necessary for the insurance contract to be valid and _____.

True or False –

1. IRDAI encourages innovation in the insurance sector only if it aligns with the interests of insurance companies.
2. Providing clear and detailed premium quotes is not crucial in the pre-issuance process of insurance.
3. The IRDAI Act mandates IRDAI to collaborate with the government to formulate policies and regulations conducive to the growth of the insurance industry.
4. The free look period allows policyholders to return the policy for a refund if they are dissatisfied with the terms and conditions.

Multiple Choice Questions (MCQ)–

1. What is one of the key roles of IRDAI in promoting the insurance industry?
 - A) Discouraging competition
 - B) Encouraging innovation
 - C) Limiting market players
 - D) Reducing insurance coverage
2. In the quoting premium process, what is the purpose of consulting with underwriters?
 - A) Selling insurance policies
 - B) Obtaining risk insights
 - C) Setting unrealistic premiums
 - D) Avoiding customer input
3. What is a crucial aspect covered in the terms and conditions of an insurance policy?
 - A) Advertising strategies
 - B) Premium calculation tools
 - C) Policyholder education
 - D) Policy coverage and exclusions
4. Why is obtaining supporting documents and the first premium significant in the insurance industry?
 - A) It complicates the underwriting process
 - B) It violates regulatory standards
 - C) It ensures regulatory compliance and accurate risk assessment
 - D) It is an unnecessary administrative burden

Scan the QR Code to watch the related video



Regulations or Guidelines of IRDAI

<https://www.youtube.com/watch?v=hjvUEASvFcc>



What is underwriting

https://www.youtube.com/watch?v=Kp8m1nja_gk



Standard Procedure to Submit Application to Underwriting Team

<https://www.youtube.com/watch?v=Z6ZT4nfIP0Q>

4. Assist Customers with Post-Sale Services



BFSI Sector Skill Council of India
"An Initiative of NSDC"

Unit 4.1: Post-Sale Services

Unit 4.2: Facilitate Claim Processing

Unit 4.3: Maintain Records of Services Provided



Key Learning Outcomes

At the end of this module, the trainee will be able to:

1. Apply proper practices to ensure the issuance and delivery of policy documents to the customer
2. Role play on how to assist customers with the process of change of address, nominee, frequency of premium payments, etc.
3. Describe various formats used in preparing reports and procedures to prepare them

Unit 4.1: Post-Sale Services

Unit Objectives

At the end of this unit, the trainee will be able to:

1. Describe the methods of analyzing any change in customer's financial goals through regular meetings/follow-up with them
2. State the significance of building and maintaining long-term relationships with the customers
3. Describe the methods of handling customer queries/complaints and helping them to get the resolution from the insurance organization

4.1.1 Issuance and Delivery of Policy Documents

Insurance agents are crucial in aiding customers beyond the initial sale, guaranteeing a smooth experience throughout the policy lifecycle. This module will concentrate on post-sale services, stressing the significance of continual support and dealing with customers' changing needs. It is essential for insurance agents to grasp the details of post-sale services, highlighting the issuance of policy documents, helping with modifications, assessing shifts in customer financial goals, the importance of establishing long-term relationships, and proficiently managing customer inquiries and grievances.

Issuing and delivering policy documents is a crucial step in finalizing the insurance transaction. Agents must ensure that customers receive clear and comprehensive policy documentation. This involves:

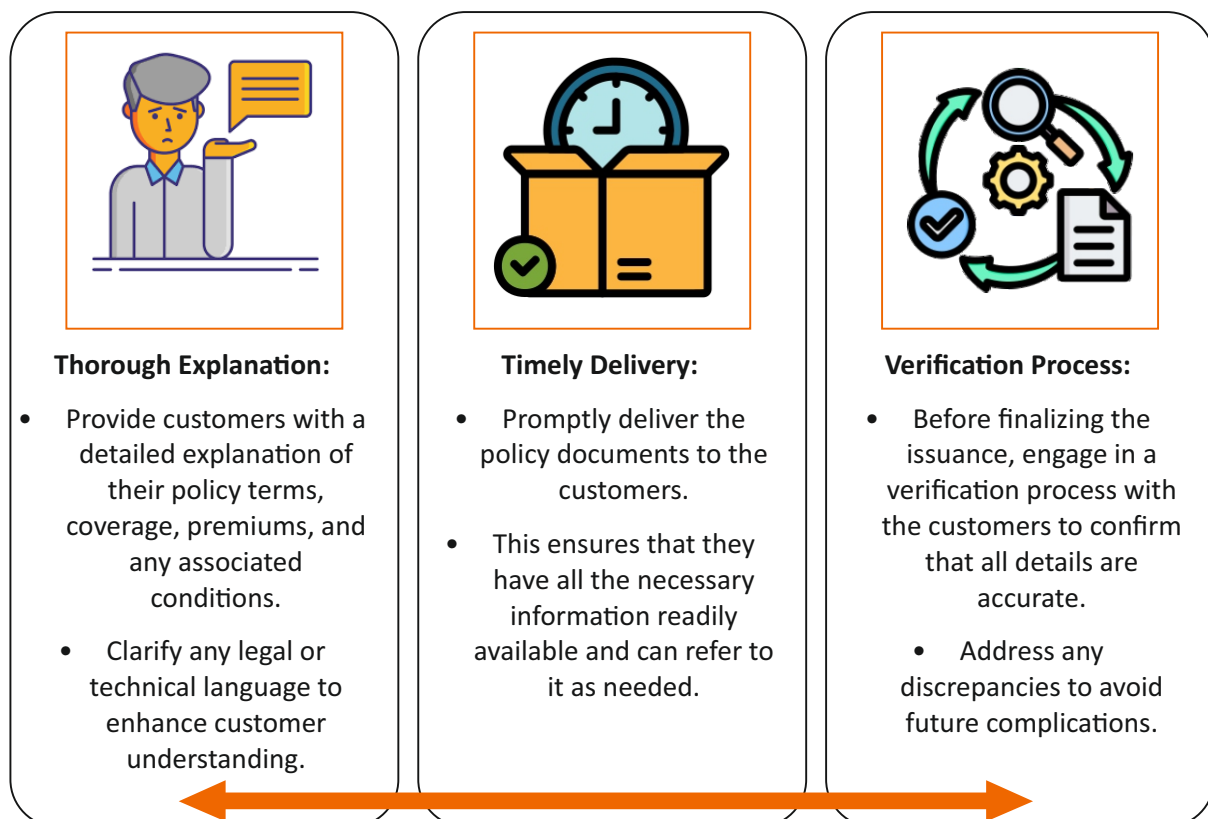
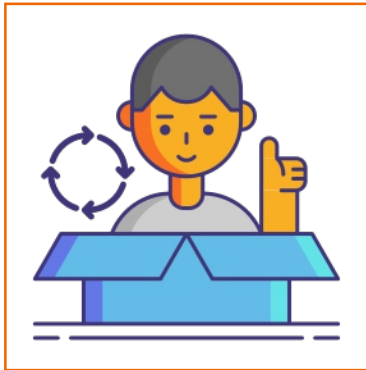


Fig.4.1 Issuance and Delivery of Policy Documents

4.1.2 Assisting Customers with Changes

Customers' lives are dynamic, and their insurance needs may change over time. Insurance agents must be prepared to assist customers with any alterations to their policies. This involves:



Guide customers through the process of requesting changes to their policies, such as updating beneficiaries, coverage amounts, or contact information.

Ensure that all necessary documentation is updated accurately to reflect the requested changes. This includes policy endorsements and any relevant paperwork.



Maintain open lines of communication to understand the reasons behind the requested changes and offer expert advice on how these modifications may impact their coverage.

Fig.4.2 Tips for Assisting Customers with Changes

4.1.3 Methods of Analyzing Changes in Customer's Financial Goals

As an insurance agent, staying attuned to the evolving financial goals of the customers is crucial for providing effective and tailored coverage. Regular meetings and follow-ups serve as the foundation for this ongoing analysis. Insurance agents employ various methods for this ongoing analysis:



Schedule periodic reviews with customers to assess any changes in their financial goals, life circumstances, or risk tolerance.



Establish effective communication channels, encouraging customers to proactively share any significant life events or alterations in financial priorities.



Leverage technology tools for data analysis and customer feedback to identify patterns or shifts in financial goals.



Work closely with financial planners to gain insights into broader economic trends and how they might impact your clients' financial goals.



Keep customers informed about changes in the insurance landscape, ensuring they understand how alterations in policies or market conditions may affect their coverage and financial plans.

Fig.4.3 Methods of Analyzing Changes in Customer's Financial Goals

4.1.4 Significance of Building and Maintaining Long-Term Customer Relationships

Building and maintaining long-term relationships with customers is not just a good practice; it's a cornerstone of success in the insurance industry. The following figure explains the significance of the same:

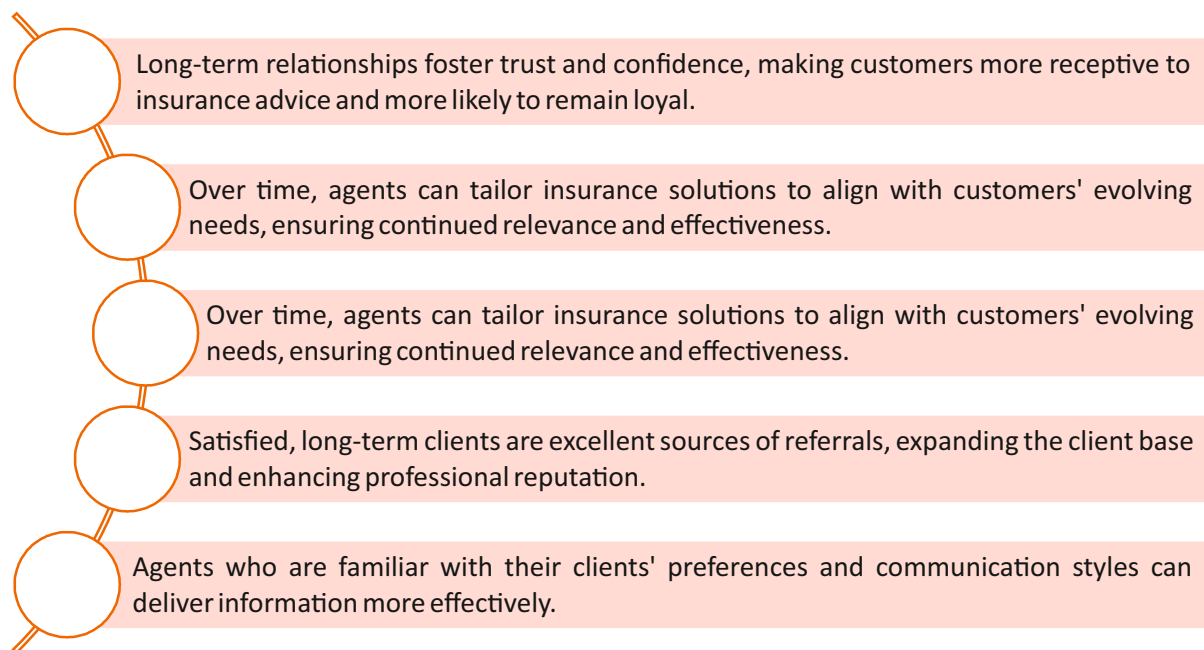


Fig.4.4 Significance of Building and Maintaining Long-Term Customer Relationships

Notes



4.1.5 Methods of Handling Customer Queries/Complaints

Effectively managing customer queries and complaints is essential for maintaining a positive customer-agent relationship. The following figure explains the methods/ systematic approach:

Prompt Response: Respond promptly to customer queries and complaints, acknowledging their concerns and providing a clear timeline for resolution.

Active Listening: Practice active listening to fully understand the customer's perspective, demonstrating empathy and a commitment to addressing their issues.

Empathetic Communication: Show empathy in your communication. Acknowledge the inconvenience or frustration the customer may be experiencing and assure them that their concerns are being taken seriously.

Collaboration with Insurance Organization: Work closely with the insurance organization to expedite the resolution process. Clearly communicate the details of the customer's query or complaint to ensure a coordinated effort in finding a satisfactory solution.

Follow-Up: After resolution, follow up with the customer to ensure satisfaction and identify any further concerns, reinforcing the commitment to exceptional customer service.

Fig.4.5 Methods of Handling Customer Queries/Complaints

Unit 4.2: Facilitate Claim Processing

Unit Objectives



At the end of this unit, the trainee will be able to:

1. Explain the standard operating procedure to notify Beneficiaries/Nominees for Insurance Policies and process the claim of life and non-life insurance policies
2. Explain the methods of collating necessary documents as per the checklist
3. Describe the procedure to handle requests regarding partial/complete withdrawal or surrender of the policy, obtaining a loan against the policy, etc. while assisting customers

4.2.1 Standard Operating Procedure for Claim Processing in Insurance Policies

Claim processing is a pivotal aspect of insurance services, and insurance agents must adhere to a well-defined Standard Operating Procedure (SOP) to ensure accuracy, transparency, and efficiency. The SOP for claim processing typically involves the following steps:



Initial Reporting: Guide policyholders on the immediate reporting of claims, providing them with clear instructions on whom to contact and the necessary information to be provided.



Documentation Requirements: Clearly communicate the documentation required for claim processing. This may include the claim form, proof of loss, medical reports, police reports (in case of theft or accident), and any other relevant supporting documents.



Verification Process: Facilitate a thorough verification process to validate the authenticity of the claim. This may involve coordinating with investigators, medical professionals, or other relevant parties.



Communication: Keep the policyholder informed throughout the process. Regular updates on the status of the claim, any additional requirements, and the expected timeline for resolution are crucial for maintaining customer satisfaction.

Continue..



Coordination with Insurer: Act as the liaison between the policyholder and the insurance company, ensuring that all required information is accurately communicated to expedite the processing.



Claims Settlement: Facilitate the timely settlement of claims once all requirements are met, and the claim is approved.

Fig.4.6 Standard Operating Procedure for Claim Processing in Insurance Policies

4.2.2 Methods of Collating Necessary Documents as per Checklist

Collating necessary documents is a meticulous process that ensures all relevant information is available for claim processing. The following figure explains the effective methods for this task:



Checklist Creation: Develop a comprehensive checklist outlining all required documents for different types of claims. This checklist should be easily understandable by both agents and policyholders.



Customer Guidance: Educate policyholders on the importance of adhering to the checklist. Provide them with clear instructions on how to collect and submit the necessary documents.



Digital Platforms: Utilize digital platforms to streamline document submission. Online portals, email communications, and secure document upload functionalities enhance efficiency and reduce paperwork.



Regular Follow-Up: Implement a system for regular follow-up with policyholders to ensure they are on track with document submission. Address any concerns or challenges they may encounter during the process.



Document Verification: Before submitting documents to the insurer, perform a thorough verification to ensure that all required information is accurate and complete.

Fig.4.7 Methods of Collating Necessary Documents as per Checklist

4.2.3 Procedure to Handle Requests Regarding Policy Withdrawal, Loan, etc.

Handling requests related to policy withdrawal, loans, and other transactions requires a clear and customer-centric procedure. The following figure explains the common procedure to handle requests regarding policy withdrawal, loans, etc.:



Consultation: Engage in thorough consultations with policyholders who wish to explore options like policy withdrawal or taking a loan against the policy. Understand their motivations and financial needs.



Documentation Guidance: Clearly guide policyholders on the documentation required for withdrawal or loan requests. Explain the implications of such transactions on the policy's terms and conditions.



Risk Assessment: Assess the potential impact of the requested transaction on the overall policy. Communicate any associated risks, such as reduced coverage or changes in premiums.



Communication with Insurer: Facilitate communication with the insurance company, ensuring that all necessary information is accurately conveyed to process the requested transaction.



Timely Updates: Keep the policyholder informed about the progress of their request. Provide updates on the status, any additional requirements, and the expected timeline for completion.



Educational Support: Offer educational support, explaining the long-term effects of policy withdrawals or loans, and present alternative solutions that may better align with the policyholder's financial goals.

Fig.4.8 Procedure to Handle Requests Regarding Policy Withdrawal, Loan, etc.

Unit 4.3: Maintain Records of Services Provided

Unit Objectives

At the end of this unit, the trainee will be able to:

1. Discuss various formats used in preparing reports and procedures to prepare them

4.3.1 Various Formats Used in Preparing Reports and Procedures

Maintaining accurate records requires agents to be adept at using various formats for preparing reports and procedures. The following figure lists various formats:



Digital Platforms: Embrace digital platforms for efficient record-keeping. Utilize customer relationship management (CRM) systems and other specialized software for organizing and accessing information.



Standard Templates: Develop standard templates for different types of reports and procedures. This ensures consistency and simplifies the documentation process.



Document Management Systems: Implement document management systems to categorize and store records systematically. This facilitates easy retrieval and ensures compliance with data protection regulations.



Periodic Audits: Conduct periodic audits of records to ensure accuracy and completeness. This proactive approach helps identify any discrepancies or areas that require attention.



Training on Record Keeping: Provide training to agents on effective record-keeping practices. This includes understanding the importance of documenting customer interactions, policy changes, and other relevant details.

Fig. 4.9 Various Formats Used in Preparing Reports and Procedures

Summary



- Insurance agents play a crucial role in providing ongoing support throughout the entire policy lifecycle beyond the initial sale.
- Post-sale services are emphasized in Module 4, focusing on key aspects such as issuance of policy documents, assisting with changes, analyzing shifts in customer financial goals, building long-term relationships, and handling customer queries and complaints.
- The issuance and delivery of policy documents involve a thorough explanation of terms, timely delivery, and a verification process to ensure accuracy.
- Assisting customers with changes requires guiding them through the process, updating necessary documentation, and maintaining open communication to understand the impact of modifications on coverage.
- Analyzing changes in customer financial goals involves regular reviews, effective communication channels, utilization of technology, and collaboration with financial planners.
- Building and maintaining long-term customer relationships is vital, fostering trust, loyalty, and providing opportunities for tailored insurance solutions.
- Handling customer queries and complaints are addressed through a systematic approach, including prompt responses, active listening, empathetic communication, collaboration with the insurance organization, and follow-up.
- It focuses on facilitating claim processing, emphasizing a standard operating procedure (SOP) that includes initial reporting, documentation requirements, verification processes, communication, coordination with insurers, and claims settlement.
- Collating necessary documents for claim processing involves checklist creation, customer guidance, digital platforms, regular follow-ups, and document verification.
- Handling requests related to policy withdrawal, loans, etc., requires a customer-centric procedure, including consultations, documentation guidance, risk assessment, communication with insurers, timely updates, and educational support.
- It underscores the importance of maintaining records, utilizing various formats such as digital platforms, standard templates, document management systems, periodic audits, and training on record-keeping practices.
- Digital platforms are essential for efficient record-keeping, while standard templates ensure consistency and document management systems facilitate systematic organization.
- Periodic audits of records help ensure accuracy and completeness, and training on record-keeping practices enhances agents' understanding of documenting customer interactions and policy changes.

Exercise

Answer the following questions –

1. Why is it crucial for insurance agents to focus on post-sale services?

2. What are the key components involved in the issuance of policy documents, and why is it important for agents to clarify legal or technical language?

3. How do insurance agents assist customers with changes to their policies, and why is maintaining open lines of communication essential in this process?

4. What is the significance of building and maintaining long-term customer relationships in the insurance industry, and how does it contribute to an agent's success?

Fill in the blanks –

1. Issuing and delivering policy documents is a crucial step in finalizing the insurance transaction, ensuring customers receive _____ documentation.
2. Agents must engage in a verification process with customers to confirm that all details are _____ before finalizing the issuance.
3. In assisting customers with changes, insurance agents guide them through the process of updating beneficiaries, coverage amounts, or _____.
4. Effective handling of customer queries and complaints involves responding promptly and providing a clear _____ for resolution.

True or False –

1. Insurance agents should only focus on the initial sale and not invest time in post-sale services.
2. Thorough explanation during the issuance of policy documents includes avoiding any clarification of legal or technical language.
3. Maintaining open lines of communication is necessary when assisting customers with changes in their policies.
4. Long-term relationships with customers are not significant in the insurance industry.

Multiple Choice Questions (MCQ) –

1. What is the primary purpose of regular reviews with customers to assess changes in their financial goals?
 - A) Increase premiums
 - B) Assess risk tolerance
 - C) Avoid communication
 - D) Ignore customer feedback
2. Why is a prompt response essential when handling customer queries and complaints?
 - A) Increase frustration
 - B) Improve customer satisfaction
 - C) Delay resolution
 - D) Avoid customer interaction
3. What does a thorough verification process in claim processing aim to validate?
 - A) Policyholders' emotions
 - B) Authenticity of the claim
 - C) Irrelevant documents
 - D) Delay in processing
4. What is the purpose of developing a comprehensive checklist for collating necessary documents in claim processing?
 - A) Increase paperwork
 - B) Simplify the process
 - C) Ignore document verification
 - D) Delay document submission

Scan the QR Code to watch the related video



Post Sale Service

<https://www.youtube.com/watch?v=X8m1KKgvurw>



Standard Operating Procedure for
Claim Processing in Insurance Policies

<https://www.youtube.com/watch?v=ctHWUChHvtI>



Standard Operating Procedure for
Claim Processing in Insurance Policies

<https://www.youtube.com/watch?app=desktop&v=eWenHltplq0>



Standard Operating Procedure for
Claim Processing in Insurance Policies

<https://www.youtube.com/watch?v=xxATI4SDZFo>



How to fill out a reimbursement claim form & what are the required documents?

<https://www.youtube.com/watch?v=BI0XMYzgYQs>





5. Employability Skills (60 Hours)



www.skillindiadigital.gov.in/content/list







6. Annexure

Annexure - QR Code



Annexure - QR Code

Serial No.	Module Name & No.	Unit Name & No.	Topic Name	Page No.	URL	QR Code
1.	Module 1: Introduction to the Banking Sector and the Job Role of Insurance Agent	Unit 1.2: Scope of the Banking Industry and its Sub-sectors	Various Sub-sectors of Banking Industry	39	https://www.youtube.com/watch?v=QtQic_fegOs	
			Insurance Sector in Banking Sector		https://www.youtube.com/watch?v=AHBiWGGmCIU	
			How does insurance work?		https://www.youtube.com/watch?v=3ctoSEQsY54	
2.	Module 2: Source Insurance Customers	Unit 2.1: Identify Potential Customers	Types of Insurance Policies – Life insurance	110	https://www.youtube.com/watch?v=B6fxY4l_c8A	
			Difference between Health Insurance and Life insurance		https://www.youtube.com/watch?v=k2RrkXgl7VM	

Annexure - QR Code

Serial No.	Module Name & No.	Unit Name & No.	Topic Name	Page No.	URL	QR Code
3.	Module 2: Source Insurance Customers	Unit 2.1: Identify Potential Customers	Difference Between life and general insurance	110	https://www.youtube.com/watch?v=GdlxMsyAM_c	
			Customer and Market Segmentation		https://www.youtube.com/watch?v=Q0u1ll8UeyA	
		Unit 2.2: Sell Insurance Policy	Various Risk and Return of Non-Insurance Products		https://www.youtube.com/watch?v=4KGvovy_Ke9Y	
4.			Sales Process of Insurance Policies		https://www.youtube.com/watch?v=CIE76wy1shM	
			How to create presentation for insurance sales?		https://www.youtube.com/watch?v=QvEzQPfmwkQ	

Annexure - QR Code

Serial No.	Module Name & No.	Unit Name & No.	Topic Name	Page No.	URL	QR Code
5.	Module 2: Source Insurance Customers	Unit 2.2: Sell Insurance Policy	Effective Techniques of Handling Customer Objections	110	https://www.youtube.com/watch?v=K5I3HXrb2UI	
					https://www.youtube.com/watch?v=2kk9ZhVnpbg	
			7 Mistakes Advisors Make When Prospecting		https://www.youtube.com/watch?v=QYP1z8uMXUs	
6.	Module 3: Provide Pre-Issuance Services to the Customers	Unit 3.1: Assist Customer in filling the Application Form	Regulations or Guidelines of IRDAI	140	https://www.youtube.com/watch?v=hjvUEASvFcc	
		Unit 3.2: Carry out Pre-Issuance Services	What is underwriting		https://www.youtube.com/watch?v=Kp8m1nja_gk	

Annexure - QR Code

Serial No.	Module Name & No.	Unit Name & No.	Topic Name	Page No.	URL	QR Code
7.	Module 3: Provide Pre-Issuance Services to the Customers	Unit 3.2: Carry out Pre-Issuance Services	Standard Procedure to Submit Application to Underwriting Team	140	https://www.youtube.com/watch?v=Z6ZT4nfiPOQ	
8.	Module 4: Assist Customers with Post-Sale Services	Unit 4.1: Post-Sale Services	Post Sale Service	155	https://www.youtube.com/watch?v=X8m1KKgvurw	
		Unit 4.2: Facilitate claim processing	Standard Operating Procedure for Claim Processing in Insurance Policies		https://www.youtube.com/watch?v=ctHWUChHvtI	
					https://www.youtube.com/watch?v=eWenHltplq0	
					https://www.youtube.com/watch?v=xxATl4SDZFo	

Annexure - QR Code

Serial No.	Module Name & No.	Unit Name & No.	Topic Name	Page No.	URL	QR Code
9.	Module 4: Assist Customers with Post- Sale Services	Unit 4.2: Facilitate claim processing	How to fill out a reimbursement claim form & what are the required documents?	155	https://www.youtube.com/watch?v=BI0XMYzgYQs	
10.	Module 5 - Employability and Entrepreneurship Skills			157	www.skillindia.digital.gov.in/content/list	



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