

has taken from the insurance company.

4) What do you mean by term 'Insurer' and 'Insured'?

Insured is the one who holds the policy and Insurer is the company that covers the insured.

5) Who is the beneficiary?

Beneficiary is the one whom you have nominated for the insured amount in case of your death.

6) What is the contestable period' in insurance policy?

'Contestable period' is usually 1 or 2 years, during which the insurance company holds all the right to investigate the policy and decide whether to pay or not to pay to the insured.

7) What is the difference between "revocable beneficiary" and "irrevocable beneficiary"?

'Revocable beneficiary' designation gives right to the policy holder to change the beneficiary name without the consent of the named beneficiary. While in 'Irrevocable beneficiary' the policy holder has to take consent of the beneficiary before the name is changed.

8) What is no-claim bonus?

No claim bonus is a benefit for those who have not claimed insurance during the preceding year of cover. This will lower the premium on the following year.

9) What is 'declaration page' in insurance policy?

'Declaration page' in insurance policy, bears all the information of the policy holder like name, address, vehicle information, type of coverage and loss payee information.

10) What do you mean by 'Loss Payee'?

The loss payee is a person or institution (Bank) that receives the insurance payment on the loss of the property or vehicle you own. It is a legal definition used to cover the investment of other parties or bank that is owned by you. For example, you have a car on loan, and also you have insurance for that car. Now you met an accident, and your car is a total loss(meaning completely damaged beyond repair). Your bank still owes money from you in such case when you claim the insurance; the insurance company will pay money directly to Bank or person you owes money. Here bank is a loss payee.

11) What do you mean by 'Deductible'?

Deductible is one of the several types of clause that are used by the insurance company as a threshold for policy payment for health insurance or travel insurance. Deductible is a decided amount that you have to pay from your pocket while claiming the insurance. For example, you have a deductible of \$500, and you have insurance coverage for \$2000, then you are responsible for paying for \$500 and the remaining amount \$1500 will be paid by insurance company.

12) What is Co-insurance?

Co-insurance term is usually referred to health insurance companies. In this type of policy, you share the coverage with, the insurance company in percentage of the policy value, after paying deductible or co-payment. It is the split of insurance coverage between you and insurance company; usually the

split would be 80/20 % where you are liable to pay 20% and the remaining amount by the insurance company. For example, for health policy you have claimed for \$200, according to policy clause you have to pay deductible, let say \$100, now after paying deductible the remaining amount is \$100, now you have a co-insurance which is split into 80/20%. So you will pay \$20 out of \$100 from your pocket while the \$80 will be paid by co-insurance(meaning the insurance company).

13) What do you mean by term “Annuity”?

An annuity is the term used for the regular amount paid by the insurance company to the insured, after a certain period of time. The payment can be monthly or quarterly, this is often done to supplement income after retirement.

14) What is the Surrender Value?

Surrender Value is the amount when you stop paying the premium and withdraw the entire amount. The policy ceases as soon as you withdraw the money, and the insured will lose out all the returns on it.

15) What is Paid Value?

The paid value is something, when the insured stops paying the premium but do not withdraw the amount. The sum assured by the insurance company is reduced proportionally depending when insured has stopped paying the premium. You will get the amount at the end of the term.

16) Is it advisable to replace the policy with another policy?

If it is not a long duration that you have bought the policy, then you can replace the policy. But in other case it is not advisable as you will lose all the benefits of the previous policy also the premium will go high as you go older. Also, the two-year period of contestability will also begin again.

17) How to claim the policy?

In order to claim the policy, you have to fill up the claim form and contact your financial advisor from whom you have bought the policy. You have to supplement all the required documents like original payment receipt to your insurance company. If everything is ok, you will be paid within seven days of the policy claimed.

18) What happens if you fail to make required premium payments?

Usually, Insurance Company gives a grace period of 10-15 days to the insured if they fail to pay the premium before the due date. Further, if you fail to pay a premium, then your policy will lapse. You can revive your policy by paying the outstanding premium along with the interest, counted from the date the policy got lapsed. Different Insurance Company has a different norm for reviving the policy.

However, if your policy is in force for a longer period like say more than 2-3 years, and if you fail to pay a premium, then insurance company will deduct the premium amount from your accumulated funds, especially in permanent life insurance. This will continue till there is an available fund after which your policy will be terminated.

19) Is it safe to pay the premium through Insurance Agent?

It is safe to pay the premium through your agent as far as you are making the payment through cheques on the name of Insurance Company and receiving all the receipts for the payments.

20) Is it possible to get the full payment on cancelling the new policy in free look period?

'Free Look Period' is a time-period where the insured can cancel their newly bought policy in a specific period of time from the date of issuing the policy without any penalties or surrender charges.

Yes, it is possible to get the full payment in free look period; you can cancel your new policy in 15 days by returning the policy to the life Insurance company after you receive all the documents related to the policy.

21) What is the difference between the participating and non-participating policy?

Participating policy is a policy, where the profit or benefits of the insurance company is shared with the insured in the form of a dividend or reversionary bonuses. While, the non-participating policy, does not share their profit with insured.

22) Is it possible to restrict the premium payment for a lesser number of years than the duration of the policy?

Certain Insurance company have a provision of Limited Premium Payment, through which you can pay the premium in 3, 5, 7 or 10 years depend upon your income, and you still can have the coverage for the entire tenure of the policy.

23) Can beneficiary claim the policy if the insured person is missing or disappeared for several years?

It is possible to claim, if the beneficiary has court declaration that says that the insured person is missing or legally dead (disappeared for more than 7 years).

24) Can an individual take two policies and claim for both of them?

Yes, an individual can take two policies and claim for both.

25) What do you mean by 'Additional Insured'?

'Additional Insured' is the status associated mainly with property insurance and liability insurance. The additional insured will be protected under the main policy holder. For example a vehicle insurance policy which covers all the members of family and not only the owner.

General Insurance

26) What is General Insurance policy? What does it cover?

General Insurance is basically an insurance policy that protects you from losses and damages other than covered by life insurance. For example it covers

- a) Personal property such as car or house
- b) Accident and health Insurance
- c) Liability Insurance - legal Liabilities
- d) Property against natural calamities like flood, fire, earthquake etc.
- e) Burglary and theft
- f) Coverage on transport vehicles carrying goods like Cargo Ship

g) Coverage against machinery breakdown

h) Travel

27) What does 'Indemnity' term means?

'Indemnity' term in the insurance is used to cover the loss or damage claimed by another person. For example, the owner of the gym has indemnity insurance to compensate its customers in case of injury or accident and to avoid the financial loss due to a lawsuit.

28) What do you mean by term 'Double Indemnity'?

'Double Indemnity' is a provision provided by certain insurance companies, where according to their policy they are liable to pay double the face amount in case of death by accidental means or murder. This type of policy does not cover suicide, and death caused by gross negligence of the insured person. For example, a person who dies due to natural causes including heart disease or cancer, Murder or conspiracy by beneficiary, or death due to an injury from sheer negligence.

29) What is subrogation?

'Subrogation' is referred as the process of seeking reimbursement from the responsible party for a claim that they had already paid. For example, you have an accident where your car gets damaged, and you have car insurance, the insurance company will pay you the money. But the insurance company comes to know that the accident occurred due to other party fault, now they will claim the money from the other party this is known as 'subrogation'.

30) What do you mean by term 'cash value'?

'Cash Value' is the cash amount offered to the policy holder while cancelling the policy, where a portion of the premium paid goes into a saving plan. It is also referred as surrender value. This term is normally used for life insurance contract.

31) What happens to the cash value after the policy is fully paid up?

After the policy is fully paid up, the company plans to use the cash value to pay your premium until you die. If you take the cash value out, the insurer will require you to pay the premium or reduce the amount of the death benefit so the remaining cash value will support.

Life-Insurance

32) What is the different type of Life Insurance?

There are two types of life insurance

a) Term Life Insurance :

Term life insurance is a type of life insurance, which provides coverage for a fixed rate of premium for a limited period of time. Term insurance can cover you for the term of one or two years.

b) Permanent Life Insurance:

Permanent life insurance covers an individual for the whole life; people take permanent life insurance about 25-30 years normally. The premiums are slightly higher than term life insurance.

33) What is Elimination period in insurance?

In the disability income insurance or loss of income insurance, the elimination period is the amount of time you have to wait before benefits are paid. In other words, it is a time-period between the beginning of the injury and the benefits you are paid off. Longer the Elimination period lower the premium and vice versa.

34) What is an 'Endowment Policy'?

An endowment policy is a combination of saving along with risk cover. This type of policy is specially designed to accumulate wealth and at the same time cover your life. In this type of policy the insured will pay a regular premium for specific time period. And in case of death the money will be paid to beneficiary but, if you outlive the policy tenure, you will receive the sum assured along with accumulated bonus.

35) What does it mean when company says "no physical exam"?

Such insurance company that says, "No physical exam" gives freedom to the policyholder to take policy and exempt the physical test that is mandatory by certain life insurance company. Normally, such insurance company is more expensive and the insured has to pay a higher premium on their policy.

36) What is 'group life' insurance?

'Group life insurance' is a single policy that covers an entire group. Such policy is taken by an employer for the bigger organization to cover their employee, as an individual policy holder, it may cost more than a group policy.

37) Does beneficiary have to pay tax on the proceeding of life insurance policy?

Generally, the benefits on the life insurance policy are tax free and the beneficiary is not liable to pay any tax after the death of the policy holder. But if you are changing your beneficiary for monetary gain or other purposes then the beneficiary has to pay tax on it.

38) Is it possible to convert a part of term life insurance into permanent life insurance?

Yes, it is possible to convert as far as you are having a convertible life insurance policy. But there is a deadline that has to be taken care of, for converting term life insurance into permanent life insurance. Also, your premium will rise soon you convert your policy.

Auto-Insurance

39) What is third party Insurance?

An insurance policy that covers the damage caused by another person or party is known as third party Insurance. In this type of insurance, the insured is the first party, insurance company is the second party while the damage done by another is referred as the third party. This type of Insurance policy is purchased for vehicles, so that in case of the accident they can claim it.

40) What is Personal Accident cover? Does it cover anywhere in the world?

Personal Accident Insurance is for your personal vehicle and covers any fatal accidents to you or your family excluding driver. Most of the insurance companies gives coverage anywhere in the world.

41) In what all instances you cannot claim your Personal Accident Insurance?

1) If your injuries are a result of sickness or disease

- 2) If your injuries are self-inflicted or attempt to suicide
- 3) Stress fractures, sprains and strains
- 4) Injury occurred while committing crime
- 5) Deliberately cause an car accident

42) What is 'gap insurance'?

'GAP insurance' is also known as Guaranteed Auto Protection. It covers the difference between the actual cash value of the vehicle and the balance still owed on financing like loan. GAP insurance amount is generally paid up front.

43) What is the difference between the 'single limit liability' coverage and 'split liability coverage'?

'Single limit liability coverage' covers asingle person for bodily injury and property damage, for instance, in case of accident only single person will be covered no matter how many persons were injured. While, in 'split liability coverage'each person is covered separately.

44) What is 'collision coverage' and 'comprehensive coverage' in Auto insurance?

Collision coverage covers when you have a collision with any other object or vehicle while comprehensive coverage covers your vehicle other than collision, when your car is not in use.

45) What is a 'PLPD' insurance stand for?

PLPD stands for 'personal liability and property damage'. Personal liability covers when an individual cause injury to others in an accident while property damage is done when any property get damaged. In both, the injured party or third party will claim for insurance money from the insurance company of the offender.

Home Insurance

46) Does it cover silver or golden ornaments if I have 'Home insurance'?

You can cover your valuable items like silver or golden ornaments in home insurance, but your premium and policy amount will rise accordingly.

47) What is the difference between the 'All perils' and 'Specified perils' coverage in home insurance coverage?

In home insurance coverage, 'All perils' protects you from thewidest range of risks besides common risks while 'Specified perils' will give coverage only for the common risks, that is listed in your policy.

48) What is 'schedule of loss' in home insurance?

Schedule of loss is a document submitted to theinsurance company to claim the policy; it gives the information of damaged or lost items like model number, when it was purchased, cost of the item etc.

49) What in case if my house completely damagein, fire or flood,and if I stay in a rented house, will insurance company bear all my additional living expenses?

If your policy has Additional Living Expenses coverage, then sure the insurance company will pay you

additional expense that you require, to maintain your normal standard of living.

50) To claim your personal property in a 'Home insurance' policy, how important is to keep inventory list?

Incase of fire or natural calamities, if your house is completely damaged and if you want to claim your personal property to insurance company, inventory list is very important. The insurance company will only pay you for those items where you are able to show the evidence that the damaged items belong to you. So, it is advisable to keep a list of inventory in a safe place.

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