

**What will you Learn in this Chapter ?**

- 4.1 Introduction
- 4.2 Necessity for Insurance
- 4.3 Types of Insurance
- 4.4 Example Letters of Insurance Correspondence

**4.1 Introduction**

We are confronted with unexpected problems posed by destiny many a times. Certain unforeseen, unanticipated incidents occur in such a way that we, for ourselves and for our family members, urgently feel the need of a

safety shield that protects our wealth and possessions. It is difficult to predict accident, sickness, death, loss in business, natural or man-made disaster resulting into catastrophe and therefore it becomes essential to take precautions. Insurance means a foresighted arrangement to meet possible monetary loss or eventuality. Due to various insurance services, it becomes easy to get re-established after unanticipated consequences.

**4.2 Necessity for Insurance**

Man undertakes several activities during his lifetime and such activities are never free from bundle of risks. In the market, shops are loaded with stock. Factories have machines, raw materials and goods produced. These goods are transported from one place to other by means of transport like train, truck or ship. There are possibilities of theft, burglary, natural or man-made adversities, resulting in loss. There also remain likelihood of accidents or damage during transit. Human being, who conducts and manages business, too is not free from the fear of sickness, accident or untimely death. We cannot avoid such possible risks but can care and prepare preventive measures. Insurance services are available for all of them. If insurance facility is availed in advance, then there is a prospect for protection against such probable dangers and misfortunes.

In case of human beings, the scope of activities during their lifetime is ever expanding in contemporary times. Keeping pace with it, as per the need, radical features are being covered as part of insurance services. Now, any and almost every matter has been a part of insurance contract. In modern days, with growing complexities of financial world and threats on individual skills of human beings, range and number of insurable concerns are also increasing. For example, singers can opt for insurance of their voice and dancers of their feet; so that when their ability to sing or dance is accidentally discontinued, insurance company pays them the insured amount. Thus, in these days, insurance service plays a significant role.

Insurance service is the type of an arrangement by which monetary returns can be arranged for accidental loss or harm. Accordingly, the person/institute opting for insurance is called the Insured and the company/institute providing insurance services is called the Insurer. From the point of view of basic characteristics of insurance services, it is evident that insurance is a sort of a process where the insured opts for a particular insurance policy presuming the seriousness of risk. With certain policies, he gets the insured amount (in case of loss or harm) and with certain, the nominee or assignee gets it. In fact, all insured who buy insurance policy do not have to claim the insured amount. In case of whole-life insurance policy, the nominee/assignee claims after the death of the insured. However, the assurance that one gets against the risk is the greatest solace. In fact insurance is a security which provides protection against the probable monetary risk resulting out of uncertainty in life.

Insurance is such a contract between the insured and the insurer wherein the insured pays an amount at regular intervals; i.e. premium and is paid back by the insurer in case of age, death or risk of unfortunate event against which insurance is availed. Thus the insured who regularly pays premium gets

the solace of assurance and security. By various insurance policies, the common man gets the guarantee of monetary help during sickness, regular income after retirement and financial aid to the relatives of the departed ones. The businessman gets relief from the tension of loss, harm or unanticipated worries.

### 4.3 Types of Insurance

Considering the policies and professional services provided by the insurance companies, insurance services can be divided into two types :

- **Life Insurance :**

- Life insurance is the most popular form of insurance services
- **Whole-life Insurance Policy :** The nominee/assignee is paid the insured amount after the death of the insured
- **Endowment Policy :** As per the nature of policy, the insured gets regular income at prefixed recesses or at regular intervals
- **Accident Policy :** Accidents occur during travel by Rail, Road and Air due to the stress of modern living. The insured gets additional amount against loss of life resulting from such accidents.

- **General Insurance :**

- **Mediclaim Policy :** In modern days, due to physical exertion and mental stress, the ratio of sickness has increased from a young age itself. The insured gets protection to meet the expenses of treatment/drugs/surgery during his own sickness
- **Fire Insurance Policy :** This policy provides protection against fire and resulting damage to goods/materials stored in residential and commercial complexes. This policy can be extended with mutual understanding for protection against storm, floods, earthquake and natural or man-made calamities
- **Marine Insurance :** As part of this insurance policy, the responsibility of ship, its cargo, owner, crew and passengers is covered. It provides protection against the risks of fire, tempest or other sea hazards. It also includes third party risk
- **Motor-vehicle Insurance :** This policy provides protection against damage and theft of vehicles like car, truck, motor-cycle etc.
- **Burglary/Theft Insurance :** This policy provides protection against damage and theft at the place covered in the policy

In addition to these, insurance policies for crops insurance, cattle insurance, insurance of the charged property/securities offered, are also available

Thus insurance service is an arrangement based on the principle of repayment for loss wherein selection and purchase of appropriate policy in advance and regular payment of premiums remain accepted facts. The insured is freed from great worries by paying regular premiums.

### 4.4 Example Letters of Insurance Correspondence

The scope of insurance is quite wide but from the point of view of syllabus, we shall concentrate on letters of life insurance and fire insurance. At this point it should be noted that these letters are a part of syllabus and therefore in the letters seeking information, it is not preferable just to write - 'kindly furnish information'. It is rather advisable to go for an approach of conveying whatever partial information you possess and wish to get it completed and verified. Letters of claim must possess all necessary and complete details necessary for claim. Letters for buying appropriate policy should also include request for prompt implementation after selecting the policy.

**(1) Letter inquiring about various life insurance policies :**

Shri Narottam Savani residing on Anandmahal Road, Surat, wants to purchase life insurance policy. Write his letter inquiring about various life insurance policies addressed to Life Insurance Corporation of India.

**Mobile No. :** 91-942764XXXX

Narottam Savani  
18, Matruvandana Society,  
Opp. Fire Station,  
Anandmahal Road,  
Adajan,  
Surat-395009

18<sup>th</sup> September, 2017

The Manager,  
Life Insurance Corporation of India,  
Adajan Branch,  
Surat

Dear Sir,

**Subject :** Inquiry about various life insurance policies

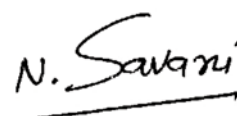
I, Narottam Savani, want to confirm security by buying a suitable policy from the range of policies offering life insurance. I have full faith in the services provided by your firm - i.e. Life Insurance Corporation of India.

I am a 30 year old, healthy, married man running the business of provision items in the city for the last five years. I live with my parents, wife and a two year old child in a house owned by me. My father helps me in my business and I am the sole bread-winner. I would like to inform you that I am capable of paying a premium of ₹ 4000/- at a interval of six months.

I want to opt for an appropriate policy from the array of your trustworthy policies. I request you to send a pamphlet providing information about them. If possible, please arrange to send your agent so that I can take timely, appropriate decision.

Thank you,

Yours sincerely,



Narottam Savani

**(2) Letter inquiring about additional benefits available on life insurance policy :**

Smt. Vrunda Shivakrushnan has secured herself with a life insurance policy since last five years. On her behalf, write a letter inquiring about additional benefits available on it.

**Phone No. :** 079-2674XXXX

Smt Vrunda Shivakrushnan  
507, Surya Konark Apartments,  
Near Nehru Park,  
Vastrapur,  
Ahmedabad-380015

30<sup>th</sup> August, 2017

The Manager,  
Life Insurance Corporation of India,  
Branch-835  
Jeevan Prakash Building,  
Relief Road, Ahmedabad-380002

Dear Sir,

**Subject** : Inquiry about additional benefits available on LIP

**Reference** : Jeevan Trupti Policy no: 0347689/06

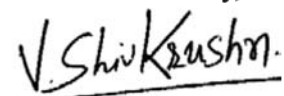
With above reference, I wish to inform you that I purchased JeevanTrupti policy in 2006 and have paid premiums regularly.

I have come to know that it is possible to get additional benefits attached to a policy purchased earlier. Please do inform whether Double Accident Benefit can now be availed with the above mentioned policy. As part of this scheme, if the policy holder dies an accidental death and if it is endorsed by the postmortem report, then the nominee/beneficiary gets double the insured amount. Also if during the policy limit, the policy holder meets with an unnatural death, and all the premiums are regularly paid, then the insurance company pays a Final Additional Bonus in addition to bonus, on maturity date. Can both the benefits be availed on my policy ?

Since I wish to avail additional benefits on existing life insurance policy, I am ready to a rise in the premium amount. I will complete necessary formalities, whenever called; on working days. I await prompt reply from you.

Thank you.

Yours sincerely,



Vrunda Shivakrushnan

**(3) Inquiry about revival of lapsed Life Insurance Policy (LIP) :**

Haji Usmangani Keriwala has realised that he has forgotten to pay premiums of the LIP he purchased earlier. Write his letter of inquiry for the revival of the same.

**Phone No. :** 02638-248XXXX

Haji Mohammad Usmangani Keriwala  
Opp. Juni Masjid,  
Station Road,  
Navsari-396445

28<sup>th</sup> July, 2017

The Manager,  
Life Insurance Corporation of India,  
Station Road Branch,  
Navsari-396445

Janab,

**Subject** : Inquiry about revival of lapsed LIP

**Reference** : Jeevan Santosh Policy no: 03496689/13

With above reference, I wish to inform you that I purchased a Jeevan Santosh policy in 2013. As per the pre-decided arrangement, I have regularly paid quarterly premiums for two years.

I went for the Hajj Pilgrimage in 2015 and thereafter forgot to pay premiums. As a result, I have received intimation from you regarding the lapse of policy. I am interested in reviving the above lapsed policy and request you to supply the following information; if you can :

- Date of last premium paid
- Number of instalments/premiums not paid
- Total amount left to be paid
- Interest amount on the total unpaid amount
- Any scheme for interest redemption
- Documents/papers required

Please furnish the above information. I do not mind coming to your office to complete necessary formalities. Kindly oblige with a prompt reply.

Thank you.

Yours sincerely,



Usmangani Keriwala

**(4) Letter requesting change in the mode of premium payment :**

Mr Vijay Tandel wishes to get (duration) mode of premium payment changed. Write his letter of request to the insurance company :

**Phone No. :** +91942717XXXX

Vijay Tandel  
Near Lambi Khadi,  
Bandar Road,  
Mangrol-362225

18<sup>th</sup> November, 2017

The Manager,  
Life Insurance Corporation of India,  
Near Tower,  
Mangrol-362225

Sirji,

**Subject** : Request for change in mode of Premium payment

**Reference** : Jeevan Pramod Policy no: 0579641109/12

With above reference, I wish to inform you that I purchased Jeevan Pramod policy in 2012. I have also paid regular premiums thereafter.

While purchasing the policy, keeping in mind my circumstances, I had opted for half-yearly mode of premium payment. Now, with easier availability of funds. I am in a position to pay larger amounts on yearly basis. As I understand, the amount gets lessened by paying in yearly mode as compared to the half-yearly mode. As explained by LIC agent, I shall have to pay ₹ 21000/- once a year, which is acceptable to me. If the change I wish is possible, kindly do it instantly.

I shall come to your office to complete necessary formalities; if need be. I expect a prompt reply from you.

Thank you.

Yours sincerely,



Vijay Tandel

**(5) Letter from nominee/assignee claiming insured amount of the LIP after the death of the insured :**

Write a letter from Mr Brenden Frank intimating LIC of India, the death of his father Mr Antony Frank and claiming the insured amount as a nominee/assignee.

**Mobile No. :** +91982405XXXX

Brenden Frank  
B/207, Regal Avenue,  
Opp. Raghav Petrol Pump,  
Syamji Krushna Verma Road,  
Jamnagar-361001

5<sup>th</sup> December, 2017

The Manager,  
Life Insurance Corporation of India,  
Branch No. : 205  
Jamnagar-361001

**Subject :** Claim for insured amount of LIP

**Reference:** Jeevan Utsah Policy no: 057978509/88

Dear Sir,

With the above reference, I wish to inform you that my father Mr Antony Frank had purchased a Jeevan Utsah policy in 1988 and had regularly paid premiums thereafter. I would herewith like to inform you that he died a peaceful, natural death on 30<sup>th</sup> November, 2017, at home.

As per the policy details, I, being the nominee, am officially entitled to claim the insured amount. I request you to send claim forms to complete the procedure. A copy of death certificate of Mr Antony Frank is enclosed with this letter.

I expect a prompt reply and help for smooth completion of the procedure from you.

Thank you.

Yours faithfully,



Brenden Frank

**Enclosure :** Copy of death certificate.

**(6) Letter for buying Mediclaim Policy :**

On behalf of Shri Sarabjitsingh Sodhi, write a letter to United India Insurance Company, Bhavanagar for buying a Mediclaim policy.

**Phone No. :** +91842574XXXX

Sarabjitsingh Sodhi  
702, Vidisha Flats,  
K. K. Road,  
Bhavanagar-364001

25<sup>th</sup> January, 2018

The Manager,  
United India Insurance Company,  
Swaminarayan Chowk,  
Bhavanagar-364001

**Subject :** Buying a Mediclaim Policy

Dear sir,

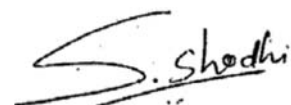
I wish to purchase a Mediclaim policy offered by your Company. It is very difficult to shoulder family responsibilities amidst the busy life full of mental stress. It has become imperative to have the safety shield of insurance to meet expenses of medical treatment and drugs.

I own a garage in the city and run an independent business of vehicle repair for the last five years. I am a 40 year old, married man and enjoy good health.

I request you to supply information regarding various mediclaim policies that may suit me. I am inclined to select a suitable policy and go for the necessary procedure of buying it. I also request you to arrange for prompt follow up work for the policy I select.

Thank you.

Yours truly,



Sarabjitsingh Sodhi

**(7) Letter of claim against Fire Insurance Policy :**

A fire broke out in the residential premises of Shri Tekchand Mirchandani. He has got fire Insurance Policy. Write his letter claiming for the loss as a result of fire accident :

**Phone No. :** +919842577XXXX

Tekchand Mirchandani  
102, Sai Society,  
Kalavad Road,  
Rajkot-360001

29th January, 2018

The Manager,  
New India Assurance Company,  
Azad Chowk,  
Rajkot-360001

**Subject :** Claim for loss resulting out of fire

**Reference:** Fire Insurance Policy no: 057978509/06

Dear Sir,

With reference to my above mentioned policy, all my assets including the building and compound of my residence have been secured against loss resulting from fire and natural calamities like lightening, earthquake or building collapse in normal case. The details of loss incurred as a result of fire in my residential premises is as follows :

- (a) **Location :** 102, Sai Society, Kalavad Road, Rajkot
- (b) **Day/date/time :** Tuesday, 26<sup>th</sup> January, 2018, 8.15 am
- (c) **Intimation of fire :** Smoke/foul smell, Tuesday, 26<sup>th</sup> January, 2018, 8.25am
- (d) **Intimation to fire station :** Tuesday, 26<sup>th</sup> January, 2018, 8.30am
- (e) **Reason for fire :** Initially seems to be short circuit
- (f) **Details of loss :** As per the attachment
- (g) **Intimation to police :** Tuesday, 26<sup>th</sup> January, 2018, 11.55am
- (h) A copy of First Information Report (FIR) is enclosed

I request you to take quick action.

Thank you.

Yours truly,

*T. Mirchandani*

Tekchand Mirchandani

**Enclosure :** (1) Details of loss  
(2) Copy of FIR

### What have you learnt in this chapter ?

● In recent times it has become necessary to avail insurance policies. ● Financial loss, which is difficult to meet, can trouble anyone, anytime in any form. Arranging insurance facility, with proper saving, provides a protective cover against financial loss. Insurance is a contract between the insurer and the insured ● There are mainly two types of insurance : (i) Life insurance (ii) General Insurance ● We studied letters regarding Insurance Correspondence.

#### Self-Study

#### 1. Select appropriate options and write answers to the following :

- (1) What assurance do the family members of the insured get ?  
(A) Freedom from accidental calamity (B) Monetary security  
(C) Social relations (D) Health security
- (2) Which type of an insurance policy allows claim of insured amount to the nominee/assignee ?  
(A) Whole-life Insurance Policy (B) Term Insurance Policy  
(C) General Insurance Policy (D) Third-party Insurance Policy
- (3) When a person buys an insurance policy, what is the outcome between the insurer and the insured called ?  
(A) Insurance Service (B) Monetary security (C) Registration (D) Contract
- (4) What is the insurance policy associated with health called ?  
(A) Life Insurance (B) Mediclaim Insurance  
(C) General Insurance (D) Crop Insurance

#### 2. Answer the following questions in brief :

- (1) What are the basic characteristics of Insurance services ?
- (2) Why are radical features being covered, these days, as part of insurance services ?
- (3) What does the facility of insurance provide protection against ?
- (4) What are the main types of insurance ?
- (5) Name the different types of insurance.
- (6) What does premium mean ?
- (7) What is the significance of a premium in the contract of insurance ?

#### 3. Write letters on the basis of the information provided :

- (1) 28 year old Kandarp Jani works on a higher position in a private company. He wishes to protect his family members with insurance facility. Write a letter to LIC of India inquiring about an appropriate policy that he can go for.
- (2) Mrs Esha Pillai wants information about the revival of her LIP. Write her letter.
- (3) From Ms Aban Patel, write a letter requesting change in the mode of premium payment.
- (4) Write a letter from the nominee of late Shri Poonamchand Ravat claiming the insured amount on his LIP.
- (5) Mr Harshvardhan Chopra wishes to buy a mediclaim policy. Write a letter, addressed to Insurance Company, on his behalf.

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