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LIFE
INSURANCE tips

Get insured at a
young age, when premium
is low and ensure
a secure future for you
and your family.

Absolute Assignment

Absolute Assignment means complete transfer of whole and sole rights of the policy from the assignor to the assignee without any further terms and conditions applicable.

Accident

It is an unforeseen and unintended event/occurrence that has caused an injury to the insured.

Accidental Benefit

A benefit that provides for payment of an additional benefit equal to the Accidental Benefit sum assured in installments or in lump sum due to an occurrence of a specified event.

Accidental Death Benefit

In the event of death of the life assured arising as a result of an accident during the term of the life insurance policy, the additional amount mentioned under this benefit that is paid to the nominee is called Accidental Death Benefit.

Accidental Death Benefit and Dismemberment

It is a supplementary benefit that provides an amount in addition to the policy's basic death benefit. This additional amount is payable if the insured dies or loses any two limbs or sight of both eyes as a result of an accident.

Accidental Death Benefit Linked Rider

Under this rider, if the life assured dies due to an accident within the term of the Unit Linked Life Insurance Policy, the nominee receives an additional amount as mentioned under this benefit. (SBI Life - Accidental Death Benefit Linked Rider, UIN: 111A019V01)

Accumulation Period

The life period of an annuity is divided into two phases: the accumulation phase and the income phase. The accumulation phase (also called as deferment period) is the time during which the annuitant has not started receiving pension from the annuity. During the accumulation phase, the annuitant pays periodic premiums into the annuity and the annuity accrues interest.



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Actuarial Cost Assumptions

The assumptions an actuary makes when calculating the cost of providing insurance or a pension. Actuarial cost assumptions include the expected benefit of the insurance policy or pension policy. Assumptions are about rates of investment earnings, mortality, turnover, probable expenses, and distribution or actual age at which employees are likely to retire.

Actuarial Cost Method

A method used by actuaries to calculate the amount a company must pay periodically to cover its pension expenses.

The two main methods used are the Cost Approach and the Benefit Approach.

The Cost Approach calculates total final benefits based on several assumptions, including the rate of wage increase and when employee will retire. The amount of funding that will be needed to meet those future benefits is then determined.

The Benefit Approach finds the present value of future benefits by discounting them.

Adjustable Life Insurance

As per the changing insurance needs of a policyholder, a form of life insurance that allows the policyholder to vary the type of insurance cover provided by the policy. It allows the policyholder to alter the period of protection, increase or decrease the sum assured, increase or decrease the premium amount and change the duration of the premium payment period.

Age at Entry

It is the proposer's or life insured's age at the time of filling the proposal form or entering into a contract.

Age at Maturity

It is the proposer's or life insured's age when the policy matures or the contract comes to an end.

Age Limits

Stipulated minimum and maximum age limits as stated by the insurance company. Based on the age limit, the insurance company will accept/reject applications or renew policies.

Annual Premium Annuity

It is an annuity whose purchase price is paid in annual installments.

Annual Premium Payment Mode

When the policyholder chooses to pay the premium amount once in a year, the mode chosen is called Annual Premium Payment Mode and the premium amount is called Annual Premium.

Annualised Premium

The total amount of premium paid within 12 policy months.

For example, if the policyholder has chosen the quarterly payment mode with premium amount



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of ₹ 10,000, then the Annualised Premium will be ₹ 40,000.

Note: Except for annual premium payment mode, the Annualised Premium is always greater than the annual premium because of increased administrative costs. For annual premium payment mode policies, the Annualised Premium is always equal to the annual premium.

Annuitant

The person receiving annuity benefits from an annuity contract at fixed intervals of time (this can be on a yearly/ half yearly/ quarterly or monthly basis and based on the annuity option selected) is called as Annuitant.

Annuity (Retirement Option or Life Annuity)

An agreement by an insurer to make periodic payments that continue during the survival of the annuitant(s), till death or for a specified period. Annuities are paid in different ways, for example, Annuity for Life, Joint Life Annuity, Annuity with return of corpus, etc.

There are two basic types of Annuities:

- Deferred Annuity:** In deferred annuity, there is usually an accumulation phase or deferment period which is till the vesting age, during which time the annuitant has to pay premiums. A corpus is accumulated during this period which is used at the time of vesting to buy an annuity of choice. The pension or annuity begins from the vesting age in the annuity mode chosen.
- Immediate Annuity:** The proposer has to make a lump sum payment of single premium for an annuity which starts immediately in one year/ six months/ three months or one month after payment of premium, depending upon the annuity mode selected.

Assignee

The person to whom the rights of the policy are being transferred by the policyholder (assignor) is called the Assignee.

Assignment

Assignment means legal transference. It is a means whereby the beneficial interest, right and title under a life insurance policy get transferred from assignor to assignee.

'Assignor' is the policyholder who transfers the title and 'Assignee' is the person who derives the title from the assignor.

Assignor

The person who transfers the rights of the life insurance policy to the assignee is called the Assignor.

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Solutions for Life - Simple & Smart

Protection Plans | Savings Plans
Wealth Creation Plans | Child Plans | Pension Plans
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Balanced Fund and Balanced Pension Fund

The objective of these funds is to provide an accumulation of income through investments in both Equities and Fixed Income Securities with an attempt to maintain a suitable balance between return and safety.

Bancassurance

It refers to the sale of insurance products through Bank's distribution channels. The Bancassurance model was first originated in France in 1980.

Beneficiary

A beneficiary in the broadest sense is a person or a legal entity which receives money or other benefits from a benefactor. For example: The beneficiary of a life insurance policy is the person who receives the payment of the amount of insurance after the death of the insured.

Bond Fund and Bond Pension Fund

The objective of these funds is to provide relatively a safe and less volatile investment option mainly through debt instruments and accumulation of income through investments in Fixed Income Securities.

Broker

Insurance brokers were introduced in Indian Insurance Industry by the IRDA as professionals who represent and service the interests of insurance buyers, although the broker is remunerated by the insurance company. They can sell the products of multiple life insurance companies. They have the advantage of being able to compare the insurance products of various insurance companies and then offer a plan that best suits the requirements of the insurance buyer.





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LIFE
INSURANCE tips

Understand your risk

appetite: Identify a plan

that suits your risk appetite

in terms of fund allocation

between equity and

debt instruments.

Certified Insurance Facilitator (CIF)

CIFs are bank employees who can provide qualified insurance advice to customers and help them in making a well informed decision and choose the right life insurance product considering their long term financial needs and goals.

Child Plans

Child Plans are life insurance plans that protect a child's future by providing financial support for the child's higher education, marriage, etc., in case anything unforeseen happens to the parent. In other words, these types of policies are taken on the life of the parent/ children for the benefit of the child. With Child Plans, the parent can plan to get funds at important life stages of the child. Some insurers offer waiver of premiums in case of unfortunate death of the parent/ proposer during the term of the policy.

Claim

It is a request for payment by the beneficiary or nominee or legal heir of a life insurance policy to the insurer as per the terms and conditions of the policy.

Claim Amount

It is the amount which the beneficiary or nominee or legal heir claims from the insurer in case anything unforeseen happens to the life assured.

Commission

Fee paid to the life insurance agent or insurance salesperson as a percentage of the policy premium.

Concealment

At the time of getting into the life insurance contract, the act by the proposer or life insured of purposefully not revealing information that would affect the issuance or premium amount of an insurance contract.



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Conditional Assignment

Conditional Assignment means transfer of rights of the policy from the Assignor to the Assignee subject to fulfillment of certain conditions. It is only done for a certain time duration. Once the conditions are fulfilled, the policy automatically gets transferred back to the original owner, i.e. the assignor.

Contract

A 'Contract' is an agreement between two or more entities which creates a legal obligation to do or not do a particular action.

Coverage

The scope of protection provided under a contract of insurance; several risks covered by a policy.

CPPI (Constant Proportion Portfolio Insurance)

An investment strategy that sets a minimum value on a portfolio by investing in high risk instruments (equity) and low risk instruments (bonds or government securities) such that if the low risk instrument falls to its lowest expected value, the portfolio will be at its minimum value, which was set earlier. The asset mix is altered as the asset values change. This limits the downside risk while maintaining a potential upside through the exposure to the high risk instruments.

Criti Care 13 Rider

Criti Care 13 Rider provides protection against 13 critical illnesses which includes cancer, coronary artery bypass graft surgery, heart attack, heart valve surgery, kidney failure, major burns, major organ transplant, paralysis, stroke, surgery of aorta, coma, motor neuron disease and multiple sclerosis. (SBI Life - Criti Care 13 Rider, UIN: 111A018V01)

Critical Illness

Critical Illnesses are classified as those illnesses that even after treatment (if at all), alters the lifestyle of a person drastically. Every insurer has a different list of what it considers as Critical Illness. One can purchase 'Critical Illness' Rider as an additional cover to take care of major illnesses.

Critical Illness Insurance

It is a type of individual health insurance that pays a lump sum benefit when the insured is diagnosed with a specified illness. It is also known as Critical Diagnosis Insurance.

Critical Illness Rider

As per this rider, in the event of the diagnosis of a critical illness during the term of the policy, an amount equal to or less than the sum assured is payable to the insured. However, the diagnosed illness must be within the purview of the defined categories of critical illnesses by the life insurance company.



10 most important things you should do before signing a proposal form.

Have you?

- 1** Analysed and ensured that the plan meets your insurance needs and long term financial goals.
- 2** Checked the plan type. Is it Market Linked or Traditional.
- 3** Understood the risk factors, terms and conditions of the plan. Read the sales brochure carefully.
- 4** Checked whether it is a Single or Regular Premium Plan.
- 5** Confirmed the Premium Amount and the Premium Paying Term.
- 6** Checked the benefit Illustration.
- 7** Confirmed the tenure of the plan. Made sure it is appropriate.
- 8** Understood the benefits available under the plan – before and at Maturity.
- 9** Checked the Lock-in period and applicable Surrender Charges.
- 10** Provided true and complete information in the proposal form.

Insurers often have a maximum limit for this rider and a clause that states that benefits will be paid only if the disease has occurred after six or twelve months of commencement of the policy.

If a claim is made under the rider, usually the benefit terminates and hence, no subsequent premiums are charged for this rider. Some policies specify that if the insured dies within two or three months of claiming the sum under Critical Illness Benefit Rider, the sum paid under the rider will be deducted from the death benefit.



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Good Things come to those who wait. **STAY INVESTED**

Benefits of Staying Invested throughout the Policy Term



Life Insurance Cover and Financial Security for your family



Meet your future Financial Goals



Reduced Risks and Optimised Returns



Reduced Charges as the term progresses



Tax Benefits

Daily Protect Fund

The objective of this fund is to provide NAV (Net Asset Value) protection using the CPPI methodology. The Asset Allocation is dynamically re-balanced to give a guarantee of 105% of the highest NAV in the built-up phase.

Date of Commencement

It is the date on which the insurance risk commences.

Death Benefit

Policy (Life Insurance) proceeds paid to the nominee or the beneficiary on account of death of the life insured.

Death Claim

It is a request by the nominee of a life insurance policy to the insurer for the payment, as per the terms of the policy, on the death of the life assured.

Declaration of Good Health (DGH)

It is the declaration by the policyholder about his/her good health and that he/she does not suffer from any disability or incapacity. Also, it is confirmed by the policyholder that he/she is not under treatment for any illness or exposed to occupational hazards that can possibly cause a policy relapse. It confirms that the policyholder has not received any medical treatment recently. Please note: Any reticence or intentional false declaration which may change the risk or diminish its assessment for the insurers shall result in the cancellation of cover. In such cases, premiums will not be paid back.

Decreasing Sum Assured

Decreasing Sum Assured means that the sum assured of the policy decreases every year to a zero balance at the end of the term. This type of sum assured is useful when the life assured needs protection the most during the initial years of the policy. It can also be used as a means of protecting a mortgage.



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Deferment Date

It is the date on which the deferment period ends.

Deferment Period

The period between the date of subscription to an insurance-cum-pension policy and the time at which the first installment of pension is received is called Deferment Period. Such policies generally prescribe a minimum and maximum limit on the Deferment Period.

Deferred Annuity

Deferred Annuity is a type of annuity in which the annuitant does not begin to receive payments until some future date. In deferred annuity, there is usually an accumulation phase or deferment period which is till the vesting age, during which the annuitant has to pay premiums. A corpus is accumulated during this period which is used at the time of vesting to buy an annuity of choice. The pension or annuity begins from the vesting age in the annuity mode chosen.

Discontinuance Charges (Surrender Charges)

These charges are also known as Surrender Charges. These charges are deducted from the policyholder's cash value if the life insurance policy is surrendered (terminated) by the policyholder during the surrender period. The policyholder should always check the surrender charges and surrender period while evaluating a life insurance plan.

Discontinuance of Premium

When a policyholder is not able to pay premium on due dates, it is called as Discontinuance of Premium. On discontinuance of premium, policyholder can either revive the policy or withdraw the funds, by paying the applicable discontinuance (surrender) charges, if any.

Discontinued Policy Fund

In case of a Unit Linked Life Insurance Policy, if the policyholder chooses to withdraw the policy

completely, during the lock-in period, then the fund value after deducting the applicable discontinuance (surrender) charges (if any) are transferred to the Discontinued Policy Fund. The policyholder will earn a minimum interest rate, as applicable. Fund Management Charges of Discontinued Policy Fund shall be deducted. No other charges will be deducted from the fund. Life cover and rider cover (if any) will cease to exist.

Doctrine of Utmost Good Faith

It is a duty to voluntarily disclose, accurately and completely, all facts material to the risk being proposed, whether it is requested or not. This means that the parties to a contract must volunteer to disclose material information before the contract is concluded. The principle applies equally to both the proposer and the insurer throughout the contract negotiations, but the law sees the proposer as the main supplier of material facts to the contract.



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Electronic Clearing System

Electronic Clearing Service (ECS), an easy renewal premium payment option, is an auto debit facility through which premiums will be debited from the policyholder's bank account automatically.

Electronic Fund Transfer

Electronic Funds Transfer (EFT), one of the many ways by which a policyholder can pay renewal premium, is the electronic exchange or transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems.

Endowment Plans

An Endowment Plan is a savings life insurance plan with a specific maturity date. In case an unfortunate event like death or disability occurs to the policyholder during the period, the sum assured will be paid to beneficiaries/ nominees. Upon surviving the term, the maturity proceeds of the policy become payable.

Equity Elite Fund

The objective of this fund is to provide high equity exposure targeting higher returns in the long term.

Equity Fund

The objective of this fund is to provide high equity exposure targeting higher returns in the long term.

Equity Optimiser Fund and Equity Optimiser Pension Fund

The objective of these funds is to provide equity exposure targeting higher returns through long term capital gains.

Exclusions

A provision in the life insurance policy that eliminates coverage for certain risks, people, property, classes or locations.

Ex-gratia Claim

An insurer may make an ex-gratia payment to the beneficiaries/ nominees where a claim does not meet the terms and conditions but the insurer chooses to make a voluntary payment out of goodwill, without recognising any obligation to make such a payment.

Expense Ratio

The percentage of insurance premiums used to pay for an insurer's expenses including overheads, marketing, commission, expenses, costs, etc.

More specifically, the Expense Ratio is money used in acquiring, writing and servicing an insurance policy. The Expense Ratio is expressed as a percentage. E.g., Advertisement Costs, Commissions, Taxes, etc.

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Health Insurance Plans

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Family History

Life insurance companies look at a proposer's medical records and ask questions about parents' and siblings' medical history. The type of medical history and the age at which the parent or sibling had the medical condition will affect the premiums to be paid by the policyholder. The age at which the proposer's family members are diagnosed with the diseases is also a major consideration for insurers in determining the risk.

Financial Underwriting

Financial Underwriting works to cap the amount of life insurance an individual can get. Financial Underwriting is used to make sure that the person who is being insured qualifies for an amount of insurance that does not exceed his/her insurable interest. An individual's personal and family income is considered for Financial Underwriting. Factors analysed under Financial Underwriting include the individual's income, age and net worth, etc.

First Unpaid Premium (FUP)

First Unpaid Premium (FUP) refers to the first non-payment of policy premium by the policyholder. On payment of the due premium, a receipt is issued and this receipt indicates the date of next premium due. If this due premium is not paid, then that date becomes the date of FUP.

Fixed Annuity

An annuity contract in which the insurance company makes fixed payments to the annuitant for the term of the contract, usually until the annuitant dies. It provides a fixed rate of return to the investor, offering greater predictability and a sense of certainty.

Fraud

Fraud is a false representation of a material fact, intentional concealment of what should have been disclosed and breach of confidence, perpetrated for profit or to gain some unfair or dishonest advantage.





Know Your Rights

SBI Life Insurance is committed to safeguard your rights when you buy life insurance and submit a claim. It is essential that you know what your rights are:

- a. **Right to Information** about Insurance Plan, how it works and suits your needs, services, etc
- b. **Right to Privacy** about confidentiality of your information
- c. **Right to Guidance** on choosing the right product based on your needs
- d. **Availability of Grace Period**
- e. **Availability of Free Look Period**
- f. **Right to timely Claim Settlement**
- g. **Right to receive Professional Service** from insurance professionals exhibiting high ethical standards
- h. **Right to Complaint Resolution**

It is an illegal act on the part of either the buyer or seller of an insurance contract. Insurance fraud from the issuer (seller) includes selling policies with false benefit statements, non disclosure of charges, tampering of documents etc. From the insured point of view it can be false claim, false medical history, not revealing the correct age, etc.

Free Look Period

The policyholder has 15 days from the date of receipt of the policy document to review the terms and conditions and features of the policy. In case he/ she disagrees or is not satisfied then he/ she can exercise this option to return the policy stating the reasons for his/ her objection. In case the policyholder returns the policy during the free look period, there would be a refund of the premium by the insurance company, after deducting the expenses incurred on medical examination, stamp duty charges and other charges.

Fund Management Charges

These are charges deducted towards meeting expenses related to fund management. These are charged as a percentage of the fund value and deducted before arriving at the net asset value (NAV) of the fund.

Fund Value

It is also known as policy value. It is the total value of units that a policyholder holds in funds.

Fund Value = (Nos. of Units x Net Asset Value)



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Customer Responsibilities

As a policyholder, it is important for you to know your responsibilities to enjoy the full benefits of your life insurance policy.

- a. **Understand the product features**
- b. **Fill the proposal form yourself** and provide true and complete information
- c. **Read the policy document carefully** and understand the terms and conditions
- d. **Pay your premium regularly** to avail the benefits of the plan
- e. It is advisable to opt for any of the automatic debit modes for renewal premium payment as they reduce chances of missing payment by due date
- f. **Review your insurance needs regularly**
- g. **Always intimate changes** in address, contact number, e-mail id and nominee details on priority, for better assistance

Grace Period

The period after the premium payment due date during which the policyholder can make due premium payments so that the benefits of the policy continue is called the Grace Period.

Gross Premium

The total premium paid by the policyholder.

Group Gratuity Scheme

Gratuity is a statutory benefit, governed by the Payments of Gratuity Act, 1972. As per the act, gratuity is payable if an employee has rendered minimum 5 years of service at the time of exit. The minimum benefit payable is 15 days salary based on last drawn salary for each completed service year.

Group Life Insurance

It is a single policy covering a group of individuals, usually employees of the same company or members of the same union or

association and their dependents. In group life insurance, a Master Policy is issued to the employer or association. Individual proof of insurability is not considered normally while underwriting. Rather, the underwriter considers the size, turnover and financial strength of the group. Contract provisions will attempt to exclude the possibility of adverse selection. Group Life Insurance often includes a provision for a member exiting the group to buy individual coverage.

Growth Fund and Growth Pension Fund

The objective of these funds is to provide long term capital appreciation through investment primarily in Equity and Equity related instruments with a small part invested in Debt and Money Market for diversification and risk reduction.

Guaranteed Addition/ Loyalty Addition

Guaranteed Addition is an additional amount that is guaranteed to be paid to the policyholder



**Review your life insurance
needs regularly. Always
ensure that you are
adequately insured at all
life stages.**

as per the terms and conditions along with the maturity benefit. It is expressed as a percentage of sum assured (in traditional policies) and as a percentage of total premiums paid (in ULIPs). This assured amount is given to the policyholder according to the number of years the premium has been paid for.

Guaranteed Interest Rate

It is the minimum interest rate that is guaranteed to be received by the policyholder, subject to policy being in-force and fulfillment of all the terms and conditions of the plan.

Guaranteed Returns Plans

Life insurance plans under which there are certain guaranteed returns that the policyholder receives, subject to a policy being in-force and fulfillment of all the terms and conditions of the plan.

Guaranteed Surrender Value

As per Section 113 of Insurance Act 1938, if premiums have been paid for at least 3 consecutive years, the policy will acquire a Guaranteed Surrender Value.

The Guaranteed Surrender Value is 30% of total amount of premiums paid excluding the premiums paid for the first year and all extra premiums (charged by insurer for Health or Hazardous occupation and premiums paid for additional benefit). In addition, the surrender value of any existing bonus already linked to the policy is also paid.

Guaranteed Survival Benefits

The minimum benefits that the policyholder will receive on maturity/completion of the term, subject to policy being in-force and fulfillment of all the terms and conditions of the plan.



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Hazardous Occupation

There are certain occupations, activities and hobbies that insurers put on the too-risky list. These are varied and should be checked in the exclusions section of the product disclosure statement by the policyholder whether he/ she is involved in one of them.

Risky or dangerous jobs may include:

Working at heights, underground, with firearms, in armed forces, as a journalist or news cameraman in a war zone or dealing with explosives/ dangerous chemicals. There are certain activities which insurance companies consider as hazardous occupations which include participating in war, terrorism, riots, strikes, insurrection, criminal activities, suicide, self-inflicted alcohol and non-prescription drugs habit, etc.

Sports, hobbies and pastimes which may raise concern include: motor sport, hunting, racing,

polo, para-gliding, bungee jumping, mountaineering, rock climbing, unqualified scuba diving without an instructor, etc.

It is important to remember that dangerous recreational sports and hobbies are a problem only if they are participated in on a regular basis.

Health Insurance Plans

Health insurance insures against expenses arising due to a medical emergency and uncertainty of health such as a hospitalisation or critical illness. It prevents a medical emergency from becoming a financial one. It ensures health care needs are taken care of without depleting existing savings and compromising your future goals.



Immediate Annuity

An annuity in which benefits begin soon after the annuity is purchased.

Income Sustainer Rider

In this rider, the rider sum assured would be payable on earlier occurrence of death or total permanent disability occurring due to an accident or sickness. An amount of 25% of the rider sum assured is payable as a lump sum immediately on the acceptance of the claim. An amount of 1% of the rider sum assured would be paid every month at the end of each month from the date of death or total permanent disability due to accident or sickness of the proposer till the remaining term or 10 years whichever is higher. (SBI Life - Income Sustainer Rider, UIN: 111A020V01)

Increasing Sum Assured

Certain plans offer an option to the policyholders where they can increase the sum assured offered under the policy, subject to terms and conditions.

Increasing Term Insurance

A type of term life insurance wherein the risk cover increases by some specified amount or percentage at stated intervals over the policy term.

Indemnity

Indemnity implies compensation for damages or losses. The concept of indemnity is based on a contractual agreement made between two parties, in which one party agrees to pay for potential losses or damages caused to the other party. A typical example is an insurance contract, whereby one party (the insurer) agrees to compensate the other (the insured) for any damages or losses, in return for premiums paid by the insured to the insurer.

Index Fund and Index Pension Fund

These funds closely track the Nifty Index. The objective of these funds is to provide the returns closely corresponding to returns of NSE S&P CNX Nifty Index, though investment regulations may

restrict investment in group companies and some large cap companies listed on the Nifty Index, leading to high tracking error.

In-force Policy

In-force Policies are policies for which the premiums are being paid regularly or have been fully paid.

Insurability

Insurability refers to all conditions pertaining to an individual seeking insurance, that affect his/her health, susceptibility to injury and life expectancy. Basically it is an individual's risk profile.

Insurable Interest

Insurable Interest is one of the elements necessary to create a valid insurance contract. Insurable Interest is said to exist when an individual stands to gain or benefit from the continued existence or well-being of another individual or property and at the same time the



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individual would suffer a financial loss or inconvenience, if there is damage to the other individual or property.

Insurable Risk

There are risks which meet certain criteria and for which it is relatively easy to get insurance. These include definable, accidental in nature and part of a group of similar risks large enough to make losses predictable. The insurance company also must be able to come up with a reasonable premium for insurance.

Insurance Advisor (Agent)

Insurance Advisor is a person who is licensed under Section 42 of the Insurance Act 1938, in consideration of his soliciting or procuring insurance business, including business related to continuance, renewal or revival of policies of insurance.

Insurance Policy Document (Policy Document)

Document issued to the policyholder by the insurer stating the terms and conditions of the contract, product information and benefits, premium schedule, etc., which every policyholder should read carefully, is called Insurance Policy Document (Policy Document).

Insurer

It is the party which provides the insured with protection, usually in the form of a monetary payout, against loss as outlined in the insurance policy.

Interim Interest Rate

Interim Interest Rate is declared by the insurer at the beginning of every financial year and is applicable to those policies wherein there is a claim arising out of surrender, death or maturity before the completion of that financial year.

Investment Risk

The risk associated with a life insurance policy based on the performance of stock markets in which a policyholder's premiums are invested is called Investment Risk.

IRDA (Insurance Regulatory and Development Authority)

Insurance Regulatory and Development Authority (IRDA) is an autonomous apex statutory body which regulates and develops the insurance industry in India. It was formed by an act of Indian Parliament known as IRDA Act 1999, which was amended in 2002 to incorporate some emerging requirements.

The mission of the IRDA as stated in the act is to protect the interests of the policyholders, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto.



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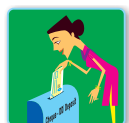


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State Bank Group only

Electronic Fund Transfer (EFT)

Joint and Survivor Annuity (Joint Annuity Plans)

It is an annuity issued to two individuals under which payments continue in whole or in part until both individuals die. It is also called Joint Annuity Plan.

Joint Life Insurance Plans

Policies can also be issued jointly to two people – e.g., a husband and a wife can be issued one policy, with both being the policyholder and the life insured. This is known as a Joint Life Policy.

Key Employee or Keyman

Insurance taken by a business firm on the life of an employee (Keyman) whose services contribute substantially to the success of the business firm.



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LIFE
INSURANCE tips

Keep us updated in case
there is a change in your
address, contact number,
e-mail ID, nominee, etc.
to assist you better.

Lapse

It is the termination of an insurance policy because of non-payment of renewal premium by the end of the grace period, by the policyholder.

Lapsed Policies

This refers to those policies that have been terminated and are no longer in-force due to non-payment of the premium due.

Life Annuity (Annuity)

An agreement by an insurer to make periodic payments that continue during the survival of the annuitant(s), till death or for a specified period. Annuities are paid in different ways, for example, Annuity for Life, Joint life Annuity, Annuity with return of corpus, etc.

There are two basic types of Annuities:

- a. Deferred Annuities: In deferred annuity, there is usually an accumulation phase or deferment period which is till the vesting age,

during which time the annuitant has to pay premiums. A corpus is accumulated during this period which is used at the time of vesting to buy an annuity of choice. The pension or annuity begins from the vesting age in the annuity mode chosen.

- b. Immediate Annuities: The proposer has to make a lump sum payment of single premium for an annuity which starts immediately in one year/ six months/ three months or one month after payment of premium, depending upon the annuity mode selected.

Life Assured (Insured)

Life Assured is the person whose life is insured by the life insurance company. On death of the life insured during the policy term, the death benefit is paid to the nominee provided the terms and conditions of the policy are fulfilled.



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Life Expectancy

It is the average period that a given person is expected to live. This is useful for insurance premium calculations. Average life expectancy is calculated separately for male lives and female lives.

To calculate average life expectancy, a wide variety of characteristics can be looked at, including gender, country of residence, family medical history, and many lifestyle habits including smoking, drinking, eating, exercise and sleep patterns.

Life Insurance

Life insurance is a contract between a policyholder and an insurer, where the insurer promises to pay the beneficiary/ nominee a sum of money upon the death of the insured person. Depending on the contract, other events such as terminal illness or accidental total permanent disability may also trigger payment. The insured

agrees to pay the premium either regularly or in a lump sum for the risk covered.

Limited Payment Whole Life Plan

A life insurance plan under which the life assured has to pay premium for a limited term to avail the life cover protection for whole life.

Limited Premium Payment Term

There are certain policies in which the policyholder has to pay premium for a limited term.

Lock-in Period (Surrender Period)

It is also called Surrender Period. On surrender of the life insurance policy, the time period for which the policyholder will not receive the surrender value is called a Lock-in Period. If the policyholder surrenders the policy during the Lock-in Period, he/ she will receive the surrender value after the completion of the Lock-in Period, post deduction of applicable charges.

Loyalty Addition/ Guaranteed Addition

This is an additional amount that is guaranteed to be paid to the policyholder as per the terms and conditions along with the maturity benefit. It is expressed as a percentage of the sum assured (in traditional policies) and as a percentage of total premiums paid (in ULIP). This assured amount is given to the policyholder according to the number of years the premium has been paid for.



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Get your policy details on Mobile!!

Registration:

SMS **REGNEW** <<space>> (Policy No)
<<space>> (Date of Birth in
DD/MM/YYYY format) to **56161** or
92500 01848

The service will be activated in 24 hours.

Send a SMS* to 56161 or 92500 01848 and
get the following details:

- **Fund Value:** FV <<space>> (Policy No)
- **Fund Switch Transaction details:** SWTR
<<space>> (Policy No)
- **Policy Status:** POLSTATUS <<space>>
(Policy No)
- **Renewal Details:** RENDET <<space>>
(Policy No)
- **Policy Dispatch Details:** NEWPOL
<<space>> (Policy No)
(if you have purchased a new
policy in last six months)

*Each SMS will be charged as per the mobile plan
applicable for SMS to these special numbers.

Material Fact

A material fact is one that influences the
judgment of an insurer in fixing the premium or
accessing the risk assured.

Maturity Benefits

The benefits received by a policyholder after the
completion of the policy term are called Maturity
Benefits.

Maturity Date

It is the date on which the policy term ends.

Medical Underwriting

Medical Underwriting is where the underwriter
actually researches the health and medical
history of the individual in a detailed and
accurate way by checking the medical records of
the proposer for the past few years and insisting
on a medical check-up. This medical check-up
can be either general or more comprehensive
depending upon the age of the proposer, his/ her

medical history and the amount of insurance
cover he/ she is asking for. If the proposer is
found to be in perfect health, then he/ she would
be considered as low risk by the underwriter.

Minor Lives

A minor is a person under a certain age, which
demarcates him/her from a major. The age
depends upon jurisdiction and application. For
life insurance in India, minor lives are considered
to be less than 18 years of age.

Misrepresentation

Misrepresentation means a false statement of
fact made by one party to another party, which
has the effect of inducing that party into a
contract. A misrepresentation in a contract can
give a party the right to cancel the contract
provided the statement was material.

A misrepresentation on the part of the insured in
an insurance policy can give the insurer the right



to cancel the policy or refuse a claim. An insurer may do this only if the misrepresentation was material to the risk insured against and would have influenced the insurer in determining whether to issue a policy.

Mode based Mortality Rate

It is calculated as Annual Mortality Rate divided by Premium Frequency (Premium Frequency is 1 for yearly, 2 for half yearly, 4 for quarterly and 12 for monthly).

Money Back Plans

In Money Back Plans, a certain percent of the sum assured is returned to the life assured periodically as survival benefit. On the expiry of the term, the balance amount is paid as maturity value. The life risk may be covered for the full sum assured during the term of the policy, irrespective of the survival benefits paid.

Money Market Fund and Money Market Pension Fund

The objective of these funds is to park the funds in liquid and safe instruments so as to avoid market risks on a temporary basis.

Moral Hazard

It refers to the habits and activities of an individual that increase risks associated with his/her life. They may also arise from a state of mind, i.e. the attitude and behaviour of the individual. Example: consumption of alcohol, smoking, etc.

Morbidity Rate

It is the frequency at which a disease appears in a population. Morbidity Rates are used in life insurance to determine the correct premium to be charged to the customer. Morbidity Rates help insurers predict the likelihood that an insured will contract or develop any number of specified diseases.

Mortality Charges

Depending upon the age and the amount of cover, the charges levied towards providing insurance cover to the insured are called Mortality Charges. Mortality Charges depend on a number of factors such as age, amount of coverage, state of health, etc.



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Pay your premiums
regularly to keep your
policy in-force and to
continue availing its
benefits.

NAV Guarantee Plans

In NAV guarantee plans, the highest NAV achieved during the tracking period from the inception is computed and if it is higher than the maturity NAV, then the highest NAV is used to determine the maturity amount. Usually, the guarantee is only applicable at the maturity of the policy.

Net Asset Value (NAV)

In Unit Linked Insurance Policies, the premium is invested in equity or debt markets or both. The premium is allocated in the fund chosen by policyholder. The fund has particular value associated to it which is known as Net Asset Value (NAV).

Net Asset Value means Market Value of an investment held by the company's fund, plus Net Current Assets, less the value of any current liabilities, less provisions, if any. When the NAV is divided by the number of units existing at the valuation date, the unit price of the fund is obtained.

In other words, NAV is the value of each unit of the fund on a given day.

Illustration: 500 people invest ₹ 55.00 each in a ULIP. After initial charges have been deducted, ₹ 50.00 remaining per person, is invested in a new equity fund. The amount, i.e. ₹ 25,000.00 is invested in a distinct portfolio of that Fund. The NAV at the beginning = $5000 / 500 = ₹ 10.00$. The NAV at the end of day = Market Value of Fund – liabilities / no. of outstanding units. Assuming a small growth, the new NAV at end of day = $(5250 - 50) / 500 = ₹ 10.40$. Hence, the NAV per unit, per policyholder at the end of the day is ₹ 10.40.

The above example is merely an illustration. Usually, the amount invested is subject to deduction of charges as per plan features.

Nomination

Nomination is where the life insured proposes the name of the person(s) to whom the sum



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insured should be paid by the insurance company after the life insured's death. The life insured can nominate one or more than one person as nominee. Nominees are entitled to a valid discharge and have to hold the money as a trustee on behalf of those entitled to it. Nomination can be done either at the time the policy is bought or later. A person having a policy on the life of another cannot make a nomination. Under section 39 of the Insurance Act 1938, the policyholder on his/ her own life may nominate the person or persons to whom the money secured by the policy shall be paid in the event of his/ her death.

Nominee

Nominee is the person nominated by the policyholder to receive the amount under a policy and to give a valid discharge to the insurer on settlement of claim under a life insurance policy.

Non Disclosure

Life Insurance is a contract between insurer and insured based on the principle of Uberrimae Fidei, which is a Latin expression meaning 'Utmost good faith'. Under this principle, the insured must disclose to the insurer any matter that may possibly affect the risk of loss. Moreover, that obligation extends to all material information – whether asked for or not.

Thus, the proposer must disclose to the insurer everything that could affect the risk of insurance. More importantly, any non-disclosure of any material information or fact can allow the insurer to declare the contract null and void in law. In that case, nothing is paid out in the event of a claim under the policy.

Non-Medical Cases

Policies on which there are no medical requirements raised by the life insurer, before policy issuance, are called Non-Medical cases.

Non-Participating Policies

Most endowment policies have a savings element included in the premium. This amount is invested by the insurance company on behalf of the policyholders and profit earned on it is again distributed back to the policyholders in the form of bonuses. Plans in which the policyholders are not entitled to participate in the profit of the insurance company are known as 'Without Profit' plans or 'Non-Participating' plans. A pure term insurance plan is an example of a 'Without Profit' plan.

Non-Standard Life

Any individual, who cannot be granted a policy under normal premium rates but can be granted with an extra premium is considered a Non-Standard Life.



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Claim Settlement Process

At SBI Life, we are committed to protect the interest of our policyholders/ stakeholders and ensure that the Claim Amount is provided to the Nominee/ Beneficiary well within the prescribed timelines laid down by IRDA.

Step 1: Claim Intimation

Intimate about the claim at any SBI Life Branch with all the relevant documents as mentioned in the policy document.

Step 2: Requirements Submission (if any)

The claimant need to submit the documents required by SBI Life for checking the admissibility or otherwise of the claim.

Step 3: Final Decision

Throughout the Claim Settlement Process, for any assistance, feel free to write to us at claims@sbilife.co.in

Occupational Hazards

Occupations which expose the insured to greater than normal physical danger by the very nature of the work in which the insured is engaged, and the varying periods of absence from the occupation, due to disability, that can be expected are called Occupational Hazards.

Ombudsman

The institution of Insurance Ombudsman was created by the Government of India as per notification dated 11th November, 1998 with the purpose of quick disposal of the grievances of insured customers and to mitigate their problems involved in the redressal of those grievances. This institution (Ombudsman) is of great importance and relevance for the protection of interests of policyholders and also in building their confidence in the system. The institution has helped generate and sustain faith and confidence amongst consumers and insurers.

Insurance Ombudsman has two types of functions to perform:

- (1) Conciliation
- (2) Award making

Insurance Ombudsman is empowered to receive and consider complaints in respect of personal lines of insurance from any person who has any grievance against an insurer. The complaint may relate to any grievance against the insurer, i.e.

- (a) Any partial or total repudiation of claims by the insurance companies
- (b) Disputes with regard to premium paid or payable in terms of the policy
- (c) Dispute on the legal construction of the policy wordings in case such dispute relates to claims
- (d) Delay in settlement of claims and
- (e) Non-issuance of any insurance document to customers after receipt of Premium



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LIFE
INSURANCE tips

One of the key components
of your budget should be
having a comprehensive
health cover for you and
your family.

P/E Managed Fund

The objective of this fund is to provide long term capital appreciation through dynamic asset allocation with reference to the Forward Price Earning (P/E) Multiple. The allocation to equity and equity related securities is determined largely by reference to the forward price earning (P/E) multiple on the NSE S&P CNX Nifty Index, the remainder is invested in Debt Instruments, Money Markets and Cash.

Paid Up Policy

It is an insurance policy that requires no further premium payments but continues to provide coverage as per the paid up value calculated.

Paid Up Value

Insurance companies will offer the policyholder the right to convert a normal policy into a paid up policy if they have already paid premiums for a minimum of three years. After this period, if the policyholder is unable to pay the remaining

premiums then under the paid up option, the policy is not cancelled. Instead, the sum insured is reduced in proportion to the number of premiums paid. If other benefit related to the sum insured are payable, the benefit will now be related to the reduced sum insured, which is the Paid Up Value.

When calculating the Paid Up Value of a with profit policy, there is no change in the bonus already vested or granted. Only the sum assured is reduced in proportion to the premiums paid. The accrued bonus is added to the reduced sum assured to arrive at the Paid Up Value. However, a paid up policy is not entitled to receive further bonuses.

The formula to calculate the Paid Up Value is as below:

Paid Up Value = [(No. of Premiums Paid / Total No. of Premiums Payable) X Sum Assured] + Bonus (if any)



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EXAMPLE: Rahul has a savings policy. The following are the details of the policy:

Policy Term = 20 years

Date of commencement of policy = 4th June, 2001

Sum Assured = ₹ 5,00,000

Premium Payment Mode = Annually

Last Premium Paid = 4th June, 2008

Number of Premiums Paid = 8

Total number of Premiums Due = 20

Vested Bonus = ₹ 50,000

As seen from the data above, Rahul stopped making premium payments after the eighth year. The policy will not be fully cancelled. Instead, the sum insured will be reduced in proportion to the premiums paid.

Paid Up Value = [(No. of Premiums Paid / Total No. of Premiums Payable) X Sum Assured] + Bonus (if any)

$$\begin{aligned} &= [(8/20) \times ₹ 5,00,000] + ₹ 50,000 \\ &= ₹ 2,00,000 + ₹ 50,000 \\ &= ₹ 2,50,000 \end{aligned}$$

The Paid Up Value of the policy will be ₹ 2,50,000.

Partial Disability

It is an illness or injury that decreases an individual's ability to perform some of the major duties of his or her job but does not cause complete cessation of employment.

Partial Withdrawal Charges

A policyholder can withdraw some amount from the fund value of his/ her life insurance policy (ULIP) to fulfill his/ her liquidity requirements (planned and unplanned future needs). This feature is called Partial Withdrawal. A certain number of withdrawals is granted free by the life insurer. Thereafter, for each withdrawal, charges levied by the insurer are called Partial Withdrawal Charges.

Partial Withdrawals

A policyholder can withdraw some amount from the fund value of his/ her life insurance policy to fulfill liquidity requirements (planned and unplanned future needs). This feature is available in case of ULIPs and can be availed only after five years from the commencement of the policy. The maximum amount and the number of times a policyholder can withdraw may vary from product to product. A certain number of withdrawals are granted free by the life insurer.

Participating Policies

Most endowment policies have a savings element included in the premium. This amount is invested by the insurance company on behalf of the policyholders and earns a profit on it which is again distributed back to policyholders in the form of bonuses. Such plans where policyholders are entitled to participate in the profit of the insurance company are known as 'With Profit' plans or 'Participating' plans. Most endowment

An Education Initiative by



DICTIONARY OF LIFE INSURANCE TERMINOLOGY

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of Terms

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We are listening

Unhappy with us? SMS '**SOLVE**' to **56161**
and we will call back within 24 hours

A customer care initiative by



plans, money back and whole life plans are participating plans.

Payment Instrument Collection Charge

Charges levied by the insurer/ bank for collecting the premium payment instrument.

Pension Plans or Annuity Plans

Pension plans (also referred to as retirement plans) are offered by life insurance companies to help individuals build a retirement corpus. On maturity, this corpus is invested for generating a regular income stream, which is referred to as pension or annuity. Pension plans are distinct from life insurance plans, which are taken to cover risk in case of an unfortunate event.

When an employee retires, he/ she no longer gets his/ her salary while his/ her need for a regular income continues. Retirement benefits like Provident Fund and gratuity are paid in lump sum which are often spent quickly or not invested

prudently - with the result that the employee finds himself/ herself without a regular source of income in his/ her post-retirement days. Pension is therefore an ideal method of retirement provision because the benefit is received in the form of a regular income.

Permanent Disability

It is an illness or injury that prevents a person from working for the rest of his or her life.

Persistency

It is the capability of the policyholder to pay premiums regularly.

Policy Account

It is similar to fund value in Unit Linked plans. Policy Account provides the status and details of investment returns made by the policyholder for certain life insurance plans.





Policy Administration Charges

These are the charges deducted on a monthly basis to recover the expenses of maintaining the policy including record keeping, paper work, services, etc.

Policy Anniversary Date

Policy Anniversary Date is the date this year when the policy will be an exact number of years from the policy date. This is the same date each year as the initial policy date.

Policy Document (Insurance Policy Document)

A document issued to the policyholder by the insurer stating the terms and conditions, product information and benefits, premium schedule, etc., which every policyholder should read carefully, is called Policy Document (Insurance Policy Document).

Policy Premium Component

The Policy Premium Component is basically premium contribution i.e., net of Risk Premium Component and Expense Premium Component.

Policy Revival

When a policy lapses, it benefits neither the insurer nor the insured. The insured loses the insurance risk cover for the full amount and is exposed to possible adverse circumstances, should a claim arise. Because lapsation affects both parties adversely, insurance companies make it possible for lapsed policies to be brought back into full force. This process is called 'Revival'. Insurance companies provide the policyholder with the option of reviving a lapsed policy. To revive a policy, the following will normally be necessary:

- Payment of outstanding premiums with interest
- Proof of continued good health
- A fee for reinstatement or revival (some insurers)

- Any other documents required for Policy Revival

Policy Term

It is the period for which a life insurance policy provides life insurance coverage.

Policyholder

Policyholder is the person who owns a life insurance policy. This is usually the insured person, but in some cases, it may also be a proposer of the policy such as a spouse, a partner or a company.

Politically Exposed Person (PEP)

Reserve Bank of India (RBI) issued a circular to all financial institutions reiterating its stand that they have to conduct proper Know Your Customer (KYC) to avoid the instances of money laundering and financing of terrorism.



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RBI has defined politically exposed persons as those individuals who are, or have been, entrusted with prominent public functions in a foreign country such as heads of state or of governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations or important political party officials. RBI has advised financial institutions to gather information on any person of this category who desires to do business and check all the information available on the person in public domain.

RBI had also asked that they should verify the identity of the person and seek information about the sources of funds before accepting them as a customer. Further, they were told to closely monitor such transactions and family members or close relatives.

Premature Death

When the policyholder's death occurs before the stage where it is accepted by society as part of the natural, expected order of life, then it is considered as Premature Death.

Premium

Insurance is nothing but a risk transfer mechanism wherein the person purchasing insurance transfers his/ her risk to the insurance company in return for a payment known as the Premium.

Risk transfer provides a sense of financial security to the insured. In case of the occurrence of a certain specified event, the losses would be compensated for by the insurance company as per the policy terms and conditions. Against this transferred risk, the insured will have to pay a certain amount (consideration) to the insurer, which is known as the Premium.

Premium Allocation Charges

These charges are deducted up front from the premium paid by the policyholder. These charges account for the initial expenses incurred by the company in issuing the policy, e.g., cost of underwriting, medicals and expenses related to distributor fees. After these charges are deducted, the money gets invested in the chosen fund. These charges vary depending upon whether the policy is a single premium or regular premium, the size of the premium, premium frequency and payment mode.

Premium Frequency (Premium Periodicity)

It is the specific period after which the policyholder needs to pay premiums regularly to keep the life insurance policy in-force and avail its benefits. Usually, a life insurance policy has the premium paying frequency as - Single Premium, Annually, Half yearly, Quarterly and Monthly.



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P

Buy your SBI Life Policy
Online in 5 simple steps.
Visit epolicy.sbilife.co.in

- 1 Select a Product
- 2 Enter your Personal Details
- 3 Calculate your Premium
- 4 Complete the Purchase
- 5 Make your Payment

Premium Holiday

This is a unique flexibility option, where a policyholder can take a break from premium payments. The policyholder has to inform the insurer in writing one month before the end of the grace period of the next premium due. The insurer will mark the status of the policy as Premium Holiday. The policyholder can avail the premium holiday only after the payment of certain annualised premiums and that too for certain duration only. The policy remains in-force during this period and all the benefits are available.

Premium Payment Term

The number of years a policyholder has to pay premium for the life insurance policy. Usually the Premium Paying Term is the same as the Policy Term. However, some policies offer the option of selecting a Premium Paying Term that is lower than the Policy Term.

Premium Payor Waiver Benefit Rider

It is a clause in an insurance policy that states that the insurance company will not require the insured to pay a fee to maintain the policy under certain conditions. Most commonly, these conditions are the death or disability of the person paying the insurance premiums. The insurance company may charge a higher premium to include this waiver in the policy to compensate for the additional risks presented with a waiver of premium for payer benefit.

Premium Periodicity (Premium Frequency)

It is the specific period after which the policyholder needs to pay premiums regularly to keep the life insurance policy in-force and avail its benefits. Usually, a life insurance policy has the premium paying frequency as - Single Premium, Annually, Half yearly, Quarterly and Monthly.



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Premium Waiver Benefits

This benefit can be opted only when the life assured is a minor. In the event of death of the proposer, the cover for the life assured under the base policy continues and the future premium under the base policy payable during the rider term will be paid by the life insurance company.

Primary Beneficiary

The party or person designated to receive the proceeds of a life insurance policy following the death of the insured. The person is also known as First Beneficiary.

Proposal Form

A life insurance company offers a policy on the basis of a proposal form. The form is the most basic requirement for the functioning of the life insurance contract between the proposer and the life insurance company. It needs to be completely filled by the proposer himself/ herself, who may seek the assistance of a life insurance advisor to fill it up.

A proposal form seeks basic information of the proposer or the life assured (in most cases, the proposer and the life assured are the same). This includes the name, age, address, education and employment details of the proposer. The proposal form also gathers information on the medical history of the life to be assured. There are questions pertaining to the health status of family members of the life to be assured. The proposer has to mention his / her income in the proposal form to satisfy the insurer about the ability to pay for the insurance and the need for insurance, respectively. A proposer should always provide true and complete information in the proposal form.

Proposer

Proposer is a person who proposes the life insurance policy.

Protection Plans (Term Plans/ Term Insurance)

A life insurance policy which provides an insurance cover upon the death of the life insured within the policy term as per the terms and conditions of the contract. These types of plans only cover the risk of death and on expiry of the policy term, the policyholder does not get anything in return on survival.

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1800 222 123 or
1800 425 9010,
9:00 a.m to 9:00 p.m



» SMS 'SOLVE' to 56161

We will get back to
you within 24 hours



» Visit our Website

www.sbilife.co.in



» E-mail us at:

info@sbilife.co.in

Rebates

The benefits offered to the policyholder by choosing specific features of the plan. For example, certain discounts on premium for availing higher sum assured or certain discounts on premium for female lives.

Redirection (Premium Redirection)

The policyholder may alter the allocation percentages for future premiums and future top-up premiums by giving a written notice to the insurance company before a specific period ahead of due date. Redirection is applicable to all the future premiums as well as top-up premiums but does not affect the existing units.

Regular Premium

When the policyholder chooses to pay premium at regular intervals for a defined period as per the insurance plan, to keep the policy in-force and avail its benefits, the mode of premium payment is called Regular Premium Payment Mode.

Reinstatement

The restoration of a lapsed policy to in-force status is called Reinstatement. Reinstatement can only occur after the end of the grace period. The company may require the evidence of insurability (and if health status has changed reinstatement is denied) and will always require payment of the total amount of past due premiums.

Renewal Premium

After the payment of initial premium, subsequent premium payments made periodically to keep the policy in-force and avail policy benefits.

Return Guarantee Fund

The objective of the fund is to provide a guaranteed return over a pre-specified fixed period. It aims to guarantee fixed return by investing mostly in fixed income securities (debt





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Add Riders to your policy.

Riders are the benefits that
can be added to your basic
life insurance policy at an
additional premium.

instruments, money market instruments and cash) with maturities close to the termination date of the fund.

Revival Period

As long as the policyholder pays premium on time, the policy remains in-force. The policy lapses when premiums are not paid even after the completion of the grace period. Thereafter, the Life Insurance Company provides an option to the policyholder wherein he/ she can make the policy in-force only during a specific period after the grace period. The process is called Revival of the Life Insurance Policy or Policy Revival and the period is called Revival Period.

Riders

Add-on options available to policyholders - that provide additional benefits are called Riders.

Risk Assessment

Closely associated with underwriting, Risk Assessment is the methodology applied by life insurers to examine and assess the insurance risk associated with a life before accepting or rejecting coverage and arrive at appropriate premiums for the life.

Risk Premium Component

Risk Premium is used to provide the guaranteed sum assured on death and deducted from the premium received.

It is calculated as Risk Premium = Sum Assured X Mode based Mortality Rate.

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Namastey Life

Namastey Life, our Customer Newsletter keeps you connected with SBI Life through updates on key milestones, new products and service initiatives.

To read, please visit our corporate website - www.sbilife.co.in



Savings Plans

Savings plans are life insurance plans in which the policyholder receives a certain amount on maturity or completion of the term subject to the terms and conditions of the plan.

Service Tax Deductions

Before allotment of units, the applicable service tax is deducted from the risk portion of the premium. Investors may note that the portion of the premium after deducting all charges and premium for risk cover is utilised for purchasing units.

Settlement Option

Instead of taking a lump sum amount, some plans provide policyholders with the option to receive the maturity benefit amount as a structured payout (periodic installments) over a period of time (say, 5 years or any time upto 5 years) after maturity. This is known as the Settlement Option. If the policyholder wishes to take the Settlement Option they need to inform the insurance company well in advance.

Single Premium

When the policyholder has to pay premium only once, during the term of the life insurance policy, the mode of premium payment chosen is called as Single Premium Payment Mode.

Standard Life

Those lives are considered normal, when they are not exposed to higher risks than expected based on several parameters such as health, habits, occupation, family history, etc. by underwriters, for determining the premium.

Standard Risk

Standard Risk individuals qualify for insurance company's standard rates.

Standing Instructions

A standing order (or a standing instruction) is an instruction by a bank account holder (the payer) to his or her bank to pay a set amount at regular intervals to another's (the payee's) account.





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Subrogation

Subrogation refers to an insurance company seeking reimbursement from the person or entity legally responsible for an accident after the insurer has paid out money on behalf of the insured. This could include any money paid out for property damage, deductible amounts, diminished value, pain and suffering, loss of consortium, etc.

Sub-Standard Life

Coverage for risks deemed uninsurable at standard rates by normal standards (persons whose medical histories include serious illness such as heart disease or whose physical conditions are such that they are rated below standard). A policy may specifically deny benefits for death caused by a specific illness or medical condition or may provide only partial benefits. Many risks that would have been rejected as uninsurable under earlier underwriting standards, either because of their hazardous

occupations or physical impairment, now can be insured under an extra-risk policy at an extra premium; even applicants who have survived cancer may be acceptable.

Suicide Exclusion

Limitation in life insurance policies to the effect that no death benefits will be paid if the insured commits suicide during a specified initial period of the policy, usually the first one year of the policy.

Sum Assured

Sum Assured is the amount that an insurer agrees to pay on the occurrence of a stated contingency (e.g. death).

Sum Assured Multiplier Factor (SAMF)

Certain life insurance plans provide the flexibility to the policyholder to alter the sum assured as per his/ her changing needs. In some plans, sum assured offered in the policy is decided by

multiplying the annualised premium by a certain factor called the Sum Assured Multiplying Factor.

Superannuation

A type of retirement plan set up by a company for the benefit of its employees. These types of plans use funds deposited by the company (defined benefit plan) or by the employee (defined contribution plan) with the funds growing in value until the employee retires.

Surcharge

It is a fee or charge that is added to the cost of a good or service. A surcharge is typically added to an existing tax, and may not be included in the stated price of a good or service.

Surrender

If the policyholder terminates the policy before its maturity, it is called Surrender of the life insurance policy. The charges levied while terminating the policy during the surrender period are called Surrender Charges.



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Surrender Charges (Discontinuance Charges)

These charges are also known as Surrender Charges. These charges are deducted from policyholder's cash value if the life insurance policy is surrendered (terminated) by the policyholder during the surrender period. The policyholder should always check the surrender charges and surrender period while evaluating a life insurance plan.

Surrender Period (Lock-in Period)

It is also known as Lock-in Period. On surrender of the life insurance policy, the time period for which the policyholder will not receive the surrender value is called as Surrender Period. If the policyholder surrenders the policy during the Lock-in period, he/she will receive the surrender value after the completion of the Lock-in period, after deduction of applicable charges.

Surrender Value

The value payable to the policyholder in the event of his/her decision to terminate the policy before its maturity is called Surrender Value. The Surrender Value is usually expressed as fund value less the surrender charge.

Survival Benefits

Benefits received by the policyholder on the completion or during the policy term are called Survival Benefits.

Switching

Switching is the option under which you can move some or all your units from an existing fund into one or more funds at the respective Unit Price on the day the switch is effected. This can be done by informing the insurer for the same. While a specified number of switches are generally effected free of cost, a fee is charged for switches made beyond the specified number.

Switching Charges (Fund Switching Charges)

The charges levied by the insurer on the switching of the funds carried out by the policyholder are called Switching Charges.



Grievance Redressal Procedure

LEVEL 1



SMS 'SOLVE' to 56161

We will get back to you within 24 hours



E-mail your complaint or
query at: info@sbilife.co.in



Call us Toll Free

on 1800 22 9090, 1800 222 123 or
1800 425 9010, 9:00 a.m to 9:00 p.m



Visit our Website www.sbilife.co.in
> Services > Grievances/ Complaints
to register your complaint/ query



Visit a Branch near you
(addresses available on our website)

LEVEL 2



If not satisfied, contact **Regional Customer Service Helpdesk** (details available
on SBI Life website under Contact Us section)

LEVEL 3



If not satisfied, write to **Head - Client Relationship**, SBI Life Insurance Co. Ltd, Central Processing
Centre, Kapas Bhavan, Plot 3A, Sector 10, CBD Belapur, Navi Mumbai - 400614

LEVEL 4



If your complaint still remains unresolved, you can approach the **Insurance Ombudsman**.
(Details available on www.irda.gov.in)

Term

Term is the period for which insurance coverage is given. It is also called the Tenure of the life insurance policy.

Term Insurance (Protection Plans/ Term Plans)

A life insurance policy which provides an insurance cover upon the death of the life insured within the policy term as per the terms and conditions of the contract. These types of plans only cover the risk of death and on expiry of the policy term, the policyholder does not get anything in return on survival.

Terminal Interest Rate

The interest rate declared at the end of the term or after a certain specified policy term, as per the plan features.



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Third Party Administrator

Third Party Administrator or TPA is a company licensed by IRDA to offer health claim related services for the benefit of both the insured and the insurer. While the insured is benefitted by quicker and better services, insurers are benefitted by reduction in administration costs, fraudulent claims and control on claims.

Top-Up

Top-Up is an additional amount over and above the premium that the policyholder can invest to gain from the performing market. This can be only done under Unit Linked policies, provided the feature is available with the policy. Top-up amount is invested in the fund of policyholder's choice.

Top 300 Fund and Top 300 Pension Fund

The investment objective of these funds is to provide long term capital appreciation by investing in stocks of Top 300 companies in terms of market capitalisation companies on the National Stock Exchange (NSE).

Total Permanent Disability

A person is considered to be 'totally and permanently disabled' only if, the life assured has become totally and irreversibly disabled as a result of accidental bodily injury, sickness or disease. The life assured must be totally incapable of being employed or engaged in any work or any occupation whatsoever for remuneration or profit. The above disability must have lasted without interruption for at least six consecutive months and must be deemed permanent by an appropriate medical practitioner appointed by the company.

Traditional Life Insurance Plan

Traditional insurance plans offer multiple benefits in terms of risk cover, return, safety and tax benefit. Traditional policies are considered risk-free, as they provide fixed income returns in case of death or maturity of the policy. Investment guidelines also ensure safety of funds with a cap on equity investment.



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All you need to do is provide your name, mobile number and query. Our team will get in touch with you almost immediately. The query can be related to SBI Life products, services or premium payments.



Underwriting

Underwriting is the methodology applied by life insurers to examine or assess the insurance risks before accepting or rejecting coverage and arrive at appropriate premiums for them.

Unit

It is a component of the fund in a Unit Linked Policy.

Unit Linked Life Insurance Plans (ULIPS)

Insurance plan linked to stock-market are called Unit Linked Life Insurance Plans (ULIPS). Unit Linked Insurance Policies (ULIPs) offer a combination of investment and protection with flexibility and choice to policyholder on how premiums are invested.

IN UNIT LINKED PLANS, THE INVESTMENT RISK PORTFOLIO IS BORNE BY THE POLICYHOLDER AS HE/ SHE IS THE INVESTOR. Typically, the policy will provide the policyholder with a choice of funds in which he/ she may invest.

It also provides the flexibility to switch between different funds during the life of the policy. The value of a ULIP is linked to the prevailing value of units invested in the fund, which in turn depends on the fund's performance. In the event of death or permanent disability, the policy will provide the sum assured (to the extent the policyholder is covered) so that the policyholder can take comfort in knowing that his/ her family is protected from sudden financial loss. A ULIP has varying degrees of risk and rewards.

There are various charges applicable for Unit Linked Policies and the balance amount out of the premium is only invested in the fund/ funds chosen by the policyholder. It is important to ask the insurer or agent or broker questions to understand the sum total of charges that the policyholder has to incur. It is important to assess the risk appetite and investment horizon before deciding to buy a ULIP. A policyholder must also read the terms and conditions of the policy



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carefully to understand the features of the policy including the lock-in period, surrender value, surrender charges, etc.

Unit Price (Unit Value)

In Unit Linked Insurance Policies the premium is invested in equity or debt markets or both. The premium is allocated in the fund of the policyholders' choice. The fund has a particular value associated to it which is known as Net Asset Value (NAV). NAV is the market value of the fund, less the liabilities, divided by the total number of units. NAV on any current day is equivalent to assets minus liabilities, divided by total outstanding units.

In other words, NAV is the value of each unit of the fund on a given day.

Illustration: 500 people invest ₹ 55.00 each in a ULIP. After initial charges have been deducted,

₹ 50.00 remaining per person, is invested in a new equity fund. The amount, i.e. ₹ 25,000.00 is invested in a distinct portfolio of that Fund. The NAV at the beginning = $5000 / 500 = ₹ 10.00$. The NAV at the end of day = Market Value of Fund – liabilities / no. of outstanding units. Assuming a small growth, the new NAV at end of day = $(5250 - 50) / 500 = ₹ 10.40$. Hence, the NAV per unit, per policyholder at the end of the day is ₹ 10.40.

The above example is merely an illustration. Usually, the amount invested is subject to deduction of charges as per the plan features.



LIFE
INSURANCE tips

**Keep frequent reminders
so that you dont miss out
on renewal premium
payment of your
life insurance policy.**

Variable Insurance Plans

Variable Life Insurance products are defined as Non-Linked Life Insurance products that provide death benefit equal to the guaranteed sum assured plus balance in the policy account. Maturity benefit is equal to balance in policy account plus terminal bonus, if any.

Vested Bonus

It is the bonus, which the insurer declares after evaluating its assets and liabilities, and that is added to the policy. Once it is attached to the policy, it becomes the guaranteed benefit to be paid to the policyholder.

Vesting Age

The age at which the receipt of pension starts in an insurance-cum-pension plan or annuity is called the Vesting Age.

Void Contract

A void contract, also known as a void agreement, is not actually a contract. A void contract cannot be enforced by law.



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Customer Education Initiative by SBI Life

To assist you in making well-informed decisions about your hard earned money, SBI Life has rolled out a video-based education series. The videos are based on topics like 'Most important things you should do before signing the proposal form', 'Grievance Redressal Procedure', etc.

Videos are available on:

 www.sbilife.co.in

 [/sbilifeinsurance](https://www.facebook.com/sbilifeinsurance)

 [/sbilifeinsurance](https://www.youtube.com/sbilifeinsurance)



Waiting Period

A period set forth in a policy which must pass before some or all coverage begins. Incidents which occur during this time are not claimable. The term may also refer to the time between the making of a claim and the payment of it.

Waiver

Agreement or supplementary clause is attached to a policy that:

- (1) Excludes certain types of losses,
- (2) Limits the amount of claim to a specified sum, or
- (3) Extends the coverage to include items not included in a standard policy

Whole Life Insurance Policy

A savings insurance plan with a non-specific period is called a Whole Life Plan. Generally, it is valid up till the age of 100 years. The insurance company declares bonuses for these plans based on the returns earned on investments. As the name of the plan specifies, this plan covers the individuals throughout their life. On the death of the life insured, the nominee/ beneficiary is paid

the sum insured along with the bonuses accumulated up until that point in time. An individual can also take loans against such a policy.

With Profit

Most endowment policies have a savings element included in the premium. This amount is invested by the insurance company on behalf of policyholders and earns a profit on it - which is again distributed back to the policyholders in the form of bonuses. Such plans where policyholders are entitled to participate in the profit of the insurance company are known as 'With Profit' plans or 'Participating' plans. Most endowment, money-back and whole life plans are participating plans.

Without Profit

Plans in which policyholders are not entitled to participate in the profit of the insurance company are known as 'Without Profit' plans or 'Non-Participating' plans. Pure term insurance plans are an example of Without Profit plans.

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ANNUITY/ PENSION PLANS

SBI Life - Annuity Plus

UIN:111N083V01



CHILD PLANS

SBI Life - Scholar II

UIN:111N020V01

SBI Life - Smart Scholar

UIN:111L073V01



HEALTH PLANS

SBI Life - Hospital Cash

UIN:111N065V01



PROTECTION PLANS (Term Insurance Plans)

SBI Life - Smart Shield

UIN:111N067V01

SBI Life - Saral Shield

UIN:111N066V01

SBI Life - Swadhan

UIN:111N013V01



SAVINGS PLANS

SBI Life - Sanjeevan Supreme

UIN:111N016V01

SBI Life - Saral Life

UIN:111N071V01

SBI Life - Shubh Nivesh

UIN:111N055V01

SBI Life - Smart Money Back Insurance

UIN:111N082V01

SBI Life - Flexi Smart Insurance

UIN:111N080V01



UNIT LINKED LIFE INSURANCE PLANS (Insurance Cum Wealth Creation Plans)

SBI Life - Saral Maha Anand

UIN:111L070V01

SBI Life - Smart Elite

UIN:111L072V01

SBI Life - Smart Horizon

UIN:111L074V01

SBI Life - Smart Performer

UIN:111L068V01

SBI Life - Smart Scholar

UIN:111L073V01

SBI Life - Unit Plus Super

UIN:111L069V01

SBI Life - Smart Wealth Assure

UIN:111L077V01

* Existing SBI Life Products (Individual Plans) as on 25th August, 2012.



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DISCLAIMER

- This booklet is designed by SBI Life Insurance Company Limited as a guide on Life Insurance providing general information only and is not exhaustive. No information given herein replaces or overrides the terms and conditions of a life insurance policy. Please approach a duly licensed agent or a broker or an insurance company registered with IRDA for specific information regarding a policy or for any other additional information. It is an education initiative and does not seek to give you any legal advice.

Certain terms and their respective meanings in the dictionary may differ from insurer to insurer.

- IN UNIT LINKED INSURANCE POLICIES, THE INVESTMENT RISK IN INVESTMENT PORTFOLIO IS BORNE BY THE POLICYHOLDER. Unit Linked Life Insurance

products are different from the traditional products and are subject to market risks. The premium paid in Unit Linked Life Insurance policies are subject to investment risks associated with capital markets and the NAVs of the units may go up or down based on the performance of fund and factors influencing the capital market and the policyholder is responsible for his/her decisions. SBI Life Insurance Co. Ltd. is only the name of the Insurance Company and Product Names are the names of the Unit Linked Life Insurance Contract and does not in any way indicate the quality of the contract, its future prospects or returns. Please know the associated risks and applicable charges from your Insurance advisor or the intermediary or the policy document from the insurer. In case of surrender request during the first 5 Policy Years, the Fund Value shall be payable on the 1st working day of the 6th Policy Year.

- Tax benefits are subject to change in tax laws. Please consult your Tax Advisor for details.
- For more details on risk factors, terms and conditions, please read sales brochure carefully before concluding a sale Insurance is the subject matter of solicitation.

Insurance is the subject matter of solicitation. SBI Life Insurance Co. Ltd. Registered and Corporate Office: Natraj, M. V. Road & Western Express Highway Junction, Andheri (E), Mumbai - 400069. IRDA Regn. No. 111

DIC.ver.01-08/12 WEB ENG





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SFIN (Segregated Fund Identification Number)

Fund Name	SFIN
Balanced Fund	ULIF004051205BALANCFND111
Balanced Pension Fund	ULIF009210207PEBALANFND111
Bond Fund	ULIF002100105BONDULPFND111
Bond Pension Fund	ULIF007160107PENBONDFND111
Daily Protect Fund	ULIF020060910DLYPRO1FND111
Daily Protect Fund - II	ULIF020040311DLYPRO2FND111
Daily Protect Fund - III	ULIF020010911DLYPRO3FND111
Discontinued Policy Fund	ULIF024110411DISCOPOFND111
Equity Elite Fund	ULIF012250208EQTYELTFND111
Equity Elite II Fund	ULIF019100210EQTELI2FND111
Equity Fund	ULIF001100105EQUITY-FND111
Equity Optimiser Fund	ULIF010210108EQTYOPTFND111
Equity Optimiser Pension Fund	ULIF011210108PEEQOPTFND111

Fund Name	SFIN
Growth Fund	ULIF003241105GROWTH-FND111
Growth Pension Fund	ULIF008150207PEGRWTHFND111
Index Fund	ULIF015070110INDEXULFND111
Index Pension Fund	ULIF017180110PEINDEXFND111
Money Market Fund	ULIF005010206MONYMKTFND111
Money Market Pension Fund	ULIF013200308PEMNYMTFND111
P/E Managed Fund	ULIF021080910P/EMNGDFND111
Return Guarantee Fund (RGF070311)	ULIF023090311RETGRT1FND111
Return Guarantee Fund (RGF150611)	ULIF023210611RETGRT2FND111
Top 300 Fund	ULIF016070110TOP300-FND111
Top 300 Pension Fund	ULIF018180110PETP300FND111

As stipulated by IRDA in its circular F&I-CIR-INV-173-08-2011 dated July 29, 2011, SFIN code is allotted to each segregated fund.