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| NAME OF SUBJECT | LIFE ASSURANCE | |
| LEARNING & SKILL OUTCOMES | OBJECTIVES | |
| Appraise and understand the scope of life assurance, its appropriate use and administration and the legal and regulatory influences on the conduct of this type of business | <ul style="list-style-type: none"> • Illustrate the types of life assurance available in the market. • Appraise the legality and administrative issues of life policies. • Illustrate the life assurance knowledge and skills in different scenarios. • Appraise the regulatory and taxation framework governing life assurance. • Appraise ethical issues that arise with consumer. | |
| CONTENT OUTLINE | | |
| <p>DEVELOPMENT OF LIFE ASSURANCE</p> <ul style="list-style-type: none"> • Evolution of Underwriting life assurance • Development of Life Assurance Market • Structure of the Malaysian life insurance market <ul style="list-style-type: none"> • Life assurance and supplementary products • Growth of life assurance in Malaysia • Contributing factors towards the growth of life assurance market <ul style="list-style-type: none"> - Changing demographic - Improve social economic situation - Regulation - Taxation - Literacy rate - Technology | | |
| <p>LIFE ASSURANCE CONTRACTS</p> <ul style="list-style-type: none"> • Type of policies <ul style="list-style-type: none"> • Term life • endowment • whole life • universal policy • annuities • (mortgage reducing term) • Scope of cover <ul style="list-style-type: none"> • Sums payable on death, disability, critical illness and maturity • Supplementary benefits: <ul style="list-style-type: none"> - Personal accident (PA), - Accidental Death Benefits (ADB), - Waiver of Premium (WP) - Dread disease - income benefits - Hospital and surgical insurance - Others • Structure of the policy <ul style="list-style-type: none"> - the preamble; - conditions; - the policy schedule; - the signature. • The nature and use of policy endorsements • Features and usage of single and joint life policies <ul style="list-style-type: none"> • Short description of Joint Life policies • Joint Life Policies are being introduced in MRT assurance contracts • Investment choice | | |

- Unit link products as a form of investment choice
- With profit policies as a form of investment choice
- Application of principle of Insurable interest to life assurance
 - Provisions under the Insurance Act 1996
 - Common Law
- Ownership of policies
- Market practice involved on ownership of policies
 - Parents / Guardians on the life of a child
 - Husband on the life of a wife and vice versa
 - Lender and borrower
 - Employer on the life of a employees
 - Others
- Assignment and reassignment of policies
 - Principles of assignment and reassignment of policies
- Conversion, renewal , surrender and lapses
 - conversion options
 - renewal
 - surrender
 - lapsed cases
 - reduced paid-up
 - non for feiture
 - extended term
- Sale of policies
 - Different options available for sale of policies
 - Treatment of surrender of policies
- Nature and types of trust
 - Different types of trust
 - The Insurance Act that governs trust policies
 - How Muslims and non Muslims differs when dealing with trust policies
- Group life assurance
 - Purpose and benefits of group life assurance, coverage, advantages and flexibility available in the benefit packages
- Business covers
 - Key person insurance
 - Partnership insurance
 - shareholders (buy back) insurance

RISK ASSESSMENT AND CONTROL

- Types of information required to assess the risk and its significance to rating
- Assessing the risk
 - Various type of proposal forms
 - Insurance Act guidelines on proposal forms
 - Information required to assess the risk and evaluate its significance to rating
 - Sources of information
 - Documents use for evaluating the risk
- Need for utmost good faith
 - Options of handling non-disclosure with regards to premium
- Principles of underwriting
 - Medical underwriting
 - Non-medical underwriting
- Access to medical reports
 - Privacy Act with regards to client information
- Decision options for substandard risk
- Calculation of premium
- Construction and nature of mortality tables and their impact on life assurance business
- Application of mortality table
 - Application of mortality rates
 - Local mortality rates and their usage
- Procedures at renewal including the declaration of continued good faith and days of grace
- Reinstatement options available

- Documents involved in reinstatement
- Declaration of good health
- 'Grace period
- Payment in Arrears
- Underwriting of reinstatement cases

REASSURANCE

- Need and types of reinsurance
- Need for reinsurance
- Types of reinsurance and their application
- Original terms and risk premium bases of reinsurance and their implication on their acceptance on new business

CLAIMS ADMINISTRATION

- Types of claim, their characteristics and treatment
 - Routine claims that do not involve the contestability provision
 - Claims that involve the contestability provision or the accidental death benefit provision
 - Claims that involve suspicion of fraud or unusual legal complications
 - o Death but body not found
 - o Missing people reported as dead
- Establishing title
- Significance of policy document in the claims procedure
- Establishing title
 - To prove ownership of policy assignment, trustee, bankruptcy etc
 - Means of establishing title to policies
- Grant of Representation
- Grant of representation
 - Letter of administration
 - Grant of probate
- Waiver of grant representation for small estates
- Methods for dealing with instances of missing title documents
- Method of discharge
- Age admission for release of claim benefits
 - Payment of interest on outstanding claims
- Settlement of disputes
 - Financial Mediation Bureau
 - BNM
 - Other mediation bureau

TAXATION CONSIDERATIONS

- Taxation Policy
- Qualifying and non-qualifying policies
- Principles of inheritance tax, capital gains tax and corporation tax
- Eligibility for Life Assurance premium relief
- Guidelines by Malaysian Inland Revenue department

LEGAL AND REGULATORY CONSIDERATIONS

- Provisions and effect on life assurance of the
 - Insurance Act 1996
 - Data protection Act
 - Trust Act
 - Contract Act
 - Unclaimed money Act
 - Service tax Act
 - Anti Money laundering Act 2003 (amended)
 - Syariah Regulations
- PIDM

INFORMATION TECHNOLOGY

- Application and effect of information technology on transaction life assurance business
- The direct marketing of life assurance in Malaysia

ETHICAL CONSIDERATIONS

- Need and requirements for best practice in Malaysia
 - RBC

- Policy Transparency
- Replacement of policy
- Data Protection
- Etc, etc,
- Code of good practice introduced by Bank Negara Malaysia
- Establishment and use of ethical funds