

Settlement of claim in life insurance.

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Introduction

- “If a child, a spouse, a life partner, or a parent depends on you and your income, you need life insurance.”
- The whole idea of insurance has developed on the fact that human life is full of uncertainties and the life of a person itself is very uncertain.
- The scheme of life insurance provides an assurance that if such an event happens, the person or his dependants would get financial assistance to bear the loss.

Settlement of claim

- The easy and timely settlement of a valid claim is an important function of an insurance company.
- The measure to judge insurance company's efficiency is as to how quick the claim settlement is.
- The speed, kindness and fairness with which an insurer handles claims show the maturity of the company and may lead to great satisfaction of the client.
- It is the liability of the insurance company to honour valid and legal claims.
- At the same time the company must identify the fraudulent and invalid claims.
- A claim may arise:
 - i. On death of policyholder before the maturity date.
 - ii. On maturity, i.e. After the expiry of the endowment period specified in the policy contract when the policy money becomes payable.

Death claims

i. Intimation of death.

- The death of the life assured has to be intimated in writing to the insurer.
- It can be done by the Assignee or nominee under the policy or from a person representing such assignee or nominee or when there is no nomination or assignment by relative of the life assured, the employer, the agent or the development officer/.
- Where policy is assigned to a creditor or a bank for valuable consideration, intimation of death may be received from such assignee.
- The intimation of the death of the life assured by the claimant should contain the following:
 - 1) His or her relationship with the deceased,
 - 2) The name of the policyholder,
 - 3) The number/s of the policy/ policies,
 - 4) The date of death.
 - 5) The cause of death and
 - 6) Sum assured etc.

II. Proof of death and other documents.

- In case of claim by death, after the receiving the intimation of death the insurance company ensures that the insurance policy has been in force for the sum assured on the date of death and the intimation has been received from assignee, nominee or the claimant.
- following document are required:
 - 1) Certificate of death,
 - 2) Proof of age of the life assured (if not already given)
 - 3) Deeds of assignment/ reassignments.
 - 4) Policy document.
- If the claim has accrued within three years from the beginning of the policy, the following additional requirements may be called for:
 1. Statement from the hospital if the deceased had been admitted to hospital.
 2. Certificate of medical attendant of the deceased giving details of his/her last illness.
 3. Certificate of cremation or burial to be given by a person of known character And responsibility present at the cremation or burial of the body of the deceased.
 4. Certificate by employer if the deceased was an employee.
 5. In case of an air crash the certificate from the airline authorities would be necessary certifying that the assured was a passenger on the plane.
 6. In case of ship accident a certified extract from the logbook of the ship is required.
 7. If the life assured had a death due to accident, suicide or unknown cause the police inquest report, panchanama, post mortem report, etc would be required.

Maturity claims

- If the life assured survives to the full term, then basic sum assured is payable.
- This payment by the insurer to the insured on the date of maturity is called maturity payment.
- The amount payable at the time of the maturity includes a sum assured and bonus/incentives.
- The insurer sends in advance the intimation to the insured with a blank discharge form for filling various details in it.
- It is to be returned to the office along with.
 1. Original policy document.
 2. Age proof if age is not already submitted.

Procedure of the maturity claims

- After receipt of completed and stamped discharge from the person entitled to the policy money along with policy documents, claim amount will be paid by account payee cheque.
- If the life assured is reported to have died after the date of maturity but before the receipt is discharged, the claim is to be treated as the maturity claim and paid to the legal heirs.
- In this case death certificate and evidence of title is required.
- Where the assured is known to be mentally deranged, a certificate from the court of law under the Indian Lunacy Act appointing a person to act as guardian to manage the properties of the lunatic should be called.

Additional benefits apart from regular claims.

1. Double accident benefit.

- Normally for claiming this benefit documents like FIR, post mortem report are required.

2. Disability benefit claims.

- Waiver of all premiums to be paid in future till the expiry of the policy of the life assured if a person is totally and permanently disabled and cannot earn any wage/ compensation/ profit as a result of the accident.