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B.Com Honours

Semester II

Calicut University

Life Insurance Fundamentals and Applications

Course Code: COM2MN106 • Module 4 Notes

1. Emerging Trends in Life Insurance: Insurtech and Ethics

The life insurance industry is undergoing massive digital transformations, with technology modifying how products are sold, underwritten, and claimed. This final module covers innovative life insurance products like ULIPs, new digital distribution channels, technological innovations (Insurtech, AI), future challenges, and ethical standards in marketing.

Innovative Life Products & Riders

- **Unit Linked Insurance Plans (ULIPs):** Hybrid plans combining life insurance and market investments (mutual funds). The investment risk is borne by the policyholder.
- **Riders:** Add-on covers purchased with a base policy (e.g., Accidental Death Benefit, Critical Illness cover, Waiver of Premium rider).

New Distribution Channels & Insurtech

Bancassurance & Online Sales

- **Bancassurance:** Banks partnering with insurance companies to sell policies directly to their customer base.
- **Online Portals:** Web platforms allowing customers to compare plans and buy policies directly, bypassing agents.

Technology Impact (Insurtech)

- **AI Underwriting:** Algorithms assessing health risk using smart watch data or electronic health records.
- **Digital KYC & Claims:** Fast, digital verification of identity and online claims processing to lower costs.

Ethical Standards and Mis-Selling

As competition grows, maintaining consumer trust is vital. Insurers face several ethical challenges:

- **Mis-Selling:** Sales representatives misrepresenting products (e.g., selling a volatile ULIP as a safe fixed deposit). IRDAI has strict rules against mis-selling.
- **Churning:** Encouraging policyholders to lapse existing policies to buy new ones, solely to earn commissions.
- **Transparent Disclosure:** Clearly stating policy exclusions, charges, and historical bonus rates.

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