

DIPLOMA IN INSURANCE

Unit Name: Life Assurance

Unit Code: DIP 201

SAMPLE QUESTION

Tom, whose father had an endowment life assurance policy and was a member of a group life insurance scheme with his employer, has just reported a death claim to XYZ life assurance company. He discloses that the father succumbed to a longstanding ailment(Cancer). As a supervisor of XYZ life assurance company, Tom has been referred to you for advise since he has concerns about the benefits payable under the two policies and whether the benefits are subject to any taxation.

Tom has carried with him a copy of his birth certificate and a copy of his late father's employment identity card and a copy of the burial permit. In the course of talking to Tom, he also recalls having seen some other documents from Absa bank Kileleshwa branch that indicated his father had taken a bank loan using the endowment life assurance policy as a collateral. This confused Tom even more. Tom who is seventeen years old is the first born son of his father's second wife.

As the claims officer of XYZ insurance company:

- a. Explain the steps to be taken towards the processing of the claim with respect to the validity of the endowment policy. **6 Marks**
- b. Advise Tom on the procedure of claiming against the group life policy. **6 marks**
- c. Explain your response to Tom's concerns about taxation on the two policies. **4 marks**
- d. Guide Tom on the importance of additional documents required to facilitate the processing of the endowment assurance policy claim. **6 Marks**
- e. Explain to Tom the reasons why XYZ life assurance company would want to deal with the bank and not him. **8 marks**
- f. Explain why you think Tom may or may not be considered as the right claimant to be paid under these policies? **5 marks**