

# CHAPTER - I

## INTRODUCTION

### 1.1 Background of the Study

Human lives are in full of risks and uncertainties. They are exposed to different kinds of risks such as untimely death, loss of property by fire, loss in accidents etc. They are uncertain. It is impossible to eliminate the happening of an uncertain event or risk. But man can reduce or eliminate financial loss arising from an uncertain event with the help of insurance. Thus insurance is a financial mechanism to reduce or eliminate the financial loss due to risk. However, it can neither eliminate nor reduce the risks it only provides protection against them.

The effective solution of reducing the burden of risk/losses has been devised by shifting these risks to agencies or persons calling to share them are known as insurance. The function of insurance is to distribute the loss of few persons into many persons. It should be remembered that the loss cannot be eliminated by insurance but it is spread over a large number of persons. Thus, insurance can be defined as a cooperative device to spread the loss caused by a particular risk over a number of persons who are exposed to it and who agree to insure themselves against that risk. It protects a person and his dependents from loss arising from future uncertain events such as fire, flood, accidents, early death..., etc.

According to **W. A. Disudale**, "Insurance is a device for the transfer of risks of individual entities to an insurer, who agrees for a premium to assume to a specified extent the losses suffered by the insured.

According to **Professor J. H. Magee**, "Insurance is a plan by which large number of people associate themselves and transfer to the shoulders of all risks that attach to individuals."

According to **Edwin W. Patterson**, "Insurance is a contract by which one party, for a compensation called the premium, assumes particular risks of the other party and promises to

pay to him or his nominee, a certain or ascertainable sum of money on a specified contingency."

As per **Insurance Act 2042 of Nepal**, "Insurance business refers to life insurance and non life insurance and it also refers to reinsurance."

In short, insurance means a legal contract or agreement between the insured and the insurance company in which insured agrees to pay certain amount of money as premium to the insurer against which insurer promises to pay compensation in case of loss due to the reasons mentioned on the contract.

#### **a) Types of Insurance**

Insurance is broadly classified into two categories. They are

1. Life Insurance
2. Non-life/General Insurance

In this study we discussed about life insurance only.

#### **b) Meaning of life insurance**

Life insurance is a way of providing financial security to the life of people. It is a legal contract between the insured and the insurer. The insurer agrees to pay a definite sum of money to the insured on maturity of contract. The insured agrees to pay uniform premium at fixed intervals till maturity of contract. The contract matures on the death of insured or expiry of a specified period, whichever is earlier.

According to **J. H. Magee**, "Life insurance contract embodies an agreement in which, broadly stated, the insurer undertakes to pay a stipulated sum of upon death of insured or at some designated time."

Life insurance is most important and popular type of insurance that involves both the elements of protection and investment. The insurance company promises to pay a specific sum of money to insured on the expiry of the policy or to the nominee on the death of the

insured whichever is earlier. The sum insured is payable in both the circumstance death of the insured and expiry of a policy period. Thus the element of protection as well as investment is present in life insurance.

Life insurance is one of the important risk management factor that helps to share the risks over a number of persons. In financial sense, it is a social device in which a group of individuals (insured) transfer risks to another party (insurer) in order to combine loss experienced, which permits statistical prediction of losses and provides for payment of losses from funds contributed (premium) by all members who transferred risks. In legal sense, it is a legal contract by which one party (insurer) in consideration of price paid to him proportionate to risk provides security to the other party (insured) that he shall not suffer loss, damage or prejudice by the happening of certain specified events. Insurance is meant to protect insured against uncertain events which may cause disadvantage to him.

## **1.2 Statement of the problem**

Nepal is a developing country. Developmental works are very slow in Nepal because of political instability due to which life insurance business was also started very late in Nepal. As per Beema Samiti, out of Total population of Nepal only 3% people have done life insurance in Nepal. This figure covers the city areas only. But this is not a true figure. After the restoration of democracy in 2046, life insurance market has been increasing. Different life insurance companies have been establishing. These companies have been opening branch offices in rural areas too. Though, there is no systematic life insurance market in Nepal and no organization has specific policy to save the people from the risks.

There are so many questions about life insurance in Nepal such as how many people have purchased the life insurance policies exactly? How many people are aware about life insurance? How many insurance companies are working in rural areas? What is the real progress in life insurance business in Nepal? How many percent people are still remain in danger of natural calamities and others? How is condition of life insurance market in villages as well as city and town areas? Which is the leading insurance company in Nepal? What are

the different life insurance policies brought by different insurance companies? What are the causes of decrease or increase in life insurance market in Nepal? How can we promote life insurance market in Nepal? Answers of these above mentioned questions should be searched so that poor Nepalese people can be aware and get financial security from risks they have faced.

Most of the Nepalese are going foreign countries in search of job. Very little people have purchased life insurance policies before leaving for abroad. On the other hand, many people are dying in the rural areas due to the lack of health facilities and awareness. Many children are being orphan. Children and widows are facing great financial crisis in the different parts of the country due to the death of head of the family. If we can aware them about the way of financial protect i.e. life insurance, we can save their lives. There is no specific policy of the government about life insurance for the people who are in below poverty line due to which poverty elimination program of the government could not be reached to its goal.

### **1.3 Objectives of the study**

The main objective of this study is to collect the information of life insurance to draw an exact figure of life insurance market in Nepal. However, this study has the following specific objectives:

- ) To find out the real situation of life insurance market in Nepal.
- ) To find out the number of life insurance companies in Nepal.
- ) To find out the ways to promote life insurance market in Nepal.
- ) To study the insurance policies brought by different insurance companies.

#### **1.4 Limitation the study:**

Every research study has certain limitation. In this regards, this study is not an exception.

This study has the following limitation;

- a) This study is concentrated to the area of life insurance market only. Therefore, the findings of the study may not capture an entire insurance market.
- b) This study is conducted as a case study of life insurance market in Nepal. Therefore, the findings of this study may not cover as wide territory as possible about the market of the life insurance because of time limitation and other constraints.
- c) The comprehensibility and accuracy of the study are based on the data provided by the Insurance Companies, Beema Samiti and various documents published in different sectors.
- d) This study is for the partial fulfillment of the requirement of the Master of Business Studies. Therefore, this study is an academic research and there researcher is a student who does not possess experiences of researches. So this study may have some methodological weakness.
- e) The research is based on primary as well as secondary data.
- f) The research deals with the total condition of life insurance market in Nepal.

#### **1.5 Rational of the study:**

Human beings are exposed to different kinds of risks such as untimely death, loss of property by fire, loss in accidents etc. They are uncertain. It is impossible to eliminate the happening of an event or risk. But man can reduce or eliminated financial loss arising from an uncertain

event with the help of insurance. This study helps people to get knowledge of life insurance and encourage them to purchase life insurance policies. Moreover, this study will be significant in the following ways:

- a) This study will provide the real situation of life insurance market of Nepal that helps the government, insurance companies and policy makers to formulate different plans and policies to promote the life insurance market.
- b) This study will help the people to know the different insurance companies and their products with the procedures of affecting life insurance.
- c) This study will also further support to future researchers.

## **CHAPTER - II**

### **REVIEW OF LITERATURE**

#### **2.1 Conceptual Framework**

The insurance companies play a vital role for the economic development of the country by making available the required capital where it is required. The companies collect the small savings of the insured in the form of premium and this is then invested on a long term basis in development projects and programs. Despite the great importance of insurance business for the country's economic development, insurance business was started very late in Nepal. Nepal's first insurance company was Nepal Insurance and Transport Company which was established under the ownership of Nepal Bank Limited (NBL) in 2004 BS. This company was established under the provision of Nepal Company Act and its objective was to offer protection on transport and fire and theft related risks in other business. The working areas of this company were limited. Later, in 2048 BS, the name of this company was changed to Nepal Insurance Company Ltd which is still working in Nepal. (Dr. H. P. Shrestha, Business Organization and Office Management)

Till the period of 2023 BS, Indian insurance companies like Hindustan General Insurance, Sterling Insurance, Ruby General Insurance, Life Insurance Company, National Insurance Company, The Oriental Fire Insurance, etc. conducted insurance business in Nepal. In the Third Five Year Plan, Government of Nepal established the National Insurance Corporation Pvt. Ltd. on Poush 1, 2024 BS, under the Nepal Company Act, wholly owned by the government. The corporation was allowed to operate only general insurance not life insurance. We can say that Life insurance business was began from 2029 BS when National Insurance Corporation Act 2025 was enacted. To manage and regularize insurance business in Nepal, Beema Samiti (Insurance Board) was established under the Ministry of Finance.

Beema Samiti acts as the insurance supervisory body. Till 2043 BS there were two Nepali insurance companies only. They are National Insurance Corporation and Nepal Insurance Company.

To fulfill the increasing demand of economic security, National Life and General Insurance Company Ltd. (NLG) was established in 2043 BS as per the provision of the Insurance Act-2043. NLG started its work from 2044 BS in the areas of life as well as non-life insurance.

After the re-installment of democracy in 2046 BS, the government took liberal and market oriented economic policy. To make insurance business more timely and systematically, the Insurance Act-2025 was replaced by new Insurance Act-2049. After there, there are so many Life as well as non-life insurance companies are established in Nepal.

According to Oxford Dictionary: "Life insurance is a type of insurance in which you make regular payments so that you receive a sum of money where you are a particular age, or so that your family will receive a sum of money when you die"

"Life insurance contract may be defined as the contract whereby the insurer in consideration of a premium undertakes to pay a certain sum of money either on the death of the insured or on the expiry of a fixed period." – M. N. Mishra

According to J. H. Magee, "The life insurance contract embodies an agreement, in which, broadly state, the insurer undertakes to pay a stipulated sum upon the death of insured, or at some designated time to a designated beneficiary."

Life insurance policy determines amount of premium-insured need to pay, the duration of the policy and the insured amount.

According to **W. A. Disudale**, "Insurance is a device for the transfer of risks of individual entities to an insurer, who agrees for a premium to assume to a specified extent the losses suffered by the insured.

According to **Professor J. H. Magee**, "Insurance is a plan by which large number of people associate themselves and transfer to the shoulders of all risks that attach to individuals."

According to **Edwin W. Patterson**, "Insurance is a contract by which one party, for a compensation called the premium, assumes particular risks of the other party and promises to pay to him or his nominee, a certain or ascertainable sum of money on a specified contingency."

As per **Insurance Act 2042 of Nepal**, "Insurance business refers to life insurance and non life insurance and it also refers to reinsurance."

In short, insurance means a legal contract or agreement between the insured and the insurance company in which insured agrees to pay certain amount of money as premium to the insurer against which insurer promises to pay compensation in case of loss due to the reasons mentioned on the contract.

Life insurance is one of the important risk management factor that helps to share the risks over a number of persons. In financial sense, it is a social device in which a group of individuals (insured) transfer risks to another party (insurer) in order to combine loss experienced, which permits statistical prediction of losses and provides for payment of losses from funds contributed (premium) by all members who transferred risks. In legal sense, it is a legal contract by which one party (insurer) in consideration of price paid to him proportionate to risk provides security to the other party (insured) that he shall not suffer loss, damage or prejudice by the happening of certain specified events. Insurance is meant to protect insured against uncertain events which may cause disadvantage to him. (Google Search)

## **2.2 Review of Related Studies**

### **2.2.1 Number of Insurance Companies and Their Products/Policies**

As per Beema Samiti, there are altogether nine insurance companies that are selling life insurance products in Nepal. They are

1. Rastriya Beema Sansthan (2024/09/01)
2. National Life Insurance Company Limited (2044/09/24)
3. Nepal Life Insurance Company Limited (2058/01/21)
4. Asian Life Insurance Company Limited (2064/11/15)
5. Life Insurance Corporation (Nepal) Limited (2058/04/23)
6. Met Life (ALICO) Insurance Company (2058/04/18)
7. Surya Life Insurance Company Limited (2064/12/06)
8. Gurans Life Insurance Company Limited (2064/12/18)
9. Prime Life Insurance Company (2064/03/10)

Rastriya Beema Sansthan is established in 2024 B.S. Poush 1 that is known as the oldest insurance company of Nepal. National Life Insurance Company is established in 2044 B.S. Baisakh 21. NLIC, LIC Nepal & Met Life Alico companies are established in the same year in 2058 BS. The insurance companies that are established at last in the year 2064 BS are Asian Life Insurance Company, Surya Life Insurance Company, Gurans Life Insurance Company and Prime Life Insurance Company. Other insurance companies are in pipeline seeking for permission to do life insurance business but they are not permitted due to the procedural delay of the government.

## **1. Rastriya Beema Sansthan**

### **a) Introduction**

The Rastriya Beema Sansthan (RBS) had been established by a decision of the Nepal Government for mobilization of internal resources and capital for national development, for checking burden of expense of foreign currency and to establish a competent professional insurance company. Consequently, till its tenure, as of this day, this Corporation has been successful in providing returns as per the goals and objectives set forth by the Government of Nepal. In its tenure till date, the Corporation has been contributing to the revenue without inflicting any additional liability on Government of Nepal. The Corporation has spread competent manpower in the insurance market of Nepal and has identified itself as '**a credible name in the insurance sector**'. Indeed, the Rastriya Beema Sansthan (RBS) has become synonymous to a cumulative and certain future of all Nepalese people.

### **b) Products/Policies**

RBS has following life insurance policies

1. Endowment Life Insurance (Without ADB)
2. Endowment Life Insurance (With ADB)
3. Whole Life Insurance

4. Anticipated Life Insurance
5. Children's Education & Marriage
6. Endowment Insurance
7. Term Life Insurance
8. Collective Endowment Life Insurance
9. Jeevan Saathi Beema

### **1. Endowment Life Insurance (Without ADB)**

Endowment Life Insurance refers to the life insurance wherein a designated premium amount has to be paid for a fixed period of time. After payment of premium amount for the prescribed period of time, in case insurance has been done allowing for participation in profits, then the total bonus amount along with the insurance sum is reimbursed to the insured. In case the insured expires prior to the maturation of insurance period, then no premium amount has to be paid for the remainder of period. In such case, the insurance sum and the bonus amount calculated till that period is handed over to the person so desired by the insured or his/her lawful right-holder. The Endowment Life Insurance may be done with or without participation in the profits accrued. This plan stands as the most popular scheme of the Corporation.

### **2. Endowment Life Insurance (With ADB)**

This is also a type of Endowment Life Insurance. Under this scheme in case an insured person dies as a result of accident, the insurance sum as well as an additional amount on behalf of accident insurance is also paid for. This privilege is not offered in case death arises from any other reason such as by disease or natural death, excluding for accident. Moreover, this insurance is not meant for persons above 60 years of age.

### **3. Whole Life Insurance**

In this life insurance also, premium amount is determined for a fixed period of time. The premium has to be paid for a designated period. In case the insured expires within the insurance period, a cumulative amount is paid to the person so desired by the insured or his/her lawful right-holder. However, the insured cannot reimburse this insurance sum during his lifespan. Hence, this whole life insurance scheme stands as an ideal insurance for the financial security of the family.

### **4. Anticipated Life Insurance**

Under this scheme, a definite fixed amount of money is reimbursed to the insured in the designated period in between the insurance period. This insurance can be activated only by participating in the profits accrued. This insurance can be done for periods of 15, 20 or 25

years and in this scheme, the insurance sum is reimbursed 3 times in installments within the total insurance period. However, for 25 years of insurance period, the reimbursement is made 4 times. But the bonus amount can only be paid to the insured upon the maturity of insurance period. In case the insured expires prior to the maturation of insurance period, whole of the insurance sum and the earned bonus is awarded. This scheme is also immensely popular among the masses.

### **5. Children's Education & Marriage Endowment Insurance**

This insurance is adopted for the management of necessary amount required for the education and marriage of children so as to ensure their bright future. In this scheme, in case the insured dies prior to the maturity of the insurance period, the child so desired gets the cumulative insurance sum and the bonus only upon the maturity of such period. However, additional premium need not be paid. In case the insured is alive, then he/she is entitled to receive such cumulative sum upon the maturation of insurance period. This insurance is done in the name of respective children from their birth till 8 years of age with a view to fend off any obstacles that may come in the way of their future educational needs. A premium waiver benefit has also been added to this scheme wherein in case the proposer (parent) dies within the insurance period, payment of premium is exempted.

### **6. Term Life Insurance**

Under this plan, insurance of a larger sum can be made through a small amount of premium. Here, no amount shall be refunded in case no claim is made to that respect. Generally, this insurance is done for a period of one year. The time-bound life insurance comes in two types:

- a) Level Term Life Insurance
- b) Decreasing Term Life Insurance

### **7. Collective Endowment Life Insurance**

Any of the associations or institutions may collectively insure their employees for a fixed period of time and for a fixed amount as a fringe benefit with a view to attract the employees to their work and to ensure for their better financial future. The institution with at least 10 workers/employees can accord this privilege. Until now, more than 70 institutions have done this type of insurance in this Corporation. 5% less premium is charged in this plan as compared to individual insurance and other extra terms as well as perks are also added under this plan.

### **8. Jeevan Saathi Beema**

Jeevan Saathi Life Insurance refers to the life insurance of both Husband and Wife by a Single Policy wherein a designated premium amount has to be paid for a fixed period of time. After payment of premium for the prescribed time period, then the total bonus amount along

with the insurance sum is reimbursed to the insured. Within a prescribed time period, if one insured expires, then total insurance sum will be handed to the other living insured. Thereafter, no need for premium payments but the living insured will get the benefit of bonus and other facilities like ongoing policy for his prescribed term (until the policy matures). If other insured also expires within the prescribed time period, then the reimbursement of total insurance sum along with bonus will be made to his nominee. This policy of RBS is becoming more and more popular each day.

## **2. National Life Insurance Company**

### **a) Introduction**

National Life Insurance Company Limited (formerly known as National life & General Insurance Company Ltd.) was incorporated in 1988 A.D. under Nepal Company Act 1964 and the insurance Act 1968 of Nepal with prime objective to meet growing insurance requirements of the country. For more than two decades, National Life has built reputation as a company that believes in highest level of customer's service. The company's well known name and good reputation are reinforced by its commitment to deliver value and service to all who do business with it.

### **Capital/Shareholding Share Structure:**

Presently the company has paid up capital of around Rs. 260 million. National Life has a very sound shareholding structure as given below.

<b>Nepalese Promoters</b>	45%
<b>Foreign Collaborator</b>	10%
<b>Financial Institution, Rastriya Banijya Bank</b>	10%
<b>Public Shareholders</b>	35%
<b>Total</b>	100%

Source: NLIC

It is a listed company with approximately 2,300 public shareholders and its shares of Rs. 100 each is being traded substantially above the face value.

## **b) Products/Policies**

### **1. Children Plan**

#### **a. Child's Marriage & Education Endowment Plan**

This is an Endowment Assurance plan that provides lump-sum on maturity date to meet the Marriage/Educational expenses of the name child. In case of untimely death of the guardian, no further premium will be payable but all benefits shall be paid as per policy. This is also a with profit plan.

#### **b. Bal Amrit (Endowment)**

This is with profit Endowment Assurance plan designed to provide education and other expenses of a child in case of death of the guardian. Premiums are waived on death of guardian and there after one percent of the sum insured is paid as monthly income to the child till attainment of specified age. On maturity there shall be a payment of lump-sum amount of sum insured together with bonus, where the guardian is alive or not.

#### **Policy Requirements**

- J Entry age : New born to 15 Years
- J Minimum Policy Term : 11 Years
- J Maximum Policy Term : 20 Years
- J Minimum Sum Assured : Rs. 50,000/-
- J Maximum Sum Assured : Rs. 10, 00,000/-
- J Premium Payment Frequency : Yearly, Half Yearly, Quarterly, monthly
- J Applicant : Mother, Father or Legal Guardian
- J Applicant Entry Age : 20 to 50 Years
- J Age computation : Age next birthday

#### **Risk Commence Condition**

Applicant's risk will be covered from commencement of insurance. Assured risk will be covered at age six or two years after commencement of policy, whichever is earlier.

#### **Medical Examination**

- J Applicant's medical examination
- J Childs medical examination if necessary

#### **Policy Benefit - Insured**

- J Sum assured plus bonus on maturity.
- J On death before commencement of risk, paid premium with 3% annual interest will be paid
- J On death after commencement of risk, sum assured plus benefit will be paid

### **c. Bal Bhagyodaya**

It is profit plan specifically designed to take care of the educational needs of children for a specific term of 15 years. As an anticipated plan, benefits under the plan are payable at specified durations irrespective of whether the Life Assured survives to the end of the policy term or dies during the term of the policy. Premium is waived in case of death of the guardian. On maturity, remaining installment together with Bonus is paid.

## **2. Endowment Assurance Plan**

### **a. The Traditional Endowment Assurance Policy**

This is a with profit plan that makes provisions for the family of the Life Assured in event of his early death and also assures a lump sum at a desired age on maturity. It costs moderate premiums, has high liquidity and is savings oriented. This plan is apt for people of all ages and social groups who wish to protect their families from a financial setback that may occur owing to their demise.

### **b. Jeevan Amrit (Endowment Cum Whole Life)**

This plan is a combination of Endowment Assurance and Whole Life Plans. It provides financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the maturity of the policy to the assured in case of his survival. This is a with-profit plan and participates in the profits of the company's life insurance business.

### **Policy Requirements**

- J Minimum Entry Age : 20 Years
- J Maximum Entry Age : 65 Years
- J Maximum Maturity Age : 70 Years
- J Minimum Maturity Period : 5 Years
- J Maximum Maturity period : 25 Years
- J Minimum Sum Assured : Rs. 50,000/-
- J Maximum Sum Assured : Rs. 1,00,00,000/- (According to Income Source)
- J Policy Term : Annually, Half Yearly, Quarterly and Monthly

### **Policy Benefits:**

Death Benefits: Sum Assured, in case of normal death

Maturity Benefits: Insured amount and bonus earned.

Death of insured after maturity:

- J After maturity, premium is not to be paid.
- J Assured amount will be paid to Nominee.

**Other Benefits:**

- J On Additional to Rs. 1/- per thousand of premium, insured can take maximum benefit of Rs.500000 accidental insurance.
- J On additional to Rs. 2/- per thousand of premium, insured can take benefit of
- J Loan Facility available to insured after payment of 2 year premium amount.

**c. Anticipated Endowment Plan**

This scheme provides for specific periodic payments of partial survival benefits during the term of the policy itself so long as the policy holder is alive. It is therefore suitable to meet specified financial requirements needed for occasions like Brata Bandha, Academic Graduations etc.

An important feature of plan is that in the event of death at any time within the policy term, the death claim comprises full sum assured without deducting any of the survival benefit amounts, which have already been paid. It is also with profit plan.

**d. Dampati Amrit Sawadhik Jeevan Beema****Policy Requirements**

- J Insured : Couple (Husband and Wife)
- J Minimum Entry Age : 18 Years
- J Maximum Entry Age : 60 Years
- J Maximum Maturity Age : 65 Years
- J Age Calculation : Nearest Age (Age nearest Birthday)
- J Minimum Maturity Period : 5 Years
- J Maximum Maturity Period : 30 Year
- J Minimum Sum Assured : Rs. 50,000/-
- J Maximum Sum Assured : According to income source of Husband, Wife
- J Policy Term : Yearly, Half Yearly, Quarterly, Monthly
- J Insurance Fee Payment Process according to additional amount: Like other insurance Policy
- J Premium Discount on big Financial Amount: Insurance rate per thousand Rs.1/- if the amount is Rs. 200,000/- or more than financial amount.
- J Difference in Age : If husband & wife's age differs more than 20 years, they are not eligible.
- J Health Checkup : Checkup of both Husband and Wife are required as per rule of the company.
- J Facility: Remittance cost, Surrender cost, Loan cost will be provided.

) Authorized Person: Husband wife both will have equal rights.

**Policy Benefits:**

On Death:

- ) On death of any one of insured couple within the Insurance period, sum assured will be paid to living insured.
- ) Remaining insurance fee will be omitted after demise of an insured.
- ) On death of the remaining partner, the sum assured with earned bonus will be paid to nominated person

On Maturity (Both insured or anyone alive):

- ) Insured amount and bonus will be paid in lump sum as per rule.

Other:

- ) Additional policy fee Re.1/- per thousand paid is equal to financial amount or more than Rs. 5, 00,000/- will be included for accidental death benefit fee.
- ) Additional policy fee Re.2/- per thousand insurance fee omission will be included in case of Patient, Permanent Total Disability through accidental reason.
- ) Both mentioned facility will only be valid in case of both husband & wife are insurance able.

Bonus:

Bonus will be provided after approval from Beema Samiti

**3. Money Back Plans**

**a. Amrit Barsha Money Back Policy**

It is a money back plan in a true sense and you get period specified percentage of sum assured during the policy term itself in a perfect proportionate manner. It is profit plan with bonus paid at maturity. Further, if the assured dies within the policy period, full sum assured is paid without deducting any installment which have already been paid. The plan is helpful to cover periodic expenses in the life of the assured.

**Policy Requirements**

- ) Minimum Entry Age : 18 Years
- ) Maximum Entry Age : 55 Years
- ) Maximum Insurance Maturity Age : 70 Years
- ) Policy Term : 7, 10,13,16,19,22 and 25 Years
- ) Minimum Sum Assured: Rs. 50,000/-
- ) Maximum Sum Assured: Rs. 20, 00,000/-
- ) Premium Payment Frequency: Yearly, Half Yearly, Quarterly, monthly

) Age computation: Age next birthday

### Policy Benefit on Maturity

Payment as following

Term Policy	Per thousand Premium Period							
	4	7	10	13	16	19	22	25
7	500	500						
10	333	333	334					
13	250	250	250	250				
16	200	200	200	200	200			
19	166	166	167	167	167	167		
22	142	143	143	143	143	143	143	
25	125	125	125	125	125	125	125	125

Source: National Life

### Policy Benefit on Death

- ) On death insured amount and bonus calculated on last premium paid will be paid to nominee
- ) On death during 10 years from maturity, remaining 120 premium amount will be paid to nominee

### Other Benefits

- ) By adding Rs.2 per thousand on premium, insured gets premium waive in case of permanent disability due to illness or accident
- ) Tax save
- ) Loan and surrender value

#### b. Anticipated Endowment Plan

This scheme provides for specific periodic payments of partial survival benefits during the term of the policy itself so long as the policy holder is alive. It is therefore suitable to meet specified financial requirements needed for occasions like Brata Bandha, Academic Graduations etc. An important feature of plan is that in the event of death at any time within the policy term, the death claim comprises full sum assured without deducting any of the survival benefit amounts, which have already been paid. It is also with profit plan.

### **c. Saral Amrit (Term Insurance)**

This is a single premium plan designed to cover life risk at nominal cost of 3,5,10 and 15 years term with double benefit in case of accidental death. However if there is no claim during the period then the premium paid is refunded with specified rate of interest. This is specifically suitable for micro finance insurance.

#### **Policy Requirements**

- J Minimum Entry Age : 18 Years
- J Maximum Entry Age : 55 Years
- J Maximum Maturity Age : 60 Years
- J Age Census Process : Age on next birthday
- J Policy Term : 3 Years, 5 Years, 10 Years and 15 Years
- J Minimum Sum Assured : Rs. 25,000/-
- J Maximum Sum Assured : Rs. 5,00,000/-
- J Premium Payment : Single Premium (One time only)
- J Health Checkup : According to the regulation of the company

#### **Policy Benefits:**

##### **Maturity Benefit:**

- J 3 Year Policy Term: Sum Premium
- J 5 Year Policy Term: Sum Premium plus 5% Bonus on maturity
- J 10 Year Policy Term: Sum Premium plus 25% Bonus on maturity
- J 15 Year Policy Term: Sum Premium plus 50% Bonus on maturity

##### **Death Benefit:**

- J Sum Assured, in case of normal death
- J Double Sum Assured, in case of accidental death

#### **Additional Benefits:**

- J Tax Benefit
- J Surrender after 1 year
- J Loan facility
- J Ownership can be handed over to any Bank or Financial institution

### **4. Whole Life Plans**

#### **a) Jeevan Amrit (Endowment cum Whole Life)**

This plan is a combination of Endowment Assurance and Whole Life Plans. It provides financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the maturity of the policy to the assured in case of his

survival. This is a with-profit plan and participates in the profits of the company's life insurance business.

### **Policy Requirements**

- J Minimum Entry Age : 20 Years
- J Maximum Entry Age : 65 Years
- J Maximum Maturity Age : 70 Years
- J Minimum Maturity Period : 5 Years
- J Maximum Maturity period : 25 Years
- J Minimum Sum Assured : Rs. 50,000/-
- J Maximum Sum Assured : Rs. 1,00,00,000/- (According to Income Source)
- J Policy Term : Annually, Half Yearly, Quarterly and Monthly

### **Policy Benefits:**

Death Benefits: Sum Assured, in case of normal death

Maturity Benefits: Insured amount and bonus earned.

Death of insured after maturity:

- J After maturity, premium is not to be paid.
- J Assured amount will be paid to Nominee.

### **Other Benefits:**

- J On Additional to Rs. 1/- per thousand of premium, insured can take maximum benefit of Rs.500000 accidental insurance.
- J On additional to Rs. 2/- per thousand of premium, insured can take benefit of
- J Loan Facility available to insured after payment of 2 year premium amount.

## **5. Term Assurance Plans**

### **a) Saral Amrit (Term Insurance)**

This is a single premium plan designed to cover life risk at nominal cost of 3,5,10 and 15 years term with double benefit in case of accidental death. However if there is no claim during the period then the premium paid is refunded with specified rate of interest. This is specifically suitable for micro finance insurance.

### **Policy Requirements**

- J Minimum Entry Age : 18 Years
- J Maximum Entry Age : 55 Years
- J Maximum Maturity Age : 60 Years
- J Age Census Process : Age on next birthday
- J Policy Term : 3 Years, 5 Years, 10 Years and 15 Years

- J Minimum Sum Assured : Rs. 25,000/-
- J Maximum Sum Assured : Rs. 5,00,000/-
- J Premium Payment : Single Premium (One time only)
- J Health Checkup : According to the regulation of the company

**Policy Benefits:**

**Maturity Benefit:**

- J 3 Year Policy Term: Sum Premium
- J 5 Year Policy Term: Sum Premium plus 5% Bonus on maturity
- J 10 Year Policy Term: Sum Premium plus 25% Bonus on maturity
- J 15 Year Policy Term: Sum Premium plus 50% Bonus on maturity

**Death Benefit:**

- J Sum Assured, in case of normal death
- J Double Sum Assured, in case of accidental death

**Additional Benefits:**

- J Tax Benefit
- J Surrender after 1 year
- J Loan facility
- J Ownership can be handed over to any Bank or Financial institution

**b) Kamal Amrit Plan (Term Policy)**

The plan is designed to provide higher insurance protection at economical rates. It is an economical way to protect ones family against financial liabilities like outstanding loans. It is also suitable for business owners who want to cover the life of their key employees at low cost.

**Planning Requirements:**

- J Minimum Entry Age: 18 year
- J Maximum Entry Age: 60 year
- J Maximum Policy End Age: 70 year
- J Age Census Process: Age Next Birthday
- J Minimum Policy Term: 1 year
- J Maximum Policy Term: 10 year
- J Minimum Insured Amount: Rs. 50,000/-
- J Maximum Insured Amount: Rs. 50, 00,000/-
- J Premium Payment Frequency: Yearly
- J Health Checkup: As per rule

### c) **Baideshik Rojgar Jeevan Beema**

This is single premium plan designed to cover life risk for 1 to 5 years term and is compulsory for people going overseas for job as per Overseas Employment Act 2064. This minimum sum assured is Rs.5 Lac payable at death of the assured and also covers specified Disability Risk and Body transportation cost not exceeding Rs.1 Lac.

#### **Policy Requirements**

- ) Minimum Entry Age: 18 Years
- ) Maximum Entry Age: 52 Years
- ) Policy Term: 1 to 5 Years
- ) Minimum Sum Assured: Rs.5,00,000/-
- ) Maximum Sum Assured: As per insured requirement
- ) Premium Payment: Single Premium (One time only)

#### **Policy Benefits:**

- ) Full sum assured amount will be paid on death of Life assured during term of the policy
- ) If insured dies in foreign country and proof of body repatriation is provided, insurer will pay Rs.100,000/- or body repatriation expenses occurred ,whichever is minimum
- ) Benefit payable in the event of accident or sickness resulting in:

Permanent Sickness	100% of Sum Assured
Loss of wrist or hands above wrists; loss of ankle or legs above ankle or permanent loss of both eye sight	100% of Sum Assured
Loss of wrist or one hand above wrists; loss of ankle or one leg above ankle	100% of Sum Assured
Loss of wrist or one hand above wrist; loss of ankle or one leg above ankle & permanent loss of one eye sight	100% of Sum Assured
Permanent loss of ear hearing	50% of Sum Assured
Loss of wrist or one hand above wrist; loss of ankle or one leg above ankle	50% of Sum Assured
Permanent loss of sight of one eye	50% of Sum Assured

Source: National Life

## **6. Retirement Plan**

### **a) Pension Plan**

The plan provides a post retirement monthly income to the assured thereby ensuring that the assured does not have to depend on any other person or make any compromises in his golden years. The assured can choose the premium, the Sum Assured and the retirement date. It is a truly flexible plan. Live your retired life on your own terms.

### **Policy Requirements**

- J Minimum Entry Age: 20 Years
- J Maximum Entry Age: 60 Years
- J Minimum Sum Assured: Rs. 10,000/-
- J Maximum Sum Assured: Divisible by 10,000/-
- J Maturity Period: 10, 15, 20,25,30,35 and 40 Years
- J Maximum Maturity Age: 70 Years
- J Age Calculation: Age on next birthday
- J Premium Payment Frequency: Annually, Half Yearly, Quarterly and Monthly
- J Health Checkup: Not Required
- J Minimum Age for Annuity Start: 40 Years
- J Annuity Selection Time: On Maturity. One from 5 options mentioned below
- J Annuity Start Time : One month after the Maturity

## **3. Nepal Life Insurance Company Limited (NLIC)**

### **a) Introduction**

NLIC, established under the Company Act 2053 and Insurance Act 2049 as a public limited company on 2058/01/21 (04/05/2001). NLIC is the foremost life insurance company established by private investors. The promoters of the company are a group of well known businessmen and business houses of Nepal. Within the ten years of operation the Company has set up an excellent business record and has a strong financial position.

The company has an authorized capital of Rs. 100 Crore. Issued Capital of Rs 50 Crore and Paid-up Capital of Rs 37.5 Crore. The company has insured itself with well-know reinsurance company "Hannover Re Life Reinsurance Company", Germany for conventional policies and "SCOR Global Life", France for Term Assurance Foreign Expatriate policies.

## **b) Products/Policies**

There are 8 life insurance products/policies in this company. They are as follows;

### **1. SURAKSHIT JEEVAN BEEMA YOJANA**

It is an endowment plan. It can be taken by anyone in the age group between the age of 11 years to 60 years. The maximum age on maturity is 65 years. Under this plan the policy money with bonus is payable at the end of the specified period or on death of the life assured before expiry of the term. This is the most popular insurance plan. By selecting the term judiciously, one can provide for old age and get risk cover for the selected term. Under this plan one can get loan upto 90% of the surrender value after the policy has run for a minimum Two Years. Minimum Sum Assured under this plan is Rs. 25,000. The premium under this plan can be paid Yearly, Half-Yearly and Quarterly basis.

For example a person aged 30 years going in for insurance under this plan for 20 years for Sum Assured 1 lakh will have to pay annual premium of Rs. 4,896/-. He will get Rs.1 lakh plus bonus at the end of the term. In case of earlier death his nominee will get Rs. 1 lakh plus bonus thereon subject to all premiums having been paid.

### **2. GROUP INSURANCE PLAN**

This plan enables employers to provide life insurance benefit to their employees at low rate of premium. It is a hassle free plan wherein risk coverage is given up to the normal retirement date without any health requirements up to age 45 and with only declaration of good health thereafter. The savings made through the simple scheme of administration is passed on to the employees by substantial reduction in premium.

The minimum age at entry is 18 years and maximum age at entry is 55 years. The S.A. allowed varies from Rs. 50,000 to Rs. 3,50,000 depending upon the category. The group size of 50 employees, contribution of minimum of 50% of premium by the employer, joining of the scheme by a minimum of 75% of confirmed employees on introduction and compulsory joining by employees recruited thereafter are some of the binding features of the scheme. Variations in the scheme and its benefits are possible depending on the size and composition of the group and participation of the employer.

### **3. KETA-KETI JEEVAN BIMA (SHIKSHA AND VIVAH)**

Every parent spans dreams for better education marriage and successful life for their off-springs. In this context, Nepal Life Insurance Company for the first time in the Insurance Industry of the Country launched a product with the sole aim of providing a tool of having risk coverage of life of child and making future provision for the education, marriage and financial support for the wards of aspiring parents. The salient features of plan are:

- a. Policy can be issued on the life of just-born child till age of eleven, proposed by either of the parent.
- b. The risk on the life of child to start after completion of 7 years of age of child, if his her age is below 7.
- c. In case of child who has completed his age 8 or 9 the risk shall commence from age 10.
- d. Minimum Sum Assured Rs. 100000 and maximum Rs. 1000000.
- e. The term of this policy is 19 minus age of child at commencement of policy.
- f. Maturity age 19 year of child(fixed)
- g. The policy vests in the child at 18 years of age.
- h. Policy premium frequency: Either yearly, Half Yearly or quarterly with certain conditions.
- i. Premium waiver Benefit available on the life of proposer(either of parent only)with extra payment.
- j. Surrender as per condition but no loan available.
- k. No accident benefit available on the life of child.
- l. Policy participates in profits.

### **4. JEEVAN LAXMI - TRIPLE BENEFIT SCHEME WITH BONUS**

The plan is the Triple Benefit Endowment Plan with Bonus payable on the following terms:

- a. Basic Sum Assured with bonus payable on maturity
- b. Two times of Basic Sum Assured with proportionate final bonus payable on normal death under in force policy within policy term.
- c. Three times of Basic Sum Assured with proportionate bonus payable in case of accidental death under in force policy within policy term.
- d. Minimum Sum Assured is Rs. 50,000 and maximum Rs. 100,000
- e. Minimum entry age is 16 yrs and maximum entry age is 50 yrs

- f. Minimum term is 7 yrs and maximum term is 25 yrs or maximum age of 60 yrs whichever is earlier.
- g. The mode of payment is either yearly or half yearly.

#### **5. JEEVAN SAHARA**

The plan is specially designed Endowment product to cover the wide range of risk for our social communities of Nepal:

- a. The sum assured together with bonus is payable on maturity date and full sum assured again payable on death of life assured after maturity.
- b. In case of death before maturity date under inforce policy, the sum assured and whatever bonus declared is payable.
- c. Basic Sum Assured is payable in case of death of the policy holder after maturity of policy term.
- d. Minimum Sum Assured is Rs. 100,000 and no limit for Maximum Sum Assured depending upon the income source of the proposer.
- e. Minimum entry age is 16 yrs and maximum entry age is 65 yrs.
- f. Minimum term is 5 yrs and maximum term is 54 yrs or maximum age of 70 yrs whichever is earlier.
- g. The mode of payment is either Yearly, half yearly or quarterly.

#### **6. JEEVAN SARATHI BEEMA YOJANA**

NLIC has introduced a new kind of policy in Nepali market .It is a joint life policy. Under this plan risk of both husband and wife is covered by paying single premium. Upon the death of spouse, amount of sum assured is paid to alive husband or wife and remaining premium is waived.

##### **Features:**

1. It can be taken by anyone in the age group between the age of 18 years to 50 years.
2. Maximum age on maturity is 65 years.
3. Under this plan loan upto 90% of the surrender value after the policy has completed two years term.
4. Minimum Sum Assured is Rs. 50,000/- and Maximum Sum Assured depends upon the income source of life to be assured.
5. Premium can be paid Yearly, Half-Yearly and Quarterly basis.

Under this Plan Sum assured with Bonus is payable on the following terms:

- a. If both husband and wife are alive, basic Sum assured with Bonus would be payable at the time of maturity.
- b. If anyone dies before the maturity date, Basic Sum Assured is paid. But policy remains in force without paying the remaining premium and at the time of maturity, again Basic sum assured with Bonus would be payable to the alive life to be assured.
- c. If both of them die before the time of maturity Basic Sum Assured with Bonus would be payable as per the Insurance Act 2049.

## **7. NLIC NEW TERM LIFE INSURANCE**

NLIC New Term Life Insurance is one of the unique products which make provision for the family of the Assured in the event of early death .To cover high risk in low premium is the specialty of this product. If a person has taken loan from Bank\Finance and insured under this plan the liability against his loan would be borne by the related insurance company.

### **Features:**

1. In this plan we have 5, 10, 15, 20, 25 and 30 years of Term.
  2. Minimum S.A is 100,000/- and maximum S.A depends upon the income source of the life to be assured.
  3. Minimum entry age is 18 yrs and maximum entry age is 60 yrs.
  4. The mode of payment is either yearly or half yearly.
  5. 5% rebates on premium for above 1000000 Sum Assured.
  6. Riders are not applicable in this plan.
- ) Under this Plan Full S.A. payable in case of Death of Life to be assured on In force policy.

## **8. SINGLE PREMIUM ENDOWMENT POLICY (NLIC SARAL JEEVAN BEEMA YOJANA)**

NLIC Saral Jeevan Beema is one of the unique product in Nepali's Insurance market. It is a Single Premium Endowment Plan. Specially, it has been designed for those customers who want to pay the Lump sum premium and be relief from premium payment on yearly basis.

### **Features:**

1. In this plan we have 5 & 10 years of Term.

2. Minimum S.A is 50,000/- and maximum S.A depends upon the income source of the life to be assured.
3. Under this plan one can get loan upto 90% of the surrender value after the policy has run for a minimum Two Years.
4. Riders are not applicable in this plan.
5. Under this plan Lump sum premium should be paid at the time of Insurance.

Under this Plan Sum assured is payable on the following terms:

1. Basic Sum Assured will be payable at the time of Death or Maturity Period which is earlier.
2. Under this plan in 5 Yrs Term either Death or in Maturity which is earlier, Sum Assured + 50 percent of Sum Assured would be payable .
3. Under this plan in 10Yrs. Term either Death or in Maturity whichever is earlier , Sum Assured + 100 percent of Sum Assured would be payable .
4. In this plan Agent Commission would be of Gross Premium.

#### **4. Asian Life Insurance Company Limited**

##### **a) Introduction:**

Asian Life Insurance Company has got operating license as per Insurance Act 2049 from [Beema Samiti](#) on 27<sup>th</sup> February, 2008 (Falgun 15, 2064) and started functioning on 3<sup>rd</sup> April, 2008 (Chaitra 21, 2064). After 6 years in Nepalese Life Insurance Business, Asian Life Insurance Company is the first life Insurance Company to receive operating License from Beema Samiti. The Authorized Capital of the Company is Rs. 500 million. Out of which 360 million is currently paid up (70% by the promoter and the remaining 30% by the general public). There are 68 promoters of the company: 6 institutional and the remaining 62 individual promoters. Among the institutional promoters, there are reputed finance and development banks of Nepal. Following are the major institutional promoters:

- J Mahalaxmi Finance Limited, Birgunj
- J Birgunj Finance Limited, Birgunj
- J Malika Development Bank Limited, Dhangadi
- J Guheshwori Merchant Bank and Finance Company Limited, Lalitpur
- J Butwal Finance Limited, Butwal
- J Himchuli Development Bank Limited, Pokhara

The company is reinsured with Scor Global Life Paris, France which is financially sound reinsurer of international repute. The reinsurer is in the standard and poor's 'A' rating category, (Ref: Reinsurer's Press Release 01 October, 2010).

## **b) Products/Policies**

There are 7 life insurance products/policies in Asian Life Insurance Company. They are as follows:

### **1. ASIAN ENDOWMENT PLAN**

#### **Salient Features:**

- J This policy will acquire paid-up value or surrender value and will be eligible for loan. This Policy will have maturity value and participate in profit.
- J **Minimum age at entry:** 16 years
- J **Maximum age at entry:** 60 years
- J **Minimum Term:** 5 years
- J **Maximum Term:** 50 years
- J **Maximum Maturity Age:** 65 Years
- J **Minimum Sum Assured:** Rs. 25000
- J **Maximum Sum Assured:** According to the financial condition of the life to be assured.
- J **Premium Paying Mode:** Yearly, Half-yearly, Quarterly.

#### **Rebates:**

##### **Rebates on Large Sum Assured**

- J **Rs. 51,000 to 1,00,000:** Rs 1 in Basic Premium
- J **Rs. 101,000 and Above:** Rs 2 in Basic Premium

##### **Rebates on Mode of Payment**

- J **Yearly :** Less 2%
- J **Half Yearly :** Less 1%

#### **Maturity and Death Benefits:**

- J **The Sum Assured along with vested bonus is payable on Date of Maturity and In case of Death of the Life Assured any time after commencement of risk, full sum Assured with the vested bonuses will be paid.**

#### **Riders:**

- J ADB, ADB+PTD+PWB with additional price

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## 2. ASIAN MONEYBACK-15

### Salient Features:

- ) This policy will acquire paid-up value or surrender value and will be eligible for loan. This Policy will have maturity value and participate in profit.
- ) **Minimum age at entry:** 16 years
- ) **Maximum age at entry:** 50 years
- ) **Term:** 15 years
- ) **Maximum Maturity Age:** 65 Years
- ) **Minimum Sum Assured:** Rs. 50,000
- ) **Maximum Sum Assured:** According to the financial condition of the life to be assured.
- ) **Premium Paying Mode:** Yearly, Half-yearly, Quarterly.

### Rebate:

#### Rebates on Large Sum Assured

- ) **Rs.100,000 to 3,00,000:** Rs 1 in Basic Premium
- ) **Rs. 301,000 and Above:** Rs 2 in Basic Premium

#### Rebates on Mode of Payment

- ) **Yearly :** Less 2%
- ) **Half Yearly :** Less 1%

### Benefits:

#### On Survival to:

- ) **5 yrs from commencement: 25% of Basic Sum Assured**
- ) **10 yrs from commencement: 25% of Basic Sum Assured**
- ) **At Maturity, (15 years): 50% of Basic Sum Assured + Bonus**

#### On Death of Life Assured: (Before Maturity Date of the Policy)

- ) Full Sum Assured + Bonus (without deduction of Survival Benefits already paid)

### Riders:

- ) ADB, ADB+PTD+PWB with additional Price.

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## 3. ASIAN MONEYBACK-20

### Salient Features:

- ) This policy will acquire paid-up value or surrender value and will be eligible for loan. This Policy will have maturity value and participate in profit.

- J **Minimum age at entry:** 16 years
- J **Miximum age at entry:** 45 years
- J **Term:** 20 years
- J **Maximum Maturity Age:** 65 Years
- J **Minimum Sum Assured:** Rs. 50,000
- J **Maximum Sum Assured:** According to the financial condition of the life to be assured.
- J **Premium Paying Mode:** Yearly, Half-yearly, Quarterly.

**Rebates:**

**Rebates on Large Sum Assured**

- J Rs. 100,000 to 3,00,000: Rs 1 in Basic Premium
- J Rs. 301,000 and Above: Rs 2 in Basic Premium

**Rebates on Mode of Payment**

- J Yearly : Less 2%
- J Half Yearly : Less 1%

**Benefits:**

**On Survival to:**

- J 10 yrs from commencement: 20% of Basic Sum Assured
- J 15 yrs from commencement: 30% of Basic Sum Assured
- J At Maturity, (20 years): 50% of Basic Sum Assured + Bonus

**On Death of Life Assured:** (Before Maturity Date of the Policy)

- J Full Sum Assured + Bonus (without deduction of Survival Benefits already paid)

**Riders:**

- J ADB, ADB+PTD+PWB with additional Price.

**4. ASIAN ENDOWMENT & WHOLE LIFE**

**Salient Features:**

- J This policy will acquire paid-up value or surrender value and will be eligible for loan. This Policy will have maturity value and participate in profit.
- J **Minimum age at entry:** 16 years
- J **Maximum age at entry:** 65 years
- J **Minimum Term:** 5 years
- J **Maximum Term:** 54 years
- J **Maximum Maturity Age:** 70 Years

- ) **Minimum Sum Assured:** Rs. 50,000
- ) **Maximum Sum Assured:** According to the financial condition of the life to be assured.
- ) **Premium Paying Mode:** Yearly, Half-yearly, Quarterly.

**Rebates:**

**Rebates on Large Sum Assured**

- ) **Rs. 201,000 to 3,00,000:** Rs 1 in Basic Premium
- ) **Rs. 301,000 and Above:** Rs 2 in Basic Premium

**Rebates on Mode of Payment**

- ) **Yearly :** Less 2%
- ) **Half Yearly :** Less 1%

**Benefits:**

**Death Benefits:**

- ) **In case of life insured's death during the paying term, the basic sum assured + vested Bonus up to date of death is paid.**
- ) In case of life Assureds' death after the premium paying term, an amount equal to Sum Assured is paid.

**Riders:**

- ) **Accidental Death Benefit(ADB) with additional price**

(Accidental Benefits is available up to age 70, irrespective of Premium Paying Term, by Payment of additional premium. Maximum ADB Sum Assured is Rs 500,000.)

**5. ASIAN MONEYBACK-12**

**Salient Features:**

- ) This policy will acquire paid-up value or surrender value and will be eligible for loan. This Policy will have maturity value and participate in profit.
- ) **Minimum age at entry:** 16 years
- ) **Maximum age at entry:** 58 years
- ) **Term:** 12 years
- ) **Maximum Maturity Age:** 70 Years
- ) **Minimum Sum Assured:** Rs. 50,000
- ) **Maximum Sum Assured:** According to the financial condition of the life to be assured.
- ) **Premium Paying Mode:** Yearly, Half-yearly, Quarterly.

**Rebates:**

- ) **Rebates on Large Sum Assured**
- ) **Rs. 100,000 to 3,00,000: Rs 1 in Basic Premium**
- ) **Rs. 301,000 and Above: Rs 2 in Basic Premium**

**Rebates on Mode of Payment**

- ) **Yearly : Less 2%**
- ) **Half Yearly : Less 1%**

**Benefits:****On Survival to:**

- ) **4 yrs from commencement: 20% of Basic Sum Assured**
- ) **8 yrs from commencement: 30% of Basic Sum Assured**
- ) **At Maturity (12 years): 50% of Basic Sum Assured + Bonus**

**On Death of Life Assured: (Before Maturity Date of the Policy)**

- ) **Full Sum Assured + Bonus (without deduction of Survival Benefits already paid)**

**Riders:**

- ) **ADB, ADB+PTD+PWB with additional Price.**

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**6. ASIAN MONEYBACK-18****Salient Features:**

- ) This policy will acquire paid-up value or surrender value and will be eligible for loan. This Policy will have maturity value and participate in profit.
- ) **Minimum age at entry: 16 years**
- ) **Maximum age at entry: 52 years**
- ) **Term: 18 years**
- ) **Maximum Maturity Age: 70 Years**
- ) **Minimum Sum Assured: Rs. 50,000**
- ) **Maximum Sum Assured: According to the financial condition of the life to be assured.**
- ) **Premium Paying Mode: Yearly, Half-yearly, Quarterly.**

**Rebates:****Rebates on Large Sum Assured**

- ) **Rs. 100,000 to 3,00,000: Rs 1 in Basic Premium**
- ) **Rs. 301,000 and Above: Rs 2 in Basic Premium**

### **Rebates on Mode of Payment**

- J **Yearly** : Less 2%
- J **Half Yearly** : Less 1%

### **Benefits:**

#### **On Survival to:**

- J **6 yrs from commencement:** 20% of Basic Sum Assured
- J **12 yrs from commencement:** 30% of Basic Sum Assured
- J **At Maturity, (18 years):** 50% of Basic Sum Assured + Bonus

#### **On Death of Life Assured: (Before Maturity Date of the Policy);**

- J Full Sum Assured + Bonus (without deduction of Survival Benefits already paid)

### **Riders:**

- J ADB,ADB+PTD+PWB with additional Price.

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## **7. ASIAN CHILD ASSURANCE**

### **Salient Features:**

- J **Minimum age at entry:** 0 years
- J **Maximum age at entry:** 15 years
- J **Minimum Term:** 10 Years to Maturity age not less than 16 years
- J **Maximum Term :** 30 Years
- J **Maximum Maturity Age:** 30 Years
- J **Minimum Sum Assured:** Rs. 50,000
- J **Maximum Sum Assured:** Rs 2,000,000
- J **Premium Paying Mode:** Yearly, Half-yearly, Quarterly.

### **Rebates:**

#### **Rebates on Large Sum Assured**

- J **Rs. 251,000 to 5,00,000:** Rs 1 in Basic Premium
- J **Rs. 501,000 and Above:** Rs 2 in Basic Premium

#### **Rebates on Mode of Payment**

- J **Yearly** : Less 2%
- J **Half Yearly** : Less 1%

### **Commencement Of Risk**

- J Risk of the child commence either 2 years after the date of commencement or from the policy anniversary falling immediately after the completion of age 6

of child, whichever is later. However in case of child's age being 15 at entry years, risk will commence from one year after the date of commencement.

**Vesting Policy**

- ) The Policy will vest in the Life Assured from the policy anniversary following his completing age of 16 years.

**Benefits:**

**Maturity Benefits**

- ) The Sum Assured along with vested bonus is payable on Date of Maturity.

**Death Benefits**

- ) In case of the life Assured(Child) dies any time after commencement of risk, Full SUM ASSURED with vested Bonuses will be paid.

**Refund of Premium**

- ) In case of the life Assured(Child) dies before commencement of risk, all the premiums paid excluding extra premiums.

**Riders:**

- ) **PWB and MIB with additional price, for Proposer**

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**5. Life Insurance Corporation (Nepal) Limited**

**a) Introduction**

LIC (Nepal) Ltd. is one of the largest capitalized insurance companies of Nepal. A joint venture between Life Insurance Corporation of India (55%) and Vishal Group of Nepal (25%), the insurance company has public participation to the extent of 20%. Life insurance corporation (Nepal) Ltd. having Registration No: 765-057/58, was incorporated under the Companies Act 2053, on 27.12.2000. It has started Operations since 01.09.2001.

**b) Products/Policies**

**1. Endowment (Plan No.333)**

To maintain the standard of living to which you and your family are accustomed, you need sufficient money. Therefore, it's better for you and your beloved family to be protected from financial burden of an uncertain future. Regular saving through the insurance can protect you and your family for safe future.

**Benefits**

Under this plan the Sum Assured with vested bonuses is payable either on the date of maturity or on earlier death.

### Features

- ) This is a with profit policy.
- ) Minimum Sum Assured is 10,000 and no limit for maximum Sum Assured
- ) The policy becomes paid up if at least two full Years premium is paid.
- ) The policy can be surrendered after completion of two full Years with payment of all due premiums.
- ) Loan is payable under the policy after two years to the extent of 90% of Surrender value.
- ) If at least two full Years premium have been paid and if death occurs within next one year from first unpaid premium full sum assured is payable subject to rules and regulation.
- ) Term Rider up to twice the basis S.A. for policies with age at entry & maturity between 18 Years and 60 Years is available to policy holder for adult. Sum Assured not more than two lakhs.
- ) Double accident benefit including permanent disability benefit is available from the age of 18 to 70 Years.

### 2. Money Back (Plan No. 334, 335, 336, 337, 339)

Under this plan, provided the policy is in force for full Sum Assured for the term mentioned in the table below, the Sum Assured will be paid in installments at periodic intervals. However in the event of death the full Sum Assured is payable without any deduction or adjustment for the amount that may have been paid earlier by way of Survival benefits. The bonus additions to the policy will be reckoned on the full SA and are payable at the end of the selected term of years or at the Life Assureds' death, if previous

Plan No	Term	Survival Benefits				
		5 year	10 year	15 year	20 year	25 year
334	15 years	15%	25%	60%	-	-
335	20 years	-	25%	25%	50%	-
336	25 years	-	10%	15%	25%	50%
337	20 years	-	15%	25%	60%	-
339	15 years	25%	25%	50%	-	-

Source: www.licnepal.com.np

#### Features

- ) This is a with profit policy.
- ) The policy becomes paid up if at least two full years premium is paid.
- ) The policy can be surrendered after completion of two full years with payment of all due premiums.
- ) Loan is payable under the policy after two years to the extent of 90% of Surrender value.
- ) If at least two full years premium have been paid and if death occurs within next one year from first unpaid premium full Sum Assured is payable subject to rules and regulations.
- ) Term Rider upto twice the basis S.A. for policies with age at entry & maturity between 18 years and 60 years is available to policy holder for adult. Sum Assured not more than two lakhs.
- ) Double accident benefit including permanent disability benefit is available from the age of 18 to 70 years

### 3. Child Plan

- ) **Bal Mamata (Plan No. 340)**
- ) **Bal Saneha (Plan No. 341)**

This plan has guaranteed additions of Rs. 65/- per thousand Sum Assured per annum for the first 5-year and reversionary bonuses thereafter. The accrued guaranteed additions and vested reversionary bonuses would be payable either on maturity or immediately on death after the commencement of risk. The option is available under the plans to pay the premiums up to the age of 16 Years [340] or 20 Years [341].

<u>Plan No</u>	<u>Survival Benefits</u>		
	<u>Life Assured's age</u>		
	<u>16 years</u>	<u>18 years</u>	<u>20years</u>
340	25% of SA	25%	50% and vested bonus
341	25% of SA	25%	50% and vested bonus

### 4. Jeevan Anand (Plan No.342)

This plan is a combination of endowment with profit plan and deferred whole life without profit plan. It provides the pre-decided SA along with vested bonuses at the end of the premium paying term, but the risk cover on the life continues till death of the Life Assured.

#### Features

- ) This is a with profit policy.

- J Sum Assured along with the vested bonus, if any, are payable at the end of the Premum Paying Term; maturity value.
- J Sum Assured along with vested bonus are payable on death of the Life Assured during the Premum Paying Term.
- J An amount equal to the Sum Assured is payable on death after the Premium Paying Term, free insurance cover after maturity.
- J Double accident benefit including permanent disability benefit is available from the age of 18 to 70 Years

#### **5. Griha Laxmi (Plan No. 343)**

An amount equals to Basic Sum Assured along with vested guaranteed additions and vested bonus will be paid if Life Assured dies.

4% of the Sum Assured every year after the end of 3rd year till the end of 14th year will be paid. [12 installments and balance Sum Assured at the time of maturity]

During the first 5 year of policy, guaranteed additions @ of Rs. 65/- per thousand Sum Assured will accrue at the end of each completed year. These will be paid on earlier death of the Life Assured during the term of the policy or at maturity. Policy will participate in bonus after 5 Years. Policy Loans are not available under this plan.

#### **6. Beema Kiran**

It is a low premium term assurance plan. This provides the pre-decided SA during PPT and 50% of Pre-decided SA within 10 years after maturity if LA dies. Else premiums paid excluding extra premium will be refunded at maturity. Policy loans and surrender value are not available under this plan

#### **7. Jeevan Tarang (Plan No.345)**

This plan provides annual survival benefit @5% of the SA every year after the chosen accumulation period. The vested bonuses in a lump-sum are payable on survival to the end of the accumulation period or on death, if earlier. Further the SA is payable on survival to age 100 years or on death, if earlier. Policy Loans and surrender value are not available under this plan

#### **8. Amulya Jeevan (Plan No.346)**

This is a Regular Premium Paying Term Assurance Plan. This Plan Provides for a pre-decided Sum-Assured on death during Premium-Paying-Term. In case of unfortunate death of the Life Assured during the term of the policy, Sum Assured is payable, provided the policy is kept in force. Accident Beneift can be available after paying additional premium at the rate of

Re 1/- per thousand Sum-Assured. The Maximum Accident Benefit that can be availed is up to Rs.Three Lakhs.(Inclusive of all Plans).

#### **9. Jeevan Aastha (Plan No.347 and 348)**

It is a Single Premium Short Term Endowment Assurance Plan.The Plan offers guaranteed benefits on Death and Maturity.The Plan will be available for terms of 3 and 5 years.

##### **Benefits**

- J Double the Sum Assured, along with Guaranteed Additions till date of death, is payable on death of the life assured during the Policy Term.
- J Sum Assured along with Guaranteed Returns is payable on survival to Maturity Term.
- J Accident Benefit can be provided under existing rider subject to overall limit of NRs 5 Lakhs as per the rules of the company.
- J NRs 80/-p.a per thousand of Sum Assured for a policy of 3 years term.
- J NRs 85/-p.a per thousand of Sum Assured for a policy of 5 years term

#### **10. Children's Endowment Plan (Plan No.349)**

This is a with profits endowment assurance plan available for children of 10 years or less.

Policies under this Plan shall participate in the profits of the Company.

##### **Benefits**

- J Sum Assured, along with Vested Bonus, is payable on death of the life assured during the Policy Term, after commencement of Risk under the policy.
- J Sum Assured along with Vested Bonus is payable on survival to Maturity Term.
- J Risk under the policy will commence after 2 years from the date of the policy or the policy anniversary falling after 5 years of age whichever is later.
- J Premium Waiver Benefit is available under the Policy.
- J Minimum Sum Assured is 50,000 and Maximum Sum Assured is 5,00,000

#### **6. MetLife ALICO Insurance Company**

##### **a) Introduction**

MetLife ALICO Insurance Company is established in Nepal in 2002. It is the first foreign organization to be granted a license to offer life and accident insurance in the country. It has over 198,000 customers in Nepal. **On November 2010 Alico became part of MetLife.** With over 140 years of experience, the MetLife companies are a leading innovator and a recognized leader in protection planning and retirement and savings solutions around the world.

## **b) Products/Policies**

### **1. Endowment Plan**

#### **Overview**

##### **Endowment Plan at a glance:**

- Basic Life Coverage up to NPR 15 million offers peace of mind for you and your family
- You can take the plan for minimum 10, 15, 20, 25 or 30 years and at age 55, 60, 65.
- Mode of payment can be Annual, Semi Annual or Quarterly

#### **Product Details**

**Eligibility:** Minimum age 1month, Maximum age 55 years.

**Currency: Nepalese Rupees**

Face amount: minimum NPR 50,000, maximum NPR 15 million

**Gender: Male and Female**

### **2. Three Payment Plan (3PP)**

Three Payment Plan provides very high insurance protection and attractive returns on your investment at a very low cost. The unique feature of the plan is that MetLife Alico pays the face amount in three installments

1. 25% of the face amount is paid at the end of 1/3rd of the term of the policy
2. Another 25% is paid at the end of 2/3rd of the term of the policy.
3. 50% of the face amount is paid with bonus. In the event of death, no deduction is made for the installment already paid.

#### **BONUSES:**

Your policy will participate in the profits declared in the form of Reversionary Bonuses and Capital Growth Dividends. The rate of these will be as declared by the company from time to time.

#### **PROTECTION:**

For the Entire Duration of the policy you are insured for the Full Face Amount plus the accrued Bonuses. In the event of death, No Deduction is made for the installments already paid. You are insured for the full amount till the last day.

#### **ATTRACTIVE FEATURERS:**

1. Your premiums will never increase.
2. Cash Values, Reduce Paid-up values, Extended Term Insurance values are

guaranteed.

### **Overview**

#### **Three Payment Plan at a glance:**

- Basic Life Coverage from NPR 50,000 up to NPR 15 million offers peace of mind for you and your family
- You can take the plan for minimum 12, 15, 18, 21 or 24 years.
- Mode of payment can be Annual, Semi Annual or Quarterly

**Eligibility:** minimum age 1month, maximum age 60 years.

**Currency: Nepalese Rupees**

Face amount: minimum NPR 50,000 maximum NPR 15 million.

**Gender: Male and Female**

### **3. Education Protection Plan (EPP)**

Education protection plan is the foundation on which you can build your child's future and career. Your child depends on YOU and the INCOME you provide for Education and other necessities of life. You want your child to have higher Education to give him a good start in this increasingly competitive world. This is where our EPP plans fits your needs. You select the period of the plan to suit the age of the Child at which you want the policy proceeds to be paid. There is a wide choice. You can select any period from 10 years to 25 years.

#### **At maturity:**

On survival of child at maturity, Face Amount of the policy plus Bonuses are paid. The money can be used to pay for his higher Education expenses. Or if he has already completed Education, he will find the money very helpful in starting his career. It can also be used for expenses such as Marriage.

#### **In the Case of Payer's Death:**

- a) All future premiums under the policy will be WAIVED and the policy continues in full force. PLUS,
- b) INCOME FOR EDUCATION equal to 1% of the face amount is paid EVERY MONTH to the child till the maturity. At maturity he receives the benefits stated above.

#### **On the Death of Child before maturity:**

Full Face Amount PLUS Accrued Bonuses are Payable, subject to Juvenile Endorsement.

## **Endorsement**

### **Payment on Payer' Disability:**

For a small additional premium, you can add a very valuable benefit-Disability Protection Rider. In the event of your total and permanent DISABILITY DUE TO SICKNESS OR ACCIDENT, all future premiums will be waived. INCOME equal to 1% of the face amount is paid EVERY MONTH to the child till the maturity of the policy.

### **BONUSES:**

The policy will participate in profits declared in the form of Reversionary bonuses.

**Eligibility:** minimum age 1 month to 15 Years, Payer's age 21 years to 55 years.

**Currency: Nepalese Rupees**

Face amount: minimum NPR 50,000, maximum NPR 2 million

**Gender: Male and Female**

## **Overview**

### **Education Protection Plan at a glance:**

- Basic Coverage from NPR 50,000 up to NPR 2 million offers peace of mind for you and your family.
- You can take the plan for minimum 10 years. And maximum 25 years. However plan term and the age of the child should not be above 25 years.
- Mode of payment can be Annual, Semi Annual or Quarterly

**Eligibility:** minimum age 1month, maximum age 15 years. Payer's age from 21 to 55 years.

**Currency: Nepalese Rupees**

Face amount: Minimum NPR 50,000 Maximum NPR 2 million.

**Gender: Male and Female**

## **4. Accident & Health Insurance**

Having a serious accident or being unable to work due to disability is difficult enough, without the added financial stress of a potentially reduced income. A cash payout could help you and your loved ones meet everyday expenses, as well as pay for any treatment or specialist equipment that may be necessary. Our accident insurance products give you one less thing to worry about, should the unthinkable happen. There are various options in our Accident & Health Insurance Plan "Life Shield", you can choose to get the ideal combination of benefits for you and your family.

## **Product Details:**

### **Natural Death:**

This benefit ensures that your family gets the basic income protection in the event of death.

**Accidental Death, Dismemberment and Permanent Total Disability (AD, D & PTD) – LUMP SUM.** Accidents are the leading causes of death and disability. Serious disabilities also cost the family more in terms of strain on finances. This Benefit provides a lump sum payment of cash to protect your family against this serious and potentially devastating risk.

### **Accidental Medical Reimbursement (AMR):**

Accidents happen and happen frequently. Fortunately most are minor and can be treated at a clinic. This Benefit provides protection even against the most minor of injuries. We will pay for your medical bills, should you require them treated at any medical centre.

### **Accident & Sickness In-Hospital Income up to 52 Weeks (IH – A & S):**

The last thing you need to worry about if you have to have a stay in the hospital is who will look after the children, the pets, or even the house. This Benefit provides you the added finances to cover whatever you feel is important during your stay so you can concentrate on getting well. You can use it for childcare, travel expenses, a private room or even help at home if you need it.

### **Accident Weekly Income (AWI):**

Other injuries may prevent you from going to work. We recognize this and will replace part of this loss income with a cash compensation for your temporary disability.

### **Accidental Death, Dismemberment and Permanent Total Disability (AD, D & PTD) - LIFE TIME INCOME**

Death and serious disabilities also cost the family more in terms of strain on finances. This benefit replaces this loss of income by providing monthly Income for life time, with a minimum guarantee of 20 years.

### **Accident & Sickness In-Hospital Surgical Expenses (A & S In-Hospital Surgical Expenses):**

Some Injuries & Sickness at Hospital requires surgical procedure. This benefit provides cash compensation for surgical expenses as per surgical schedule.

## **Overview**

### **Covered under this plan**

This plan covers Death, Disability, Accidental Medical Expenses and In – Hospital Income due to Accident & Sickness that commence or occur after the effective date of the Policy.

### **Key Features**

- If you have Life Shield you can go to the best Doctor / Hospital for even minor injuries as MetLife Alico will reimburse your Bills.
- Anyone can afford it, for Rs. 3 to 4 per day you get protection against financial burden caused by unforeseen event like accident.
- It compensates your Income when you are unable to work or if you are hospitalized due to disability or sickness.
- 24 hours – World Wide Coverage.

**Eligible:** This plan is available to all applicants with the ages of 18 to 59 years.

**Medical Examination:** Not required.

**Coverage of the plan:** This plan provides 24 hours a day and 365 days world wide Protection at home, at work or during travelling

## **5. Group Insurance**

Most Important thing an employer's can do to his employees is that their dependents are well taken care of in the event of the death of the employees either by disease or accident. Group life insurance gives some peace of mind to the employees as well as employers. On death of the employee, the face amount will be paid to the nominee or his / her legal heir. In case of permanent disability either by disease or accident the claim will be paid to the employee under the term and condition of permanent total disability compensation. This scheme safeguard the employer from paying huge amount of compensation in the event of any adverse eventuality as well as the employees and their family would feel financially secured.

Like all well run companies, yours will rely on your people to succeed. It's therefore crucial to offer the best benefits package you can, to attract talented people and to retain a motivated workforce. It's also worth remembering that many employees today see health benefits not simply as a hygiene factor in the workplace, but often as a key consideration when assessing the employment market.

## **6. GROUP LIFE INSURANCE**

Group Life Insurance is an insurance plan which provides life insurance coverage for a group of people under a single insurance contract and every individual member of the group enjoys a comparatively very lower rate for paying premium. It is an appropriate plan for the employers to extend insurance cover on the life of its employees at a nominal premium. On death either by disease or accident of an employee the insurance amount will be paid either to nominee or his/her legal heir. In case of permanent total/ partial disability either by disease or accident, the claim will be paid to the employee under the terms and conditions of permanent total/partial disability riders. This scheme safeguards the employer from paying huge amount of compensation in the event of any adverse eventuality as well as the employees and their family would feel financially secured.

### **EMPLOYEES BENEFIT SCHEDULE**

#### **GROUP LIFE INSURANCE (DEATH DUE TO ANY CAUSE)**

In the event of the employee's death due to any cause occurring anywhere in the world, except for death resulting from active participation in war or war like operations, and suicide in first year of cover, it will pay the sum assured amount in lump-sum payment to the person designated by the insured employee as his/her beneficiary.

#### **Extension of Death Benefit: with no additional cost**

If an employee becomes totally disabled due to accident or disease after he has been insured for twelve consecutive months and prior to his sixtieth birthday and dies within next twelve months, upon due proof the insurance company will pay the amount of his insurance. It also includes the discontinuance of premium payment while remaining disabled.

#### **RIDERS:-**

##### **a) GROUP ACCIDENTAL DEATH INSURANCE RIDER (Due to Accident)**

It provides one sum to the person entitled if an employee sustains bodily injuries effected solely through external, violent and purely accidental means, and within ninety days after such injuries are sustained, suffers the loss of life as a direct result of such injuries and independently of all causes. The amount provided for such loss shall be 100% of insurance coverage.

##### **b) PERMANENT TOTAL DISABILITY RIDER (Due to Accident or Diseases)**

If any employee becomes totally and permanently disabled from bodily injury due to accident or disease and is wholly prevented from performing any occupation for remuneration or profit while less than 60 years of age, benefit under this rider is payable in sixty monthly

installments following a one-year disability waiting period. The amount of coverage under this Rider is the same as under Life. Benefits are payable in lieu of the Life Insurance benefit.

**c) PERMANENT PARTIAL DISABILITY RIDER (Due to Accident or Diseases**

This benefit becomes payable if an employee becomes partially disabled on a permanent basis, as a result of bodily injury due to accident or disease, while less than 60 years of age and at least six months after he becomes insured under this Rider. The insurance company will make lump sum payment to the insured for that disability in accordance with the Schedule of Payments below.

Loss of arm between shoulder and wrist	50%	Loss of leg at hip	50%
Loss of hand below wrist	50%	Loss of leg between knee and hip	50%
Loss of four fingers and thumb	40%	Loss of leg below knee	35%
Loss of four fingers	35%	Loss of all toes	15%
Loss of whole thumb	25%	Loss of one eye	50%
Loss of whole index finger	10%	Deafness of both ears	50%
Loss of whole middle finger	6%	Deafness one ear	15%
Loss of whole ring finger	5%	Loss of great toe	5%
Loss of whole little finger	4%	Loss of other than great, if more than one toe, each	1%

Source: Metlife Alico

"Partial disability on a permanent basis" shall be deemed to be the complete and irrecoverable loss or loss of use of any part of the body specified in the Schedule of Payment. Benefits are payable in lieu of Life insurance benefits.

**ELIGIBILITY AND ACTIVELY AT WORK PROVISIONS**

Eligible employees are all full-time permanent employees who have not reached their sixtieth (60th) birthday, ACTIVELY AT WORK in the policyholder's offices for at least 30 hours per week in the country of coverage. Refers to an employee being actively at work on a full-time basis with the policyholder, and who is not disabled, granted a leave of absence, temporarily laid-off, or placed on part-time employment. The policyholder must declare such employees and provide full details to MetLife Alico. Cover can only commence on such employees subject to MetLife Alico's written confirmation of coverage on policy inception date.

## **7. Subhabishya Beema Aajeewan Aaya**

### **J) KEY BENEFITS**

1. Monthly Income up to age 100,
2. In case of unfortunate event of death of insured, Sum Assured plus accrued bonuses will be paid to your beneficiary,
3. Flexibility to choose your retirement age from which you will start receiving your monthly income,
4. Flexibility to choose from 5 options to receive policy benefits after maturity,
5. Flexibility to choose Accidental Death Benefit, Personal Accident and Waiver of Premium benefit in case of death or permanent total disability.

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## **7. Surya Life Insurance Company Limited**

### **a) Introduction**

Surya Life Insurance Co. Ltd. has been established and registered under Company Act 2063B.S.(Regd. No. 1006/063-64) and Insurance Act 2049 as a Public Limited Co. and was issued a license to operate Life Insurance Business on 2064/12/06(19<sup>th</sup> March'08) The authorized capital of the Company is NRs 50 crore and Issued and Paid up Capital is NRs 36 crore. The promoters have contributed 70% of this, amounting to NRs. 25.20 Crore whereas the other Nepalese Citizens contributed remaining 30% of this capital amounting to NRs. 10.80 Crore. The Company has made reinsurance arrangement with SCOR Global Life Reinsurance Co. of Paris (France)

### **b) Products/Policies**

#### **1. Surya Endowment Plan With Bonus**

This Plan has two purpose, namely compulsory saving and financial help to family after untoward contingency. Not only that, the life assured can also take advantage of contractual amount (sum assured) and vested bonus after the term of the policy is complete during his life time. The plan has got provisions for nomination as well. This plan has got additional benefit of Accident Double benefit, Permanent total disability benefit and premium Waiver benefit after paying some additional premium. The salient features of the plan are as follows:

1	Minimum age at entry	16yrs. (Last Birthday)
2	Maximum age at entry	60yrs. (Last Birthday)
3	Minimum premium paying term	05yrs
4	Maximum premium paying term	50yrs.
5	Maximum Age at Maturity	70yrs.(Last Birthday)
6	Minimum Sum Assured	NRs.25,000/-
7	S.A. to be in the multiples of	NRs.10,000/-
8	Maximum Sum Assured	NRs.10,000,000/-
9	Mode of Premium Payment	Yearly,Half yearly,Quarterly
10	Riders with Additional Premium	ADB, ADB+PTD+PWB
11	Term of Insurance	5years to 54years

Source: Surya Life

## **2. Surya Money Back Plan (Ashadhan) 15 years and 20 years with Bonus**

The company has introduced this plan to meet the financial needs of life assured during the currency of policy wherein certain percentages of sum assured are paid to life assured at certain fixed intervals. The plans have got provisions for nomination as well The salient features are as follows.

1	Minimum age at entry	Entry16yrs(Last Birthday)
2	Maximum age at entry	55yrs and 50 yrs(LastBirthday)
3	Terms of Plans	15 years and 20 years
4	Maximum Age at Maturity	70yrs.(Last Birthday)
5	Minimum Sum Assured	NRs.25,000/-
6	S.A. to be in the multiples of	NRs.10,000/-
7	Maximum Sum Assured	NRs.10,000,000/-
8	Mode of Payment of Premium	Yearly/Half yearly/Quarterly
9	Riders with Additional Premium	ADB, ADB+PTD+PWB

Source: Surya Life

## **3. Surya Life Shield Term Life Insurance Plan**

This policy offers temporary risk cover for 1 to 5 years at a very low cost.

This policy will not acquire any paid up value or surrender value.

This policy will not be eligible for loan.

This policy will not have any maturity value.

This policy will not participate in any profits (bonuses)

This policy provides for payment of full sum assured of Rs 500000 + body repatriation expenses up to Rs 50000 in case of unfortunate death of the life assured during the term of the policy

This policy also provides for dismemberment benefit as under:

a	Loss of both hands or both feet or loss of sight of both eyes	100% of sum Assured
b	One hand and one foot	100% of sum Assured
c	Either hand or one foot and sight of one eye	100% of sum Assured
d	Loss of Hearing of both ears	50% of sum Assured
e	Loss of either hand or foot	50% of sum Assured
f	Loss of sight of one eye	50% of sum Assured

Source: Surya Life

### Salient Features

1	Minimum Age at entry	18 years
2	Maximum Age at entry	50 years
3	Minimum Term	1 years
4	Maximum Term	5 years
5	Maximum maturity Age	55 years
6	Fixed Sum Assured	NRs.500000
7	Body Repatriation	Actuals Up to Maximum of NRs 50000
8	Premium Paying Mode	Single
9	Other conditions	The policy can be issued subject to verification of original Passport & Visa Copies of the documents to be kept in the file.
10	Effective date of Insurance	Date of departure from Nepal

Source: Surya Life

#### **4. Children's Policy**

Every financial goal needs funding, same way child's education, and upbringing and providing resources for his/her settlement in the life also needs funds. Though some of us may not think that investment in child's education is capital investment, but actually it is, as it gives inputs to the child as a entrepreneur in the life to come. Therefore parents have taken to plan for creation of that capital and to for that need, Surya life Insurance Co. has launched two life insurance plans to provide for various capital creation needs for our near and dear ones. The plans are namely:

- ) [Surya Endowment Plan for Children](#)
- ) [Surya Money Back Plan for Children](#)
- ) [Riders For Child](#)

##### **a) Surya Endowment Plan for Children**

#### **Features:**

<b>S.N.</b>	<b>Parameters</b>	<b>Endowment Plan for child</b>
1	Minimum Age at Entry	0 Yrs
2	Maximum Age at Entry	15 Yrs
3	Minimum term	10 Yrs
4	Maximum term	30 Yrs
5	Minimum Age at maturity	16 Yrs (Near B'day)
6	Maximum Age at maturity	30 Yrs (Near B'day)
7	Minimum Sum Assured	NRs.50, 000
8	Minimum Sum Assured	Rs. 20, 00,000

The sum assured should be in multiples of Rs 10,000

Source: Surya Life

#### **Risk to commence at age for this plan:**

Risk to commence at age 6years age of the child or two years after commencement of policy, which ever takes place later. However in case of policy purchased on the life of child aged 15 years the risk shall commence one year after commencement. The premiums need to be paid regularly.

**Vesting age** – 16 yrs completed for all these plans

### **Rebate in Premium (for all these plans)**

#### **a) Large Sum Assured:**

No rebate in SA upto Rs 249,999 /-

SA Rs 250,000 to Rs 499,999/- Rs 1 per thousand in Tabular premium.

SA Rs 500000 and above- Rs 2 per thousand in Tabular premium.

#### **b) Mode of payment of Premium**

Quarterly no Discount

Half yearly 1% Discount of Tabular premium.

Yearly 2% Discount of Tabular premium.

#### **Loan:**

Facility of Loan available after 16 yrs age of life assured but only in Endowment plan.

#### **Medical examination**

1) Necessary if proposer has opted for riders.

2) Necessary if life assured (Childs) age 10 years or more

#### **Benefits**

a) **At maturity:** sum assured + vested Bonus

b) **After death:** Before commencement of risk: refund of all premiums excluding premium charged for riders without bonus to be paid to legal guardian.

After commencement of risk: Sum Assured + vested Bonus

c) **Bonus:** At maturity or after death during risk period whichever event takes place earlier from the date of commencement of policy.

d) **Surrender value** (in all plans): available after payment of 2 full years of premium and completion of two years period.

#### **Bonus:**

Bonus is available on this policy plan from the date of commencement till maturity or death whichever event takes place earlier if the risk has commenced. However no bonus is available if the death is during no risk period.

## **Riders Benefit**

For Riders Benefit see Riders benefit for child page

### **b) Surya Money Back Plan for Children**

#### **Features**

<b>S.N.</b>	<b>Parameters</b>	<b>5 Parts Payment plan for child</b>
1	Minimum Age at Entry	0 Yrs (Near B'day)
2	Maximum Age at Entry	15 Yrs
3	Minimum term	10 Yrs
4	Maximum term	30 Yrs
5	Minimum Age at maturity	20 Yrs (Near B'day)
6	Maximum Age at maturity	30 Yrs (Near B'day)
7	Minimum Sum Assured	NRs.50, 000
8	Minimum Sum Assured	Rs. 2,000,000
The sum assured should be in multiples of Rs 10,000		

Source: Surya Life

#### **Risk to commence at age for this plan:**

Risk to commence at age 6years age of the child or two years after commencement of policy, which ever takes place later. However in case of policy purchased on the life of child aged 15 years the risk shall commence one year after commencement. The premiums need to be paid regularly.

**Vesting age** – 16 yrs completed for this plan

#### **Rebate in Premium**

##### **a) Large Sum Assured:**

No rebate in SA upto Rs 249,999 /-

SA Rs 250,000 to Rs 499,999/- Rs 1 per thousand in Tabular premium.

SA Rs 500000 and above- Rs 2 per thousand in Tabular premium.

##### **b) Mode of payment of Premium**

Quarterly no Discount

Half yearly 1% Discount of Tabular premium.

Yearly 2% Discount of Tabular premium.

##### **i) Loans:** Not available

ii) **Surrender Value:** available after completion of two years from date of commencement

and payment of two full years premium.

iii) **Benefits :**

**a) At maturity( completion of premium paying term)**

If the Life assured is alive during the premium term and up to maturity, than annual payments @ 20% of SA is paid as per following:

<b>Age of Life Assured</b>	<b>Payable Amount</b>
4 <sup>th</sup> anniversary before the date of the maturity	20% of SA
3 <sup>rd</sup> anniversary before the date of the maturity	20% of SA
2 <sup>nd</sup> anniversary before the date of the maturity	20% of SA
1 <sup>st</sup> anniversary before the date of the maturity	20% of SA
On maturity date	20% of SA + vested Bonus

Source: Surya Life

**Note: - Above payments are available if all the premiums have been paid.**

**b) After death of Life assured**

Death before risk commences refund of all the premiums excluding rider premiums and without any Bonus.

· Death during risk period : Payments to be made

Basic SA +Vested Bonus to nominee or legal guardian payments made.

Payments made on yearly basis shall not be deducted from claim amount

**c) Bonus:**

Bonus is available on this policy plan from the date of commencement till maturity or death whichever event takes place earlier if the risk has commenced. However no bonus is available if the death is during no risk period.

**Riders:**

For Riders Benefit see Riders For child

## **Riders For Child**

### **Common to all child plans**

c) **Premium waiver Benefit:-**

These benefits is available to proposer after payment of extra premium as per age of proposer and were of the policy till 16 years of child (life assured) or 60 years of proposer which even is earlier. Under this rider the premium of the policy are walked form the next anniversary of policy after the death of proposer till 16 years child or till 60 years of proposer whichever occurs first and policy is kept inforce.

**b) Monthly income Benefit:-**

This benefit is available to proposer after payments extra premium as per age of proposer and term of policy till 16 years of child (Life assured) or 60 years of proposer whichever is earlier. Under this rider 1% of SA is paid to the child on monthly basis from the next month after the death of proposer per condition cited return.

**Condition:-**

- i) Age 16 of child and age 60 of proposer whichever is earlier up to which benefit is available.
- ii) Proposer proof of age of proposer
- iii) Maximum cover available up to Nrs. 5 lakhs under the entire child plan purchased by proposer from Surya Life insurance Co.
- iv) Medical examination of proposer is must.
- v) Incase Life assureds age is 10 years or more his/her medical examination is necessary.



payment of additional premium as per accident benefit premium table applicable to this plan, at the option of life assured subject to maximum upto Rs. 500,000/-.

### **RIDER**

#### **i) Accident Double Benefits**

In case of death of life assured the Co. shall pay the double the sum assured to the nominee of Life Assured, if the life assured has taken this riders along with policy plan, as per conditions, after paying premium at the rate of Re 1/-per annum per thousand.

#### **(ii)Accident Double Benefit (ADB), Permanent Total Disability (PTD) and Premium Waiver Benefit (PWB):**

This rider is available after paying additional premium of Rs. 2/- per thousand per year in which the benefit of total disability and premium waiver after accident, if permanent disability has set in are given. If the life assured dies out of accident, then double the sum assured is paid to nominee.

The conditions are as follows:

- i) Maximum Sum Assured for both of these riders is NRs. 400,000/- or basic sum assured whichever is lower.
- ii) Maximum age of Life Assured, under both these riders, up to which benefits of riders are available, is age 60(last birthday).

## 6. Surya Group Endowment Policy with Profits

Salient Features		
1	Minimum Group size	25 Members, Lower Group Size
		Membership                      Premium Loading
		10 to 24                              NRs. 1.00
2	Minimum / Maximum age at entry	16 years/ 55 years ( Last Birth day)
3	Minimum/ Maximum Term	5 years / 44 years
4	minimum/maximum age at maturity	21 years / 60 years ( Last Birth Day)
5	Minimum S.A	NRs. 50,000/- per Member Loading For S.A. Less than minimum S.A.                      Loading Rate ( In PRT ) 35,000-49,999      NRs. 0.50 20,000 - 34,999    NRs. 1.00 10,000-19,999      NRs. 2.00
6	Maximum Basic S.A	NRs. 2,000,000/ - per member
7	Mode of Premium Payment	Annual
8.	Premium Rebate ( Group Size)	Rebate (in PRT)
	251 to 500	Nrs. 0.50
	501 to 1,000	NRs. 1.00
	1,001 and above	NRs. 2.00
9	Declaration of Personal Good health	Compulsory
10	Accidental Benefit	Available Up to Nrs. 500,000/-
11	Product Benefits	
	On Death :	S.A. with Vested Bonus
	On survival to Maturity :	S.A. with Vested Bonus
12	Paid up/ Surrender Value	Available
13	Converting into Individual Plan	Allowed

Source: Surya Life

## **8. Surya One Year Renewable Group Term Assurance Plan**

### **Product Features:**

1	Minimum Group Size	25 members
2	Minimum age at Entry	16 Year (Last Birthday)
3	Maximum age at Entry	64 Year (Last Birthday)
4	Minimum Policy Term	1 Year
5	Maximum Policy Term	1 Year
6	Maximum Maturity Age	65 Year
7	Mode of Premium	One Year (Single)
8	Minimum Sum Assured	NRs. 50,000/-
9	Maximum Sum Assured	For each member- 3 times of annual salary or NRs. 2,000,000 whichever is less
10	Declaration of Good Health	Compulsory
11	Accidental Benefit	Available but, Not more than basic sum assured also subject to maximum NRs. 500,000.
12	1	Policy does not acquire any maturity, paid up or surrender value

Source: Surya Life

### **Brief Description of the Benefits:**

**On the death of the Life Assured during the term of the policy: Full Sum Assured.**

### **Who will receive the Benefit?**

Nominee or dependent as per insurance act 2049 (38) or legal heir or assignee.

## **8. Gurans Life Insurance Company Limited**

### **d) Introduction**

Gurans Life Insurance Company Limited has been established and registered under Company Act 2063 B.S.(Regd. No. 1005/063-64) and Insurance Act 2049 as a public Limited Co. and was issued a license operate Life Insurance Business on 2064/12/18. Gurans Life Insurance Co .Ltd. is promoted by a Commerical Bank, T.M Dugar Group along with group of diverse and renowned Businessmen, Industrialist and Legal professionals

### **e) Products/Policies**

There are 5 life insurance policies in this company. They are as follows:

#### **1. Gurans Endowment with Profit Policy**

The most popular form of life assurance since it makes provision for the family of the Assured in the event of early death, as also assures a lump sum amount at a desired age. The amount assured, if not paid by reason of earlier death becomes payable at the end of the endowment term. Premiums are payable for a term of years equal to the endowment term or until death if it occurs within this period. If payment of premiums is discontinued after at least two years premiums have been paid, a paid up policy for an amount bearing the same proportion to the sum assured as the number of premiums actually paid bears to the number stipulated for in the policy, will be automatically secured. Such reduced paid up policy will not be entitled to participate in the profits declared thereafter.

#### **Key Features:**

- ) Minimum Entry Age : 16 Years
- ) Maximum Entry Age : 65 Years
- ) Minimum Policy Term: 5 Years
- ) Maximum Policy Term: 59 Years
- ) Maximum Maturity Age : 70 Years
- ) Minimum Sum Assured: Rs. 25 Thousand

**Premium Payment Frequency:** Yearly/Half Yearly/Quarterly

#### **Benefits**

- ) Sum assured plus bonus in case of the maturity
- ) Sum assured plus bonus will be paid to nominated person in case of death of the assured.
- ) Loan facility

) Tax benefits

**Additional Benefits**

) Premium Waiver

) Double Accident Benefit

) Money Back

) Monthly Income Benefit

) Permanent Total Disability Benefit

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**2. Gurans Money Back Endowment with Profit Policy**

This policy is of special interest to persons who, besides desiring to provide for their own old age and family, feel the need for lump sum benefits at periodical intervals. Unlike ordinary Endowment Assurance, where the full Sum Assured in the event of survivance is payable only at the end of the endowment period, under this scheme:

**a) 15 Years Gurans Money Back**

25% of Sum Assured at the end of 5 years

25% of Sum Assured at the end of 10 years

25% of Sum Assured at the end of 15 years with Bonus

**b) 20 Years Gurans Money Back**

25% of Sum Assured at the end of 5 years

25% of Sum Assured at the end of 10 years

25% of Sum Assured at the end of 15 years

25% of Sum Assured at the end of 20 years with Bonus

However, in the event of death at any time within the selected term, the full sum assured is payable without any deduction or adjustment for the amount that may have been paid earlier by way of survival benefit. Premiums are payable for the second term years or till death if it occurs within this period. The bonus additions to the policy will be reckoned on the full sum assured and are payable at the end of the selected term or at the life assureds' death, if previous. In the event of cessation of the premium under this policy, paid-up assurance, payable at the end of the selected term of years or at the life assureds' death if previous, is automatically secured provided premiums have been paid under the policy for not less than two years and a minimum paid-up assurance of Rs.1000/- exclusive of any attached bonus secured.

**Key Feature**

- ) Minimum Entry Age : 16 Years
- ) Maximum Entry Age : 55 Years
- ) Policy Term: 20 Years
- ) Maximum Maturity Age : 70 Years
- ) Minimum Sum Assured: Rs. 50 Thousand

**Additional Benefits**

- ) Premium Waiver
- ) Double Accident Benefit
- ) Money Back
- ) Monthly Income Benefit
- ) Permanent Total Disability Benefit
- ) Rider Benefit

**3. Temporary Term Assurance Plan for Expatriates**

This policy is for people going abroad to work.

**Key Feature**

- ) Minimum Entry Age : 18 Years
- ) Maximum Entry Age : 55 Years
- ) Minimum Policy Term: 1 Years
- ) Maximum Policy Term: 5 Years
- ) Maximum Maturity Age : 60 Years

**Additional Benefits**

- ) Premium Waiver
- ) Double Accident Benefit
- ) Money Back
- ) Monthly Income Benefit
- ) Permanent Total Disability Benefit
- ) Rider Benefit

**Benefits**

- a) On Death of Life Assured during the term of the policy: Full Sum Assured + Body Repatriation Charges(Maximum upto Rs. 50, 000)
- b) On Survival to Maturity Date : NIL

- c) Benefit payable in the event of accident and sickness resulting in loss of
- a. Both hands or both feet or loss of sight of both eyes : 100% of full Sum Assured
  - b. One hand and one foot : 100% of full Sum Assured
  - c. Either hand or one foot and sight of one eye : 100% of full Sum Assured
  - d. Hearing of both ears : 50% of full Sum Assured
  - e. Either hand or foot : 50% of full Sum Assured
  - f. Sight of one eye : 50% of full Sum Assured
- d) Premium payable : Single Premium
- 

#### **4. Gurans Jiwan Shri Life Insurance Policy**

##### **Key Feature**

- :: Minimum Entry Age : 16 Years
- :: Maximum Entry Age : 65 Years
- :: Minimum Policy Term: 5 Years
- :: Maximum Policy Term: 54 Years
- :: Maximum Maturity Age : 70 Years
- :: Minimum Sum Assured: Rs. 1 Lac
- :: Premium Payment Frequency : Yearly/Half Yearly/Quarterly

##### **Benefits**

- :: Minimum Entry Age : 18 Years
- :: Maximum Entry Age : 55 Years
- :: Minimum Policy Term: 1 Years
- :: Maximum Policy Term: 5 Years
- :: Maximum Maturity Age : 60 Years

##### **Additional Benefits**

Double accident benefit is available with nominal extra premium. In case of the death of the assured, a nominee will receive assured amount, bonus plus Rs. 5 lac (maximum).

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#### **5. Gurans Bal Surakchya Life Insurance Policy**

The policy is designed specially to ensure planned cash flow for your child's education, marriage etc. with options to provide Premium Waiver and Monthly Income Benefit.

##### **Commencement of Risk**

Risk of the child will commence either 2 years after the date of commencement or from the policy anniversary falling immediately after the completion of age 6 of child, whichever is later. However, in case of child's age at entry being 15 years risk will commence from one year after date of commencement.

### **Vesting of Policy**

The Policy will vest in the Life Assured from the policy anniversary following his completion age of 16 years.

### **Bonus**

The Policy will participate in the profits (Bonuses) during the premium paying term subject to the policy being in full force on the date of valuation. However, the bonus will vest only from the date of commencement of risk.

### **Maturity Benefit**

The Sum Assured along with vested bonus is payable on Date of Maturity.

**Should the prosper opt for Premium Waiver Benefit and/or Monthly Income Benefit (as explained herein below), it will not in any way reduce the maturity benefit.**

### **Death of Benefit**

In case of Life Assured (Child) dies any time after commencement of risk, full Sum Assured with the vested bonuses will be paid immediately in entire cancellation of the policy contract.

### **Refund of Premiums**

In case of Life Assured (Child) dies before commencement of risk, all the premiums paid excluding extra premiums, if any (health extra and premium for optional benefits viz. premium waiver and Monthly Income benefit) will be refunded.

### **Medical Requirements**

For the purpose of deciding the medical examination requirements on the life of the prosper (parent) for optional benefits the "total risk cover" will be taken as

- i. (Annual Premium for basic cover on child's life) X (Total number of annual premiums payable) for "Premium Waiver" benefit. And / or
- ii. 1% of Sum Assured x 12 x Term of the policy as Sum Assured payable under "Monthly Income" benefit.

Medical Examination is compulsory for granting PWB and/or MIB benefit/s.

No medical for Child (Life Assured) ages 0 to 10 years of age.

Compulsory Medical examination for Child ages 11 to 15 years.

**Key Feature**

- :: Minimum Entry Age : 0 Years
- :: Maximum Entry Age : 15 Years
- :: Minimum Policy Term: 5 Years
- :: Maximum Policy Term: 16 or 20 years
- :: Maximum Maturity Age : Completion of 20 Years
- :: Minimum Maturity Age : Completion of 16 Years
- :: Minimum Sum Assured: Rs. 50 Thousand
- :: Maximum Sum Assured: Rs. 20 Lac
- :: Premium Payment Frequency : Yearly/Half Yearly/Quarterly

**Benefits**

- :: For child's education
- :: Assist in starting up business
- :: To insure child's future in case of untimely death or physical disability of the parents
- :: Encashment at the time of wedding and other such rituals
- :: Bonus
- :: Tax benefits

**Additional Benefits**

- :: Premium Waiver

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**9. Prime Life Insurance Company****a) Introduction**

Prime Life Insurance Co. Ltd. (Prime Life) came into existence in June 2007. It is promoted by eminent business groups. The share holding constitutes of the promoters holding 70 percent and 30 percent is to be offered to general public. The promoters represent Nepal's leading and highly prominent business groups having widely diversified business interests and expertise. Laxmi Bank Limited, one of the leading commercial banks in Nepal, is one of the major promoters with 15 percent stake. We are expecting approval from Securities Exchange Board for Initial Public Offerings (IPO) amounting to NPR 108 million by the end of January 2010. After the completion of IPO, company's capital base will increase to NPR 360 million from existing NPR 252 million.

**b) Products/Policies**

## 1. PENSION PLAN

PrimeLife Pension Plan is a pension product that provides the security after active work-life. You have an option to choose two ways to get your pension for your life time.

### KEY BENEFITS OF PRIMELIFE PENSION PLAN

- Pay monthly premium and receive monthly pension for your whole life.

*(Example of NPR. 500,000/- Insurance Amount)*

AGE	TERM							
	10 Years		15 Years		20 Years		25 Years	
	You Pay	You Receive	You Pay	You Receive	You Pay	You Receive	You Pay	You Receive
30	4,631	2,625	2,992	3,229	2,179	3,920	1,685	4,736
35	4,645	2,768	3,012	3,430	2,207	4,210	1,724	5,130
40	4,671	2,940	3,049	3,684	2,259	4,560	1,791	5,580
45	4,718	3,158	3,115	3,990	2,344	4,960	0	0
50	4,802	3,420	3,222	4,340	0	0	0	0

Source: Prime Life

**Note:** Monthly Figures Based on bonus rate assumption of 5% and subject to change if declared bonus rate varies.

- In case of an unfortunate event of death during premium paying term, sum assured with applicable bonus will be paid to the holder's nominee.
- There is a flexibility to choose retirement date from which the policy holder will start receiving the pension.
- Flexibility to choose from two pension options after the policy maturity to get regular income for the life time.
- Flexibility to add on riders line Accidental Death Benefit and permanent Total Disability (waiver of premium) in case of an unfortunate event of death or disability during the premium paying term of the policy.
- Tax benefits on premium paid (up to the limit of NPR. 20,000/- per annum.)

### HOW DOES PRIMELIFE PENSION PLAN WORK?

The accumulated value would start paying the policy holder a regular income in the form of a

pension at a frequency chosen by him or her. The annuity can be received monthly, quarterly, half-yearly or annually. S/he has two options to receive the pension.

**1. LIFE TIME ANNUITY GUARANTEED:**

If you are 30-year old and opt for insurance amount equivalent to Rs. 5 Lacs under Lifetime Annuity for 15 years.

Age	You pay for 15 Years	You receive for Life Long
30	2,992/month	3,229/month

Source: Prime Life

Based on bonus rate assumption of 5% and subject to change if declared bonus rate varies.

- ) In case of death before premium payment completion period, beneficiary will receive 5 Lacs + Bonus.
- ) In case of accidental death with Premium payment Term, the beneficiary will receive 10 Lacs + Bonus.
- ) In case of permanent total disability (PTD) within premium payment term, monthly premium payment waived. Instead, S/he will receive Rs. 4,167/month up to maximum period of 10 years or completion of Premium Payment Term, whichever is earlier.
- ) Suppose insured dies after 2 years from the pension starting date, beneficiary will receive Rs. 3,229/ month for remaining 13 years.

**2. ANNUITY FOR LIFE WITH RETURN OF INSURANCE AMOUNT + BONUS:**

If you are 30-year and opt for Insurance Amount of Rs. 5 lacs under this option with premium payment term of 15 years.

Age	You pay for 15 Years	You receive for Life Long
30	2,992/month	2,467.50/month

Source: Prime Life

Based on bonus rate assumption of 5% and subject to change if declared bonus rate varies.

- ) Beneficiary receives 5 Lacs + Bonus upon death of insured at anytime (before or after premium Payment Completion period)

- ) In case of accidental death within Premium Payment Term, the beneficiary will receive 10 Lacs + Bonus.
- ) In case of permanent total disability (PTD) within premium Payment Term, monthly premium payment is waived. Instead, S/he will receive Rs. 4,167/month up to maximum period of 10 years or completion of Premium Payment Term, whichever is earlier.
- ) Suppose insured dies after 2 years from the pension starting date, beneficiary will receive Rs. 5 Lacs + Bonus and thereafter policy ceases to exist.
- ) Suppose insured dies after 17 years from the pension starting date, beneficiary will receive Rs. 5 Lacs + Bonus and thereafter policy ceases to exist.

**DISCLAIMER:**

*This is just an illustration showing the maturity options – Not a Contract. Your policy will contain the exact Terms and Conditions.*

*The Annuity Factor depends on the interest rate and mortality assumption, so the actual annuity factor at the time of the policy maturity may be higher or lower depending upon the prevalent interest and mortality rates scenario.*

*The information contained in this Brochure is intended for marketing purpose and is subject to the terms and conditions of PrimeLife Pension Plan ( PrimeLife Bhawisya Britti Bhuktani Jeevan Beema).*

**2. Prime-life Dhan Sagar**

**KEY FEATURES**

- ) Insurance term can be either 15 or 20 years
- ) Premium payment frequency can be chosen as per convenience
- ) Sum insured can be chosen as per customer's need

**POLICY REQUIREMENTS**

- ) Minimum Sum Assured: NPR 50,000
- ) Maximum Sum Assured: No limit
- ) Minimum Entry Age: 16 Years
- ) Maximum Entry Age: 50 Years for 15 Years Term and 45 Years for 20 Years Term
- ) Policy Term: 15 or 20 Years
- ) Maximum Policy Term: 49 years
- ) Maximum Maturity Age: 65 Years

- ) Premium Payment Frequency: Yearly, Half Yearly and Quarterly

## **MATURITY BENEFITS**

### **15 Years Term Benefits**

- ) 5 years from commencement: 25% of basic sum assured
- ) 10 years from commencement: 25% of basic sum assured
- ) At Maturity: 50% of basic sum assured plus Bonus.

### **20 Years Term Benefits**

- ) 5 years from commencement: 25% of basic sum assured
- ) 10 years from commencement: 25% of basic sum assured
- ) 15 years from commencement: 25% of basic sum assured
- ) At Maturity: 40% of basic sum assured plus bonus.

## **DEATH BENEFIT**

- ) Sum Assured plus Bonus

## **SUPPLEMENTARY RIDERS**

- ) Accidental Death Benefit (maximum up to NPR 500,000)
- ) Accidental Total Permanent Disability Benefit (maximum up to NPR 500,000)

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### **3. Prime-Life Saral Jivan**

#### **KEY FEATURES**

- ) Insurance term can be determined as per requirement
- ) Premium payment frequency can be chosen as per convenience
- ) Sum insured can be chosen as per customer's need

#### **POLICY REQUIREMENTS**

- ) Minimum Sum Assured: NPR 25,000
- ) Maximum Sum Assured: No limit
- ) Minimum Entry Age: 16 Years
- ) Maximum Entry Age: 60 Years
- ) Minimum Policy Term: 5 Years
- ) Maximum Policy Term: 49 years
- ) Maximum Maturity Age: 65 Years
- ) Premium Payment Frequency: Yearly, Half Yearly & Quarterly

#### **BENEFITS**

- ) Maturity Benefit: Sum Assured plus Bonus

) Death Benefit: Sum Assured plus Bonus

#### **SUPPLEMENTARY RIDERS**

) Accidental Death Benefit (maximum up to NPR 500,000)

) Accidental Total Permanent Disability Benefit (maximum up to NPR 500,000)

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#### **4. Prime-Life Swarnim Bima**

##### **KEY FEATURES**

- Insurance term can be determined as per requirement
- Premium payment frequency can be chosen as per convenience
- Sum insured can be chosen as per customer's need

##### **POLICY REQUIREMENTS**

- Minimum Sum assured 50,000
- Maximum Sum Assured 1,000,000
- Minimum age of Child 0 Years
- Maximum age of Child 15 Years nearest birthday
- Minimum age of Proposer 18 Years
- Maximum age of Proposer 60 Years
- Maximum maturity age of Proposer 65 Years
- Minimum policy term 10 Years
- Maximum policy term 30 Years
- Mode of Premium payment Yearly, Half Yearly & Quarterly

##### **BENEFITS**

- Maturity Benefits- Full sum assured plus bonus
- Death Benefits – Full sum assured plus bonus

##### **SUPPLEMENTARY RIDERS**

) Monthly Income Benefit

) Premium Waiver Benefit

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#### **5. Jeevan Surakshya**

##### **KEY FEATURES**

) Insurance term can be determined as per requirement

) Premium payment frequency can be chosen as per convenience

) Sum insured can be chosen as per customer's need

## **POLICY REQUIREMENTS**

- ) Minimum age of Entry 16 Years
- ) Maximum age of Entry 65 Years
- ) Minimum Sum 100,000
- ) Maximum Sum Assured No limit
- ) Minimum Policy Term 5 years
- ) Maximum Policy Term 54 Years
- ) Maximum Maturity Age 70 Years
- ) Mode of Premium Payment Yearly, Half Yearly & Quarterly

## **BENEFITS**

- ) Maturity Benefits- Full sum assured plus bonus
- ) Death Benefits - Full sum assured plus bonus

## **SUPPLEMENTARY RIDERS**

- ) Accidental Death Benefit (maximum up to NPR 500,000)

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### **6. Karja Surakshan Jivan Beema**

#### **KEY FEATURES**

- ) It is a special policy for financial institution's loan customers
- ) Low premium rate as it does not carry any Saving factor
- ) Reducing coverage of the insurance corresponding to customer's reducing outstanding loan balance
- ) In the event of death of the borrower, the proceeds of the policy will be paid to the Financial Institution to cover the current outstanding loan

#### **POLICY REQUIREMENTS**

Banks or Financial Institution will act as an administrator for collection and remittance of premiums and submission of loan customers' application form to Prime Life Insurance Company Ltd.

- ) Minimum Entry Age: 20 Years
- ) Maximum Entry Age 55 Years
- ) Maximum Maturity Age: 60 Years
- ) Minimum Policy Term: 5 Years
- ) Maximum Policy Term: 20 years
- ) Premiums Payment Mode: Yearly

## **BENEFITS**

- ) Maturity Benefits- None
- ) Death Benefits – Outstanding loans due to financial institutions will be paid by PrimeLife.

## **ADDITIONAL DISCLOSURE**

Policies on which premiums are paid will not carry any surrender value or loan facility.

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### **7. Baidesik Surakshya Jivan Bima**

#### **KEY FEATURES**

- ) Low premium rate as it does not carry any saving factor
- ) In the event of death of the person living abroad, a sum of Rs. 500,000 will be paid to the beneficiary

#### **POLICY REQUIREMENTS**

- ) Minimum Entry Age: 18 Years
- ) Maximum Entry Age: 55 Years
- ) Maximum Minimum Policy Term: 1 Year
- ) Maximum Policy Term: 5 years
- ) Premiums Payment Mode: Single Premium

#### **BENEFITS**

- ) Maturity Benefits- None
- ) Death Benefits – NPR. 500,000 and body carrying cost of NPR. 50,000

#### **Total Partial Disability Benefits**

- ) Two hands or two legs or two eye sight: 100% of Face Value
  - ) One hand and one leg: 100% of Face Value
  - ) One hand or one leg and one eye sight: 100% of Face Value
  - ) Hearing power of two ears: 50% of Face Value
  - ) Any one hand or leg: 50% of Face Value
  - ) Any one hand or leg: 50% of Face Value
- 

### **2.3 Review of Thesis**

No one has done the thesis under this topic. Any way Mr. Prem Kumar Bantawa has studied "The Role of Beema Samiti." The researcher has taken the following facts from his thesis;

### 2.3.1 Beema Samiti (Insurance Board)

#### a) Introduction

Beema Samiti (Insurance Board) is the Insurance Regulatory Authority of Nepal, The line ministry of the Finance Ministry, Nepal. The word 'Beema' means 'Insurance' and 'Samiti' connotes 'Board'. Hence, the Word 'Beema Samiti' is synonymous to Insurance Board which is constituted to systematize, regularize, develop and regulate the insurance business within the country under Insurance Act, 1992. This Samiti (Board) looks after all the insurance related activities in the State of Nepal. As a regulatory body, the Board's main concern is to create a professional, healthy and developed insurance market in Nepal.

Furthermore, after the restoration of democracy in 1990 AD, insurance environment began to change simultaneously along with other factors. Thus to meet the requirements of the changing situation, Insurance Act, 1968 was repealed by new Insurance Act, 1992 (Beema Ain, 2049). The preamble of the Act clearly states the purpose of the Act, thus "to establish an Insurance Board to systematize, regularize, develop and regulate the insurance business". To achieve the goal of the preamble, Beema Samiti (Insurance Board) is formed as an autonomous body the Insurance Act of 1992.

Beema Samiti has its own building at Chabahil, Kathmandu & it has 41 staffs who are working to regulate and control the overall insurance market of the nation.

#### b) Constitution of the Board

The Board is constituted under the Insurance Act, 1992, article 3. The form of the board is as under.

Table 1  
Constitution of Insurance Board

A person nominated or designated by Nepal Government	Chairman
Representative, Ministry of Law, Justice and Parliamentary Affairs	Member
Representative, Ministry of Finance	Member
A person nominated by Nepal Government from among the person having the special knowledge in the Insurance Business	Member
A person nominated by Nepal Government from among the insured.	Member

Source: Beema Samiti

Nepal Government may make alteration of the member of the Board by publishing a notification in the Nepal Gazette, if it deems necessary. The tenure of the nominated

members of the Board shall be four years. They may be re-nominated up to twice after the expiry of their tenure.

**c) Function, Duties and Power**

In order to systematize, regularize, develop and regulate the insurance business in the Kingdom, the following functions, duties and powers are conferred on Beema Samiti:

- ) Provide suggestions to Nepal Govt. to formulate necessary policy for systematizing, regularizing, developing and regulating the insurance business,
- ) Set out guidelines for insurers to invest their fund and prescribe the priority sectors for such investment,
- ) Register and renew the Insurer, Insurance Agent, Surveyor or Broker and to cancel or cause to cancel such registration,
- ) Arbitrate in the disputes, which arises between the insurer and insured,
- ) Make decision on the complaints filed by the insurer regarding to the settlement of liability of the insurance,
- ) Issue necessary directives to the insurer from time to time regarding insurance business,
- ) Formulate necessary basis fo the protection of interest of the insured, and
- ) Do or caused to do other necessary functions regarding insurance business.

**d) Sources of Income**

- ) Budget from the government
- ) Service charge from insurance companies (1% in total transactions)
- ) Donation from NGO, INGOs as well as Foreign aids
- ) Registration and renew charges of Insurers, Surveyors, & Agents
- ) Other Sources.

**2.4 Review of related studies through internet**

The researcher has used google.com for searching insurance related articles and facts. Following facts have been collected from the internet.

**a) Principles of Insurance**

Insurance contracts are based on certain principles. They are

### **1. Utmost good faith**

All types of contracts of insurance depend upon the contracts of utmost good faith. Both parties (insurer and the insured) in the contract must disclose all material facts for the benefit of each other. False information or non-disclosure of any important fact makes the contract avoidable. So, the condition to show utmost good faith is very strict on the part of the insured.

### **2. Insurable Interest**

The insured must possess an insurable interest in the object insured. It may be defined as a financial interest in the subject matter of contract. The presence of insurable interest is a legal requirement. So an insurance contract without the existence of insurable interest is not legally valid and cannot be claimed in a Court. The object of this principle is to prevent insurance from becoming a gambling contract.

### **3. Principle of indemnity**

All types of contracts except life and personal accident insurance are contract of indemnity. According to them, the insurer undertakes to indemnify the insured against a loss of the subject matter of insurance due to insured cause. In life assurance the question of loss and, therefore, of its indemnification does not rise. Because the loss of life cannot be estimated in term of money. The principles of indemnity is based on the idea that the assured in the case of loss only shall be compensated against the actual total loss. But if no event happens, the insured has not to receive any amount, so in this case the premiums paid by him becomes the profit of the Insurer.

### **4. Doctrine of subrogation**

This principle applies to the contract of indemnity only i.e. marine and fire. It lays down a principle which is quite equitable. According to this doctrine, where a loss occurs and the insurer pays as for a total loss, he is entitled to all the rights and remedies which the insured has against a third party in respect of loss so paid for. It prevents the insured being indemnified from two sources in respect of the same loss. Suppose 'A' has damaged 'B' is motor car negligently. If he pays 'B' is loss in full. B cannot collect the same from the insurance company. On the other hand if B applied to his insurance company for indemnity under his policy, he will not be permitted to collect the damages from A. In the latter case the insurance company will be entitled to collect that amount.

### **5. Doctrine of proximate cause**

This principle is found very useful when the loss occurred due to series of events. It means that in deciding whether the loss has arisen through any of the risks insured against, the

proximate or the nearest cause should be considered. To take, an illustration in one case where a policy holder sustains an accident while hunting. He was unable to walk after the accident and as a result of lying on wet ground before being picked up, he suffered pneumonia. There was an unbroken change of cause between the accident and the death, and the proximate cause of the death, therefore, was the accident and not the pneumonia.

### **6. Cancellation**

Both parties have right to cancel the policy before its expiry date. The period of the policy comes to an end on the cancellation of policy. So, the protection provided by the insurer to the insured stops from the date of such cancellation. The premium received by the insurance company is also returnable to the insured.

### **7. Attachment of risk**

Without the attachment of definite risk to the policy, the contract of insurance cannot be in force. So in this case the consideration fails and the premium received by the insurance company must be returned.

### **8. Mitigation of loss**

When the event insured against takes place, the policy holder must do everything to minimize the loss and to save what is left. This principle makes the insured more careful in respect of this insured property.

### **9. Arbitration**

Most fire and accident insurance policies contain an arbitration clause which provides for referring to differences to an arbitration. The arbitrator is to be appointed in writing by the parties in difference. The object of this clause is to reduce litigation.

## **b) Various Terms Used in Insurance**

### **1. Re-Insurance**

The insurance company gets a part of the risk insurance with another insurance company. In order to avoid heavy financial loss, this is known as Re-Insurance. This provision does not affect the position of the original assured. He, therefore, can claim only from his own insurance company. The principle of re-insurance is based on the idea that risk must spread over wider field. It thus protects the insurance funds of the original insurer. For further illustration suppose Mr. Bishal gets a property insured with "A" company for Rs.50,00,000 for a certain premium. Now if "A" wishes to reduce half of its risk it may be re-insured with "B" company say for Rs.25,00,00. The contract between "A" and "B" will be reinsurance.

## **2. Insurer**

The term insurer refers to the party who protect another against the various risks. An underwriter and insurance company are an insurer. Underwriter generally accepts the risk in case of marine insurance. He is the member of the Lloyd's Association. Insurer may be named as assure.

## **3. Insured**

He is person who is safeguarded against the risk in exchange for money. He is also called assured.

## **4. Policy**

It is an important document of the insurance in which terms and conditions of the contract between insured and insurer are laid down. This document must be signed and stamped by the insurance company.

## **5. Premium**

It is the consideration amount which the insured has to pay to the insurer in exchange for shifting of risk.

## **6. Insured amount**

It is the specific amount for which the policy is purchased from Insurance Company or its agents.

## **7. Double Insurance**

When a person gets his goods insured with more than one insurance company this is named as double Insurance. If he does so without motive of fraud, he can recover on all or any of the policy. For example, a building costs Rs.2,00,000. The owner of the building gets It Insured for Rs.1,20,000 from 'A' insurance company and Rs.80,000 from 'B' insurance company. In the event of loss, A and B insurance companies will bear the loss proportionately among themselves. If the total amount of all the policies taken together comes to more than the actual value of the subject matter insured, the Insured can only recover the actual value.

## **8. Surveyor**

Surveyor is a person concerned with the official inspection of something for purposes of measurement and valuation. S/he is person who carries out surveys, especially of ships (**marine surveyor**) to determine seaworthiness, etc.

## **9. Insurance Agent**

An Insurance Agent is a state-licensed professional who represents an insurance company in selling and servicing policies. In most states, insurance agents are required to undergo approximately 40 hours of passing classroom education for the type of insurance they are qualifying for to be approved to take the state insurance exam. After successfully completing the state exam an insurance agent will need to take continuing education classes to keep her/his insurance license current. Only insurance agents are allowed to sell and service insurance policies and only in the states they are licensed in.

## **10. Rebate**

A portion of the agent's commission returned to an insured or anything else of value given an insured as an inducement to buy. The payment of policy dividends, retroactive rate adjustments and reduced premiums that reflect the savings of direct payment to an agent or home office are not usually considered rebates. In most cases, rebates are illegal, both for the agent or insurer to give and for the insured to receive.

Insurance is one of the most overlooked but vital parts of any good financial plan. Health Insurance Online has partnered with insurance companies to provide free no obligation quotes and advice for consumers.

### **c) Basic Requirements for Insurance**

For buying insurance on any one's life the proposer should have insurable interest on the life of the assured. Insurable interest cannot be determined in terms of moral responsibility of one person for the other. It is determined by the monetary loss one will have to bear in case of death of the other. Some examples of insurable interest are given below.

1. One's on his own life.
2. Husband and Wife on the life of each other.
3. Parents and Children on the life of each other.
4. Employer on the life of employees.

5. A lender on the life of a debtor.
6. Business partners on the life of each other equal to the partner's investments in business.

Apart from the insurable interest the proposer should be

- a. Legally competent to enter into a contract.
- b. Financially capable to pay premium for the "Sum Assured Proposed".
- c. And there should not be anything adverse in his 'Health', 'Habit', 'Occupation'

However, insurance can be given by charging extra-premium if there is anything adverse in health, habits and occupation within the permissible parameters.

On fulfilling the above eligibility conditions one has to submit the following requirements for obtaining insurance

- a. Proposal form
- b. Personal statement of health
- c. Age proof
- d. Medical report and special medical and pathological reports depending on the sum proposed, personal history and family history.
- e. Proof of income if the sum proposed is large.
- f. Deposit amount equal to first premium.
- g. Previous insurance particulars.
- h. Particulars of insurance on the life of husband if the life to be assured happens to be of wife does not have earned income and of parents if he/she is a minor.

#### **d) Elements of Insurance**

Insurance combines three elements

##### **1. Insurance as a transfer system**

Insurance is a transfer system of risks from insured to insurance company which is financially sound and has capacity and willingness to take risks. A loss exposure can give rise to three types of losses, namely

- e) Property loss
- f) Liability loss
- g) Human and personnel loss.

##### **2. Insurance as a business**

Insurance is a business because it primarily attempts to meet its costs and expenses from premium that it earns and also make a reasonable margin of profit for its own sustainability. It has other benefits to society as a whole such as;

- ) Payments for the costs of covered losses
- ) Reduction of the insured's financial uncertain
- ) Efficient use of resources
- ) Satisfaction of legal requirements
- ) Satisfaction of business requirements
- ) Source of investment funds for infrastructure development
- ) Reduction of social burden

### **3. Insurance as a contract**

Insurance is a legal contract between insured and insurer. An insurance policy is a legally enforceable contract. This contract must meet these four requirements;

- ) Offer and acceptance
- ) Consideration
- ) Capacity
- ) Legal purpose

### **2.5 Research Gap**

In this study, the researcher has taken reports of different life insurance companies including Beema Samiti, journals and articles of different people that are related to the situation of life insurance market in Nepal that help to know the condition of life insurance market in Nepal. In the context of Nepal, though some studies on life insurance have been carried out but on the topic of the total condition of life insurance in the whole nation has not been studied yet. Due to the less contribution on research study, how many people of Nepal has purchased the life insurance policies and which group of people has purchased the life insurance policies? are almost unknown. So, it is felt that there is a need to carry out a study concerning the situation of life insurance market in Nepal. Further, the study has used Primary and Secondary data to find out the real situation of life insurance market in Nepal and what sorts of efforts can be done to promote its market. These data are different from those of previous in term of time and space. So, it has been believed that this study will be different and comprehensives compared to previous study.

In this study, the researcher has tried to spare his contribution to Life Insurance Companies for providing additional insights to this sector by finding out the real situation and the ways to promote its market.

## **CHAPTER - III**

### **METHODOLOGY OF THE STUDY**

#### **3.1 Introduction**

Research methodology is the process of arriving at the solution of a problem through a planned and systematic dealing with the collection, analysis and interpretation of the facts and figures. The objective of this study is to find out the real situation of life insurance market in Nepal, to analyze it and to give suggestion to improve the situation.

The methodology, which has been followed in this study, consists of research design, nature and source of data, data collection procedure, techniques and tools employed.

#### **3.2 Research Design**

The research design is the conceptual structure within which the research is conducted. Hence the research design is a plan, structure and strategy for investigation of the facts in order to achieve the conclusion.

I first reviewed the existing literature that reflect the little bit situation of life insurance market that could provide many ideas and issues for the study and facilitate to find the ways to promote the market. This study is designed to gather and give suggestions to promote life insurance market by collecting first hand as well as second data through different sources.

The field visit is the most characteristic element of research design. The researcher gathered sufficient and sufficiently accurate data to feel confident about research findings and to convince others of their accuracy.

#### **3.3 Nature and Source of Data**

Information is the lifeblood of any research. Both primary and secondary information have been based in this study. Primary information is based on questionnaire, informal

interview as well as unstructured dialogues and discussions with the officials of different life insurance companies as well as Insurance Board (Beema Samiti).

Secondary data have been collected from the following sources

- a) Report and financial statement of the different Insurance Companies
- b) Published and unpublished official records.
- c) Books, articles, magazines, annual report etc.

### **3.4 Tools and Techniques of Data Collection**

To collect the data, the researcher have used both the methods of data collection; primary as well as secondary methods. Secondary data are directly obtained from various sources mentioned above. To obtain data from official records, the researcher visited different insurance companies & Beema Samiti frequently and get it from the records.

For primary data, with a view to collect the additional required information, informal interview has been applied. All the collected data have been used as per need and requirement.

The bibliography cards have been prepared first on the basis of available literature, Journals, reports and data. Then the accumulated literature, reports and data were reviewed and tabulated as per objectives. To analyze the collected facts and figures various tools are used such as statistical tools, graphs etc.

## CHAPTER - IV

### PRESENTATION AND ANALYSIS OF DATA

This part of the study contains the presentation and analysis of data based on survey followed by their analysis. The main objective of this part is to analyze the data collected from different sources and the view of customers, clients and company managers. This part includes two sections. The first section includes the presentation. The analysis of data consists of organizing, tabulating, assessing data and present on table and bar diagram & pie chart and analysis of collected data where as the second section includes the major findings of the study.

#### **4.1 Situation of Life Insurance Market**

##### **4.1.1 Total Premium income**

In the fiscal year 2066/67, Rs.876.30 Cror has been earned through life insurance business. In fiscal year 2060/61 to 2066/67, the total premium income has been increased: 31.33%, 26.57%, 23.15%, 22.89%, 17.34%, 34.33% and 34.86% respectively (Table 1). It seems that market of life insurance gradually increasing.

Table 1  
**Total premium income in different fiscal year**

Fiscal Year	Premium Income (in Cror)	Increase %
2060/61	215.28	31.33
2061/62	272.48	26.57
2062/63	335.55	23.15
2063/64	412.35	22.89
2064/65	483.87	17.34
2065/66	650.00	34.33
2066/67	876.60	34.86

Source: Beema Samiti

## Chart 1

### 4.1.2 Contribution of Life Insurance Premium in GDP

In comparison to National GDP, the contribution of life insurance premium is 0.74% in fiscal year 2066/67. In fiscal year 2060/61 to 2066/67, the contribution in GDP has been increased: 0.4%, 0.46%, 0.51%, 0.57%, 0.60% and 0.74% respectively (Table 2). It shows the gradual increment in the contribution of GDP.

**Table 2**

#### **Comparison of insurance premium with GDP (in Crore)**

<b>Fiscal Year</b>	<b>Premium income (In Cror)</b>	<b>National GDP</b>	<b>% of Premium in comparison to National GDP</b>
2060/61	215.28	53,675.00	0.4
2061/62	272.48	58,941.00	0.46
2062/63	335.55	65,408.00	0.51
2063/64	412.35	72,783.00	0.57
2064/65	483.87	81,566.00	0.6
2065/66	650.00	99,132.00	0.65
2066/67	876.60	118,300.00	0.74

Source: Economic Survey 2066/67

## Chart 2

### 4.1.3 Investment from Life Insurance Business

The total investment from the life insurance market in the fiscal year 2066/67 stood at Rs.3648.71 crore. This shows an increase of Rs.995.09 crore than previous year. The investment has been made in Government Bonds, Development Bonds, Fixed Deposits of Commercial and Development Banks, Finance companies, Citizen Investment Fund and in preference shares & Debentures of Banks & reputed companies, loans against insurance policies, as per the guidelines & rules of the Government.

**Table 3**

#### **Investment in different fiscal year (in Crore)**

<b>Company's Name</b>	<b>2062/63</b>	<b>2063/64</b>	<b>2064/65</b>	<b>2065/66</b>	<b>2066/67</b>
Rastriya Beema Sansthan	775.39	817.53	855.98	1025	1175.09
National Life Insurance Company	193.67	257.92	310.8	354.84	515.78
Nepal Life Insurance Company	158.48	227.06	273.6	359.72	588.9
Life Insurance Corporation (Nepal)	135.49	213.44	268.92	357.28	549.73
Metlife Alico Insurance Company	257.08	323.81	325.69	408.96	530.81
Asian Life Insurance Company			25.47	53.01	121.85
Surya Life Insurance company			24.82	25.06	44.81
Gurans Life Insurance Company			23	27.6	46.54
Prime Life Insurance Company			23.61	40.15	73.2

Source: Beema Samiti

### Chart 3

#### 4.1.4 Number of Policies

Out of total Population 26,620,809 of Nepal as per census of 2011, only 3,146,113 people have been done insurance. It means only 11.82% people have purchased life insurance products in Nepal. The numbers of policies are increasing in every year but the situation is not exactly as shown in figure because one man has purchased more than one policies. So, we can assume that only 5 to 7% of Nepalese people have been assured. In fiscal year 2060/61 to 2067/68 Poush, 135,000, 305,000, 330,000, 350,000, 390,000, 470,000, 718,000 and 448,113 policies have been sold by different insurance companies. It shows that awareness about the life insurance is very poor. All the insurance companies are city/town oriented that means they are focussing on urban areas only where there is dense population. They are not covering rural areas.

Table 4  
No. Of Policies

Fiscal Year	No. of Policies
2060/61	135,000.00
2061/62	305,000.00
2062/63	330,000.00
2063/64	350,000.00
2064/65	390,000.00
2065/66	470,000.00
2066/67	718,000.00
2067/68 Poush	448,113.00
Total	<b>3,146,113.00</b>

Source: Beema Samiti

## Chart 4

### 4.1.5 Number of Agents involved in insurance business

There are total 127,881 life insurance agents in Nepal. According to Beema Samiti, only 31576 agents have renewed their licence. This means limited numbers of agents are working actively. Most of the licence holders are civil servants because they know the procedures and they can have the messages from the government. Asian Life Insurance has the largest number of insurance agents and Surya Life Insurance Company has the least number of insurance agents.

Table 5  
Number of Agents

S.N.	Life Insures	No. of Agents
1	Rastriya Beema Sansthan*	4,500
2	National Life Insurance Company Limited	19,694
3	Nepal Life Insurance Company Limited	25,598
4	Life Insurance Corporation (Nepal) Limited	22,189
5	American Life Insurance Company	2,331
6	Asian Life Insurance Company	33,091
7	Surya Life Insurance Company	2,135
8	Gurans Life Insurance Company	4,439
9	Prime Life Insurance Company	13,904
<b>Total</b>		<b>127,881</b>

Source: Insurance Companies

## Chart 5

### 4.1.6 Number of Employees

There are altogether 1462 people have been employed in different life insurance companies. Rastriya Beema Sansthan comprises the employees from both life and non-life insurance because there is no division of labour as life and non-life. Asian Life Insurance Company has the largest numbers of employees whereas LIC has the smallest numbers of employees. Anyways, Life Insurance Companies are providing the employment opportunities to the people.

Table 6

#### Number of Employees in Different Life Insurance Companies

Life Insurers	No. of Employees
Rastriya Beema Sansthan	253
National Life Insurance Company	205
Nepal Life Insurance Company	193
Life Insurance Corporation (Nepal)	91
Metlife Alico Insurance Company	93
Asian Life Insurance Company	225
Surya Life Insurance company	96
Gurans Life Insurance Company	92
Prime Life Insurance Company	214
<b>Total</b>	<b>1462</b>

Source: Insurance Companies

## Chart 6

### 4.1.7 Capital Structure of Different Life Insurance Company

The oldest life insurance company, Rastriya Beema Sansthan has 100 million authorised capital and 9.3 million paid up capital. RBS has not mentioned its issued capital till date in its Balance Sheet. According to the Balance Sheet of National Life Insurance Company, it has 260 million of Paid up Capital. It has not mentioned its Authorised Capital. Likewise, Prime Life Insurance has 360 million of Paid up Capital and it also has not mentioned its Authorise Capital. National Life Insurance Company has the biggest Authorised Capital Rs.100 crore and Issued Capital Rs.50 crore.

There is no authorised and paid up capital of Met Life Insurance Company. There is a question that how did it get the permission to do life insurance business in Nepal?

**Table 7**

#### **Authorised, Issued and Paid up Capital**

<b>S.N.</b>	<b>Insurance companies</b>	<b>Authorized Capital</b>	<b>Issued Capital</b>	<b>Paid Up Capital</b>
1	Rastriya Beema Sansthan	100 million		9.3 million
2	National Life Insurance Company Limited			260 Million
3	NLIC Limited	100 Cror	50 Cror	37.5 Cror
4	LIC (Nepal) Limited	25 Cror	25 Cror	25 Cror
5	Met Life Insurance Company	No	No	No
6	Asian Life Insurance Company	50 Cror	36 Cror	36 Cror
7	Surya Life Insurance Company	50 Cror	36 Cror	36 Cror
8	Gurans Life Insurance Company	50 Cror	36 Cror	36 Cror
9	Prime Life Insurance Company			360llion

Source: Insurance Companies

#### 4.1.8 Number of insured in different companies

Out of total Population 26,620,809 of Nepal as per census of 2011, only 25,66,837 people have been done insurance. It means only 9.64% people have purchased life insurance products in Nepal. However, the numbers of insured are increasing in every year but the situation is not exactly as shown in figure because one man has purchased more than one policies. So, we can assume that only 5 to 7% of Nepalese people have been assured. NLIC has made 529102 insured since its inception. According to numbers of insured, we say that NLIC is the number one company in life insurance market. Likewise, RBS, National Life, LIC, Metlife, Asian, Surya, Gurans and Prime have made: 350,612; 432,530; 278,112; 280,548; 313,457; 33,000; 48,070; 310,406 insured respectively.

**Table 8**

#### **Number of insured in Different Life Insurance Companies**

<b>S. N.</b>	<b>Name of the companies</b>	<b>No. of Insured</b>
1	Rastriya Beema Sansthan	350612
2	National Life Insurance Company Limited	432530
3	NLIC Limited	529102
4	LIC (Nepal) Limited	278112
5	Met Life Insurance Company	280548
6	Asian Life Insuarnce Company	313457
7	Surya Life Insuarnce Company	33000
8	Gurans Life Insuarnce Company	48070
9	Prime Life Insuarnce Company	301406
<b>Total</b>		<b>25,66,837</b>

**Source: Different Insurance Companies**

## Chart 7

### 4.1.9 Analysis of Bonus

RBS, oldest life insurance company has declared the bonus rate in increasing rate. It has declared the following bonus rate for different years.

**Table 9**

**Bonus Rate of RBS for Different Years**

Period		Bonus
From	To	(in thousands)
Beginning	2031-03-30	Rs.15
2031-04-01	2034-03-30	Rs.20
2034-04-01	2037-03-30	Rs 25
2037-04-01	2040-03-30	Rs 35
2040-04-01	2043-03-30	Rs.48
2043-04-01	2046-03-30	Rs.60
2046-04-01	2049-03-30	Rs.62.5
2049-04-01	2058-03-30	Rs.65
2058-04-01	Till date (interim)	Rs. 65

Source: Beema Samiti

National Life Insurance Company, first company of private sector has declared its bonus in 2048 BS. The present bonus rates of the company are as follows:

Table 10

**Bonus Rate of National Life for Different Years**

Period		Bonus
From	To	(in thousand)
Beginning	2048-03-30	Rs.50
2048-04-01	2051-03-30	Rs.60
2051-04-01	2060-03-30	Rs 65
2060-04-01	2063-03-30	Rs 52
2063-04-01	2066-03-30	Rs.56
2066-04-01	Till date (interim)	Rs.56

Source: Beema Samiti

Similarly, NLIC has the following bonus rates:

Table 11

**Bonus Rate of NLIC for Different Years**

Types of Insurance			Endowment				Single	Term		
From	To	Term	5--14	15-19	19-24	25 & Above	Premium	15	20	
2057/58	2060-03-30	Bonus	37	43	49	65	40	39		
2060-04-01	2063-03-30	Bonus	50							
		Term	5--20	21-25	25 & Above					
2063-04-01	2065/66	Bonus	56	60	71			56	58	

Source: Beema Samiti

This company has highest bonus Rs.71 for the period 25 year & above. It is the highest rate of bonus in comparison to other company.

Likewise, the present bonus rates of other companies are as follows:

Table 12

**Bonus Rate of LIC for Different Years**

From	To	Types of Business	Endowment				Agrim
		Period	5--15	16-20	21-25	26 & Above	Bhuktani
Beginning	2062-03-30	Bonus	43	47	53	65	39
		Period	15-19	20-24	25 & Above		15
2062-04-01	2065-03-30	Bonus	52	55	70		51
2065-04-01	Till date (interim)	Bonus	52	55	70		51

Source: Beema Samiti

Table 13

**Bonus Rate of Metlife Alico for Different Years**

Period		Bonus Rate
From	To	
Beginning	2062-03-30	50
2062-04-01	2065-03-30	25
2065-04-01	Till date (interim)	25

Source: Beema Samiti

Table 14

**Bonus Rate of Asian Life for Different Years**

Period		Bonus Rate
From	To	
Beginning	2067-03-30	35
2067-04-01	Till date (interim)	35

Source: Beema Samiti

Table 15

**Bonus Rate of Prime Life for Different Years**

From	To	Types of Business		Endowment		
		Period	5--9	10--14	15-19	20 & Above
Beginning	2067-03-30	Bonus	20	24	28	32
2067-04-01	Till date (interim)	Bonus	20	24	28	32

Contd.....

From	To	Business	Agrim Bhuktani		Mixed Endowment & Whole			
			15	20	5--9	10--14	15-19	20 & Above
Beginning	2067-03-30	Bonus	28	32	20	22	23	26
2067 Srawan 1	Till date (interim)	Bonus	28	32	20	22	23	26

Source: Beema Samiti

From the above data, we can say that NLIC has declared the maximum bonus rate for insured i.e Rs.71. It has products & term-wise bonus rate. The minimum bonus rate of NLIC is Rs.37. Metlife Alico has decreased its bonus rate from Rs.50 to Rs.25. Prime Life has declared the bonus rate in term & products basis Rs.20 to Rs.32. Likewise, Asian Life has declared the bonus rate in flat Rs.35 for all products and terms. LIC has also declared bonus rate on the basis of products and it's term. It's highest bonus Rate is Rs.70 and lowest is Rs.39. National Life and RBS have also declared the bonus rate in flat for all products and terms. National life's highest bonus rate is Rs.56 and lowest is Rs.50.

RBS's highest bonus rate is Rs.65 and lowest is Rs.15. Other two companies, Gurans Life Insurance Company and Surya Life Insurance Company have not declared bonus rate. It seems that there is no unity in bonus rate of all companies. It may differ from company to company. But, in the effort of Beema Samiti, it can give direction to bring a unity in bonus at least in the period base.

#### **4.1.10 Analysis & Finding of Primary Data**

Primary data gives accurate and first hand information. Questionnaires are used to collect the primary data. Three sets of questionnaires are prepared and used. The questionnaires are subjective as well as objectives form. The questionnaires are shown in Annexes. The sample size of total people is 30 and it is divided into three groups of 10 respondents from customers, clients and company managers.

##### **a) Response from the customers**

Most of the customers have knowledge of life insurance. Seven people out of ten have knowledge about life insurance. They have got the knowledge from insurance agents, company, advertisement, newspapers, books and other means. They know everybody has to purchase life insurance policy to protect the dependent, to secure the future, to improve living standards. They have no insurance policy till date due to weak economic condition. Some of them, do not want to purchase life insurance policies due to procedural delay of the company to get compensation from insurer and they also believe that life insurance encourage crime in the society as shown in different Hindi and English films.

##### **b) Response from the Clients**

Clients are the people who have already purchased life insurance policies. Most of them purchased the life insurance policies from the insurance agents. Nine people out of 10 have purchased the policy from the insurance agents. They have done insurance for secure future and to save the dependent. Generally, the insurance agents are their relatives. Seven people have purchased Endowment policy. As per survey, Endowment policy is the most popular policy in Nepal. Insurance Agents have encouraged them to purchase life insurance policy. All of them who have bought endowment policy, they have chosen ADB facility. Out of Ten, three people have taken loan from the insurance company. One of the thinkable matters is that somebody does not

know that insurance company provides loan against his / her policy. It seems that Half Yearly payment system is popular in Nepal. According to 2 clients, they have paid fine also due to late payment of premium. It is difficult to remember the premium paying date. They have suggested that insurance company has to inform or remind us through telephone, SMS and other means about the payment date.

**c) Response from the Company Managers**

The researcher visited nine insurance companies of Nepal. They felt very difficult to provide data as I required due to which I could not analyze the premium. RBS has not done Audit from fiscal year 2058/59. So, It could not provide the details. According to Company Managers including Branch Manager, Endowment policies are easy to sale in market. Due to the unemployment, poor economic condition, no permanency in job, and more legal formalities, clients have surrendered the policies. Private Insurance Companies are increasing numbers of agents by giving trainings with the permission of Beema Samiti, advertising from different Medias such as TV, Radio, Newspapers etc. and conducting awareness programs, seminars and workshops to promote life insurance market.

## **4.2 Major Findings of the Study**

All the data of the study and observation of the researcher are taken from the interviews of the customers, clients, company managers and other sources. It seems that the situation of life insurance market is not good condition. Quality services should be provided to the people to meet the international standard. Due to diversified land topography, most of the people of Nepal have no access on insurance. The major findings of this study as revealed from the analysis can be stated as follows:

- a) In the fiscal year 2066/67, Rs.876.30 Cror has been earned through life insurance business. In fiscal year 2060/61 to 2066/67, the total premium income has been increased: 31.33%, 26.57%, 23.15%, 22.89%, 17.34%, 34.33% and 34.86% respectively. It seems that market of life insurance gradually increasing.
- b) In comparison to National GDP, the contribution of life insurance premium is 0.74% in fiscal year 2066/67. In fiscal year 2060/61 to 2066/67, the

contribution in GDP has been increased: 0.4%, 0.46%, 0.51%, 0.57%, 0.60% and 0.74% respectively (Table 2). It shows the gradual increment in the contribution of GDP.

- c) The total investment from the life insurance market in the fiscal year 2066/67 stood at Rs.3648.71 crore. This shows an increase of Rs.995.09 crore than previous year. The investment has been made in Government Bonds, Development Bonds, Fixed Deposits of Commercial and Development Banks, Finance companies, Citizen Investment Fund and in preference shares & Debentures of Banks & reputed companies, loans against insurance policies, as per the guidelines & rules of the Government.
- d) Up to Poush 2068, 3,146,113 policies have been sold in Nepal by different life insurance companies. In fiscal year 2060/61 to 2067/68 Poush, 135,000, 305,000, 330,000, 350,000, 390,000, 470,000, 718,000 and 448,113 policies have been sold by different insurance companies. It shows that awareness about the life insurance is very poor. All the insurance companies are city/town oriented that means they are focussing on urban areas only where there is dense population. They are not covering rural areas.
- e) There are total 127,881 life insurance agents in Nepal. According to Beema Samiti, only 31576 agents have renewed their licence. This means limited numbers of agents are working actively. Most of the licence holders are civil servants because they know the procedures and they can have the messages from the government. Asian Life Insurance has the largest number of insurance agents and Surya Life Insurance Company has the least number of insurance agents.
- f) There are altogether 1462 people have been employed in different life insurance companies. Rastriya Beema Sansthan comprises the employees from both life and non-life insurance because there is no division of employees as life and non-life. Asian Life Insurance Company has the largest numbers of employees whereas LIC has the smallest numbers of employees. Anyways, Life Insurance Companies are providing the employment opportunities to the people.
- g) The oldest life insurance company, Rastriya Beema Sansthan has 100 millions of Authorised Capital and 9.3 millions of paid up capital. According to the Balance Sheet of National Life Insurance Company, it has 260 millions of

Paid up Capital. It has not mentioned its Authorised Capital. Likewise, Prime Life Insurance has 360 millions of Paid up Capital and it also has not mentioned its Authorized Capital. National Life Insurance Company has the biggest Authorised Capital Rs.100 crore and Issued Capital Rs.50 crore. There is no authorised and paid up capital of Met Life Insurance Company. There is a question that how did it get the permission to do life insurance business in Nepal?

- h) Out of total Population 26,620,809 of Nepal as per census of 2011, only 25,66,837 people have been done insurance. It means only 9.64% people have purchased life insurance products in Nepal. However, the numbers of insured are increasing in every year but the situation is not exactly as shown in figure because one man has purchased more than one policies. So, we can assume that only 5 to 7% of Nepalese people have been assured. NLIC has made 529102 insured since its inception. According to numbers of insured, we say that NLIC is the number one company in life insurance market. Likewise, RBS, National Life, LIC, Metlife, Asian, Surya, Gurans and Prime have made: 350,612; 432,530; 278,112; 280,548; 313,457; 33,000; 48,070; 310,406 insured respectively.
- i) RBS, oldest life insurance company has declared the bonus rate in increasing rate. From the above data, we can say that NLIC has declared the maximum bonus rate for insured Rs.71. It has products & term-wise bonus rate. The minimum bonus rate of NLIC is Rs.37. Metlife Alico has decreased its bonus rate from Rs.50 to Rs.25. Prime Life has declared the bonus rate in term & products basis Rs.20 to Rs.32. Likewise, Asian Life has declared the bonus rate in flat Rs.35 for all products and terms. LIC has also declared bonus rate on the basis of products and it's term. It's highest bonus Rate is Rs.70 and lowest is Rs.39. National Life and RBS have also declared the bonus rate in flat for all products and terms. National life's highest bonus rate is Rs.56 and lowest is Rs.50. RBS's highest bonus rate is Rs.65 and lowest is Rs.15. Other two companies, Gurans Life Insurance Company and Surya Life Insurance Company have not declared bonus rate. It seems that there is no unity in bonus rate of all companies. It may differ from company to company. But, in the effort of Beema Samiti, it can give direction to bring a unity in bonus at least in the period base.

- j) Most of the customers have knowledge of life insurance. Seven people out of ten have knowledge about life insurance. They have got the knowledge from insurance agents, company, advertisement, newspapers, books and other means. They know everybody has to purchase life insurance policy to protect the dependent, to secure the future, to improve living standards. They have no insurance policy till date due to weak economic condition. Some of them, do not want to purchase life insurance policies due to procedural delay of the company to get compensation from insurer and they also believe that life insurance encourage crime in the society as shown in different Hindi and English films.
- k) Clients are the people who have already purchased life insurance policies. Most of them purchased the life insurance policies from the insurance agents. Nine people out of 10 have purchased the policy from the insurance agents. They have done insurance for secure future and to save the dependent. Generally, the insurance agents are their relatives. Seven people have purchased Endowment policy. As per survey, Endowment policy is the most popular policy in Nepal. Insurance Agents have encouraged them to purchase life insurance policy. All of them who have bought endowment policy, they have chosen ADB facility. Out of Ten, three people have taken loan from the insurance company. One of the thinkable matters is that somebody does not know that insurance company provides loan against his / her policy. It seems that Half Yearly payment system is popular in Nepal. According to 2 clients, they have paid fine also due to late payment of premium. It is difficult to remember the premium paying date. They have suggested that insurance company has to inform or remind us through telephone, SMS and other means about the payment date.
- l) Company Managers including Branch Manager, Endowment policies are easy to sale in market. Due to the unemployment, poor economic condition, no permanency in job, and more legal formalities, clients have surrendered the policies. Private Insurance Companies are increasing numbers of agents by giving trainings with the permission of Beema Samiti, advertising from different Medias such as TV, Radio, Newspapers etc. and conducting awareness programs, seminars and workshops to promote life insurance market.

- m) There are nine insurance companies in Nepal as per Beema Samiti. They are as follows:
1. Rastriya Beema Sansthan
  2. National Life Insurance Company Limited
  3. Nepal Life Insurance Company Limited
  4. Asian Life Insurance Company Limited
  5. Life Insurance Corporation (Nepal) Limited
  6. Met Life (ALICO) Insurance Company
  7. Surya Life Insurance Company Limited
  8. Gurans Life Insurance Company Limited
  9. Prime Life Insurance Company
- n) All the insurance companies are selling the following life insurance policies.
1. Endowment Policies
  2. Term Life Policies
  3. Whole Life Policies
- o) All the insurance companies have children policies also.
- p) Beema Samiti (Insurance Board) is the Insurance Regulatory Authority of Nepal that was established under Finance Ministry. It is constituted to systematize, regularize, develop and regulate the insurance business within the country under Insurance Act, 1992
- q) Re-insurer, insurer, insured, policy, premium, insured amount, surveyor, insurance agent, rebate etc. are the terms used in insurance business.

# CHAPTER - V

## SUMMARY, CONCLUSION & RECOMMENDATION

### 5.1 Summary & Conclusion

The main objectives of this study is to find out the real situation of life insurance market and the secondary objectives is to know the number of life insurance companies and their products in Nepal. In this study, an attempt has been made to find out the life insurance situation, historical background of the life insurance companies and their policies.

Life insurance is one of the important risk management factor that helps to share the risks over a number of persons. In financial sense, it is a social device in which a group of individuals (insured) transfer risks to another party (insurer) in order to combine loss experienced, which permits statistical prediction of losses and provides for payment of losses from funds contributed (premium) by all members who transferred risks. In legal sense, it is a legal contract by which one party (insurer) in consideration of price paid to him proportionate to risk provides security to the other party (insured) that he shall not suffer loss, damage or prejudice by the happening of certain specified events. Insurance is meant to protect insured against uncertain events which may cause disadvantage to him.

Currently, there are nine Insurance Companies in Nepal. Among them, RBS is the oldest insurance company which had been established by a decision of the Nepal Government for mobilization of internal resources and capital for national development in 2024 Poush 9 BS. All other insurance companies are established under the Act of Insurance and Company Act. They are selling different policies such as

- ) Endowment Life Insurance,
- ) Whole Life Insurance and
- ) Term Life Insurance.

Total premium incomes of the different companies have been increasing every year that has contributed to increase the national GDP. In comparison to National GDP, the contribution of life insurance premium is 0.74% in fiscal year 2066/67.

The total investment from the life insurance market in the fiscal year 2066/67 stood at Rs.3648.71 crore. This shows an increase of Rs.995.09 crore than previous year. These investments have been helping the nation for the development of infrastructure.

Due to the lack of awareness about insurance, poor economic condition of the people, the insurance market is not being able to growth as it has aimed. Out of total population of the nation only 5 to 7% people have purchased life insurance policies. The another reasons of not purchasing life insurance policies are a procedural delay and more legal formalities of the companies.

There are only 127,881 insurance agents in nine insurance companies. Most of them are civil servants. Among them, more than 50% do not renewed their licence because insurance agent is a part time job for them.

One of the importance of the insurance is, it provides employment opportunities. In our country Nepal, there are 1462 people are employed in different insurance companies that has helped to increase their living standard. Asian Life Insurance Company has the largest numbers of employees i.e. 225 whereas LIC has the smallest numbers of employees i.e. 91.

The oldest life insurance company, Rastriya Beema Sansthan has 100 million authorised Capitals and 9.3 million paid up capital. RBS has not mentioned its issued capital in its Balance Sheet till date. According to the Balance Sheet of National Life Insurance Company, it has 260 million of Paid up Capital. It has not mentioned its Authorised Capital. Likewise, Prime Life Insurance has 360 million of Paid up Capital and it also has not mentioned its Authorised Capital. National Life Insurance Company has the biggest Authorised Capital Rs.100 crore and Issued Capital Rs.50 crore. There is no authorised and paid up capital of Met Life Insurance Company. There is a question that how did it get the permission to do life insurance business in Nepal?

## **5.2 Recommendation**

The study found the poor situation of life insurance market in Nepal. All the insurance companies are city/town oriented that means they are focussing on urban areas only where there is dense population. They are not covering rural areas. So, for the

fulfilment of Government objectives regarding life insurance and for the betterment of insurance companies following recommendation are forwarded on the basis of analysis and interpretation of data and conclusion extracted to improve the life insurance situation and to promote its market.

1. There is no awareness about life insurance in the people. So, awareness programs should be launched by the Government through Beema Samiti so that everyone should be aware about the risks of the future. Risks are uncertainties because nobody knows the future.
2. The Government has to keep the life insurance in its first priority. It has to manage an environment so that every people of Nepal feel safe by doing life insurance. It means government has to purchase the life insurance policies for its each and every citizen compulsory.
3. The government has to manage an environment so that investable amount life insurance should be invested by the insurance companies in such an area where there is security, good return and flexible. New areas of investment should be identified and spread.
4. Re-insurance is the compulsory phenomenon of insurance in order to avoid heavy financial loss. It protects the insurance funds of the original insure. There is no re-insurance company in Nepal. It is better to make an attempt to establish a Re-insurance Company. The government has to do it for the betterment of future of life insurance market as well as life insurance companies of Nepal. If there is re-insurance company in Nepal, it is not necessary to go foreign countries for Re-insurance that helps in mobilization of capital inside the country.
5. 60% of people of Nepal is under poverty line that means most the Nepalese people are suffering from hunger, famine and other natural disasters. They have no capacity for saving as well as no knowledge of saving. So, the government has to provide them an opportunity by providing employment opportunity so that they can earn for their life and to encourage them to purchase life insurance policies.
6. There is unhealthy competition among the insurance companies. Necessary steps should adopt by the government to stop this unhealthy competition.
7. Most of the life insurance companies are not following the government rules and regulations i.e. Insurance Act 2049, Insurance Regulation Act-2049 and other directions made by Beema Samiti. To improve this situation, strict rules should be managed by amending the Insurance Act.

8. All the insurance companies are city/town oriented that means they are focussing on urban areas only where there is dense population. They are not covering rural areas. The people of rural areas are poor, ignorance and marginalized. So, the access of life insurance should be given by the government arranging Laghu Beema Project.
9. The service qualities of life insurance market is very poor. So, it should be increased so that foreigners can attract to purchase life insurance policies of Nepal.
10. There is no skilled manpower in Nepal. So, it is recommended to the government that the people who have completed Master Degree in Management should be given training to make them skilled regarding insurance.
11. Political intervention is one of the important factors to demoralize the civil servants of Nepal. It should be stopped in Beema Samiti so that it can function properly
12. The objectives of Beema Samiti should be clearly defined. A target point should be made to insured the people
13. Lastly, it is better to give autonomy to the Insurance Board (Beema Samiti) for the betterment of insurance market in Nepal

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**Annual Report 2067**-Beema Samiti

# APPENDIX I

## Questionnaires for Customers

I am Bichari Rai from Sankhuwa-Sabha, a scholar of MBS 2<sup>nd</sup> year in Shankar Dev Campus Putalisadak. I am pleased to inform you that I am doing my thesis on "**A STUDY ON THE SITUATION OF LIFE INSURANCE MARKET IN NEPAL AND IT'S PROMOTION.**" So, I would like to request you to fill up this form so that I can collect true information.

---

Name of the Customer:

Address:

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1. Do you know about life insurance?
  - a) Yes
  - b) No
2. If yes, how do you know about this?
  - a) Newspaper
  - b) Agents & Insurance Company
  - c) Others
  - d) Advertisement
3. Does everybody need life insurance?
  - a) Yes
  - b) No
4. Why do we need to purchase life insurance policies?
  - a) To protect the dependent
  - b) To secure the future
  - c) To improve living standard
  - d) All of the above
5. Why don't you have life insurance policy till now?
  - a) It consumes more time to get compensation from insurance company
  - b) It encourages crime in the society.
  - c) I haven't met insurance agents & I have not visited Insurance Companies.
6. Are you planning to get insurance policy?
  - a) Yes
  - b) No

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Sign of Customer

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Researcher

## APPENDIX II

### Questionnaires for Clients

I am Bichari Rai from Sankhuwa-Sabha, a scholar of MBS 2<sup>nd</sup> year in Shankar Dev Campus Putalisadak. It is my pleasure to inform you that I am doing my thesis on "**A STUDY ON THE SITUATION OF LIFE INSURANCE MARKET IN NEPAL AND ITS PROMOTION.**" So, I would like to request you to fill up this form so that I can get true information.

---

Name of the Clients: \_\_\_\_\_ Address: \_\_\_\_\_

Name of the Insurance Company: \_\_\_\_\_ Date: \_\_\_\_\_

---

1. Do you know about life insurance?
  - a) Yes
  - b) No
2. If yes, how do you know about this?
  - a) Newspaper
  - b) Agents & Company
  - d) Advertisement
  - e) Others
3. Which factor influenced you to purchase life insurance policy?
  - a) Dependent family
  - b) Future Security
4. Which policy/product you have purchased?
  - a) Endowment
  - b) Term
  - c) Whole Life
  - d) Anticipated
5. For how many years you have done life insurance?
  - a) 5
  - b) 10
  - c) 15
  - d) 20
  - e) 25
6. Which rider benefits you have taken in your policy?
  - a) ADB
  - b) PWB
  - c) PTD
  - d) All
7. How are paying your premium?-----Yearly/Half Yearly/Quarterly
8. Who encouraged you to purchase life insurance policy?
  - a) Agent
  - b) Insurance Company
  - c) Self
9. Do you know the procedures of affecting life insurance? — Yes/No
10. Are you paying premium regularly? ----- Yes/No
11. Have you taken loan from insurance company? ----- Yes/No
12. Do you know insurance company provides credit facility also? ----- Yes/No

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Sign of Client

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Researcher

## APPENDIX III

### Questionnaires for Insurance Company

I am Bichari Rai from Sankhuwa-Sabha, a scholar of MBS 2<sup>nd</sup> year in Shankar Dev Campus Putalisadak. I am pleased to inform you that I am doing my thesis on "A STUDY ON THE SITUATION OF LIFE INSURANCE MARKET IN NEPAL AND IT'S PROMOTION." So, I would like to request you to fill up this form so that I can get true information.

---

Name of the Company \_\_\_\_\_ Address: \_\_\_\_\_

Manager: \_\_\_\_\_ Date: \_\_\_\_\_

---

1. How many insured do you have? \_\_\_\_\_
2. How much total amount of First Premium you have collected? \_\_\_\_\_
3. How many numbers of agents are there in your company? \_\_\_\_\_
4. Would you mind to tell me the total investment? \_\_\_\_\_
5. How many numbers of claims you have reimbursed? \_\_\_\_\_
6. Would you mind to give your company's Authorized Capital, Issued Capital and Paid up Capital? \_\_\_\_\_
7. When was your company established? \_\_\_\_\_
8. Premium for Endowment Policy in following conditions;  
Sum Assured: Rs.100,000.00, Term: 15 years, Mode of Payment: Yearly, Sex: Male, Age: 25 years, With ADB Facility Rs. \_\_\_\_\_
9. Which policy is more effective & popular for market promotion?  
a) Endowment      b) Whole Life      c) Term
10. What are the reasons of surrender?  
a) Poor economic status      c) More legal formalities  
b) Being unemployed      d) Others
11. What are you doing to promote life insurance market in Nepal?  
a) Increasing agents      c) Advertising from different medias  
b) Conducting awareness programs, seminars, workshops      d) Others

---

Sign of the Manager

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Researcher



