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A STUDY OF LIFE INSURANCES WITH THEIR LEGAL ASPECTS

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ABSTRACT

Life insurance is a contract in which one party agrees to pay a given sum upon the happing of a particular event contingent upon the happening of a particular event contingent upon the duration of life in exchange of the payment of consideration. The person on whose life payment is guaranteed is called insured or assured and the amount given is called the policy amount. The person who guarantees the payment is called insurer the event on which payment is to be given may be death or life. Premium is the consideration paid to the life insurance. Policy is the document evidencing the contract. Life insurance is undertaking by a company society or the state to provide safeguard against loss, provision against sickness, death etc. in return for regular payment.

Life insurance is an instrument of distributing the loss of few among many. Life insurance is a device for the transfer to an insurer of certain risks of life loss that would otherwise come by the insured.

Life insurance is a contract by which one party for a compensation called the premium assumed particular risk of the other party and promises to pay him or his nominee a certain or ascertainable sum of money on a specified contingency.

A life insurance is a contract defined to be that in which a sum of money is to be paid by one party to the another party on the happening of an event depending upon the human life in consideration of immediate payment of a smaller sum or other equivalent periodical payment by the other.

Life insurance imports a mutual agreement whereby the insurer in consideration of the payment by the assured of a named sum annually or at certain times, stipulates to pay a large sum at the death of the assured. The insurer takes into consideration among other things the age and health of parents and relatives of the applicant for insurable together with the applicants

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own age course of life habits and present physical condition and the premium exacted from the insured is determined by the probable duration of his life calculated upon the basis of past experience in the business of insurance.

IRDA- the Insurance Regulatory and Development Authority is autonomous and supreme body that governs and supervises the Insurance industry in India. After the formal declaration of Insurance Laws (amendment) ordinance 2014 by the president of India Shri Pranab Mukherjee it was constituted by parliament of India act called Insurance Regulatory and Development Authority of India (IRDA of India) on December 26 2014.

IRDA Act, 1999 was passed as per the major recommendation of the Malhotra Committee report (7 January 1994) headed by retired Governor of Reserve Bank of India Shri R.N Malhotra. The report recommended the establishment of an independent regulatory for insurance sector in India. It was incorporated as statutory body in April, 2000 with its headquarters at New Delhi.

"A life insurance policy is a callable sinking fund bond, issued upon the life of the policy holder. It will be paid promptly if providence sees it fit to call away the policy holder. In case there is no call the bond will be paid through the accumulation of its sinking-fund provision, or reserve at the time of maturity."[1]

-Huebner

The insurance sector 24 companies in life insurance business.[2] Life Insurance Corporation (LIC) is the sole public sector company. A life insurance policy is a contract with an insurance company. The insurance company provides a lump-sum money in exchange for premium given by the insurer to the insurance companies.

Life insurance is a contact in which the insurer for certain premium on the mode of lump sum or periodical payment in return agrees to pay the assured or the person for whose benefit the policy is taken a sum of money on the happening of a particular event contingent on the duration of human life.

[1] Ss Huebner Life insurance
[2] IRDA Sources

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The features of life insurance are as fallows life insurance is a contract.[3]

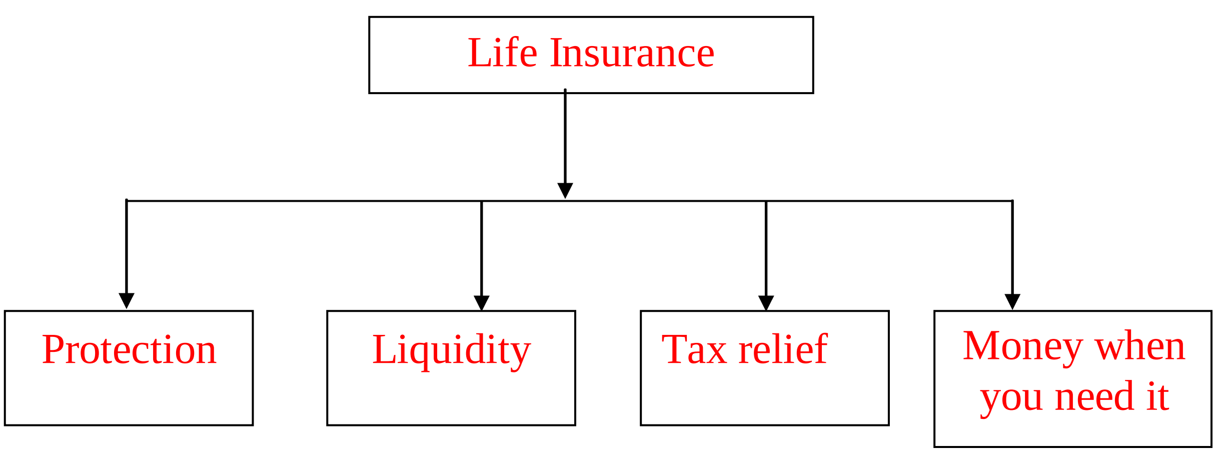
- Life insurance relating to human life.
- In life insurance there is no need of express provision that payment is due on the death of the person.
- In life insurance lump-sum amount is paid to insurer.
- In life insurance amount is paid after the expiration of certain period or on death of person.

Life insurance has both short range and long range advantages. Life insurance protects the potential estate of the policy holder as distinguished from acquired estate. It saves the insured from worry and makes him a little less core-worm.

Life insurance is husband's privilege, a wife's right and a child's claim. Life insurance offers the safest and surest means of establishing a socialistic pattern, perhaps not without a lot of seat but certainly without blood and tears.

Life insurance stabilizes the economic security of the policy holder and at the same time contributes its might to promotion of industry by providing the necessary capital and also to social security measures.

The aim and objective of life insurance:-



[3] Book Law of insurance Prof. M.N. Mishra

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Tax relief: Life insurance policies relating to death claims and maturity benefits are under exemption regime i.e that the premium paid, Income earned by investment and payment of maturity proceeds or claim are all exempt from Income tax under section 10(10) (D) of the income tax Act.

Pre-condition for granting tax benefit relief are:-

- Disability should be solely and directly as result of accidental injury.
- Disability must be permanent.
- Injury and disability must occur before the insured attains 60 years of age.
- Premium paid for health related riders.

Refrences

Book Law of Insuance Dr. S.R. Myneni Ss

Huebner Life insurance

IRDA Sources

Book Law of insurance Prof. M.N. Mishra.