

IC-38 Life Insurance Study Material 2026

Detailed Life Insurance Learning & Revision Guide

Original explanatory preparation resource for InvestKraft.

The existing InvestKraft PDF is a one-page topic checklist. This expanded version turns those topics into a structured learning guide with explanations, revision points and practice questions. ■cite■turn0view0■

The Insurance Institute of India currently publishes revised IC-38 study material with a dedicated Life section for Insurance Agents. Use the latest official material and examination instructions as the primary source.

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How to Use This Guide

- Study the common IC-38 concepts before the Life Insurance section.
- Read each chapter, then revise the bullet points.
- Attempt the MCQs without looking at the answers.
- Verify product-specific features against the current insurer policy wording.
- Before the exam, confirm current examination instructions with the relevant official authority.

1. Life Insurance Fundamentals

Life insurance is designed to provide financial protection against specified risks associated with human life and may also provide savings, investment or retirement-related benefits depending on the product.

Key concepts

The policyholder is the person who owns the policy and is responsible for contractual rights and obligations. The life assured is the person whose life is insured. A nominee is a person designated to receive policy proceeds in accordance with applicable law and policy terms.

- Life insurance is primarily about financial protection.
- Policy ownership and the identity of the life assured can be different.
- Nomination and assignment have different legal and practical functions.

Need for life insurance

Life cover can help families manage income replacement needs, liabilities, education costs, household expenses and other financial obligations after the death of the insured, subject to policy terms.

- Assess protection needs rather than focusing only on premium.
- Consider income, liabilities, dependants, existing assets and financial goals.
- The required cover can change over a person's life stage.

Chapter Practice Questions

1. The person whose life is covered by a life insurance policy is generally called the:

- A. policyholder
- B. life assured
- C. nominee
- D. agent

Answer: B — The life assured is the person whose life is insured.

2. Term insurance generally provides:

- A. only investment returns
- B. life protection for a specified term
- C. only medical reimbursement
- D. property insurance

Answer: B — Term insurance is primarily a protection product for a specified period.

2. Life Insurance Products

Life insurance products differ in how they provide protection, savings, investment or retirement benefits. Product names and features vary by insurer.

Term insurance

Term insurance generally provides life cover for a specified period. A death benefit is payable if the insured event occurs during the policy term, subject to the policy conditions. Traditional term products generally do not have a maturity benefit unless specifically structured to provide one.

- Focus is generally protection.
- Premium may depend on age, term, sum assured, underwriting and product design.
- Exclusions and conditions must be read carefully.

Whole life and endowment

Whole-life products generally provide cover for a long or whole-life period according to the contract. Endowment-type products combine insurance protection with a maturity or savings component under specified conditions.

- Do not assume every product has the same maturity structure.
- Bonuses, if applicable, depend on product terms and declarations.
- Compare benefits, premium commitments and liquidity features.

Money-back and ULIP concepts

Money-back products can provide survival benefits at specified intervals along with life cover. Unit-linked insurance products combine insurance with investment-linked funds, where policy value is affected by fund performance and charges.

- ULIP investment risk is borne according to the product structure.
- Past investment performance is not a guarantee of future returns.
- Read charges, lock-in, fund options and benefit conditions.

Annuity and pension concepts

Annuities are designed to provide income according to the selected annuity structure. Pension-oriented products may help build or provide retirement income, subject to product and regulatory provisions.

- Distinguish accumulation from payout phases.
- Understand immediate versus deferred annuity concepts.
- Tax treatment and product rules can change; verify current provisions.

Chapter Practice Questions

1. A nominee is primarily:

- A. the insurer's underwriter
- B. a person designated to receive policy proceeds in the circumstances provided by law/policy
- C. the medical examiner
- D. the premium collector

Answer: B — Nomination identifies a person for receipt of policy money subject to applicable law and policy terms.

2. Underwriting involves:

- A. assessing the risk and determining acceptance/terms
- B. printing brochures

C. only paying claims

D. changing a nominee without consent

Answer: A — Underwriting evaluates the risk and determines appropriate terms.

3. Premium, Underwriting and Policy Terms

Underwriting is the process of evaluating the risk presented by a proposer and deciding whether and on what terms the insurer will accept it.

Premium

Premium is the amount paid to keep the insurance contract in force, according to the payment schedule. Premium frequency may be annual, semi-annual, quarterly, monthly or otherwise depending on the product.

- Premium amount and total premium commitment are different concepts.
- Payment mode and frequency should be explained clearly.
- Missed premiums can affect policy status.

Underwriting

Life underwriting may consider age, health information, occupation, lifestyle, financial information and other material factors relevant to the risk.

- Proposal information must be accurate and complete.
- Medical examinations may be required depending on underwriting.
- Do not advise customers to hide information to obtain a lower premium.

Policy term and grace period

The policy term is the period for which specified cover applies. A grace period is additional time allowed for payment of a premium after the due date, subject to policy terms and applicable rules.

- Coverage during a grace period depends on the contract and applicable provisions.
- Repeated non-payment can lead to lapse or other policy consequences.
- Always check the policy schedule and insurer rules.

Chapter Practice Questions

1. A grace period is:

- A. a period of extra time allowed for premium payment after the due date, subject to terms
- B. a free policy extension forever
- C. a claim bonus
- D. a maturity benefit

Answer: A — Grace periods provide additional time for payment under applicable policy conditions.

2. Assignment generally concerns:

- A. transfer of policy rights/interests
- B. medical examination
- C. premium discount
- D. claim investigation only

Answer: A — Assignment transfers specified policy rights/interests according to applicable procedure.

4. Nomination, Assignment, Lapse and Revival

Policy servicing includes changes and rights that can materially affect ownership, benefits and continuity of a policy.

Nomination

Nomination is the designation of a person to receive policy money in the circumstances provided by law and the policy. Nomination rules can depend on the nature of the policy and applicable legislation.

- Keep nominee details updated.
- Nomination is not identical to assignment.
- Explain documentation requirements without giving unsupported legal advice.

Assignment

Assignment is the transfer of rights, title or interest in a policy from one person to another in accordance with applicable law and policy procedure. It may be absolute or conditional depending on the arrangement.

- Assignment can change who controls policy rights.
- Follow insurer documentation and registration procedures.
- Do not confuse assignment with nomination.

Lapse and revival

A policy can lapse when required premiums are not paid within the permitted period and other policy conditions are met. Revival is the process of restoring a lapsed policy, subject to insurer rules and applicable requirements.

- Revival may require evidence of continued insurability.
- Outstanding premiums and charges may apply.
- The exact revival window and terms depend on the policy.

Chapter Practice Questions

1. A ULIP combines:

- A. only health insurance
- B. insurance with investment-linked funds
- C. only motor insurance
- D. only annuity payments

Answer: B — ULIPs combine life insurance protection with investment-linked funds.

2. A lapsed policy may be restored through:

- A. revival, subject to applicable conditions
- B. automatic renewal in every case
- C. nomination
- D. assignment only

Answer: A — Revival restores a lapsed policy when the insurer's conditions are satisfied.

5. Riders and Additional Benefits

Riders are optional benefits attached to a base policy when offered and selected. They provide additional coverage subject to their own terms, limits and exclusions.

Common rider concepts

Depending on the insurer, riders may cover specified additional risks such as accidental death, disability, critical illness or premium waiver. Names and availability vary.

- A rider is not automatically included in every policy.
- Rider premium and benefit conditions should be explained.
- Check definitions, waiting periods, exclusions and limits.

Chapter Practice Questions

1. The safest approach to proposal information is to:

- A. omit inconvenient facts
- B. provide complete and accurate material information
- C. let the agent guess
- D. copy another proposal

Answer: B — Accurate disclosure of material information is essential to underwriting and the contract.

2. A rider is:

- A. an optional/additional benefit attached to a policy when available and selected
- B. a compulsory tax
- C. a claim form
- D. a nominee

Answer: A — Riders provide additional benefits subject to their own terms.

6. Claims and Customer Service

Claims are requests for policy benefits after an insured event. A life claim requires accurate documentation and processing according to the policy and applicable regulations.

Death claims

A death claim generally involves notification to the insurer, submission of the claim form and supporting documents, verification and assessment, followed by settlement or communication of the decision according to the policy and applicable requirements.

- Documents can include death certificate, policy records and claimant identity/bank details as applicable.
- The insurer may request additional evidence depending on circumstances.
- Never promise claim approval before assessment.

Maturity and survival benefits

Where a policy provides maturity or survival benefits, payment is made according to the contract when the relevant conditions are satisfied. The benefit may depend on policy status, premiums and other terms.

- Keep policy records and bank details updated.
- Check the policy schedule for benefit dates.
- Do not assume a death benefit and maturity benefit are payable together unless the product says so.

Customer communication

Good service means explaining policy features, exclusions, premium obligations and documentation accurately. Agents should use approved product material and direct complaints through appropriate grievance channels.

- Accurate proposal information is essential.
- Maintain records of important servicing requests.
- Escalate unresolved issues through prescribed channels.

Chapter Practice Questions

Life Insurance Quick Revision Checklist

- Explain policyholder, life assured, nominee and beneficiary concepts.
- Differentiate term, whole life, endowment, money-back, ULIP and annuity concepts.
- Understand premium, policy term, grace period, lapse and revival.
- Differentiate nomination and assignment.
- Understand the purpose of riders and additional benefits.
- Explain the basic death-claim and maturity-benefit process.
- Remember that exact product benefits, exclusions and procedures depend on policy wording.
- Use current official IC-38 material for the prescribed syllabus and current examination requirements.