DAY 03 Friday, 13 Nov 2026

Understanding Life Insurance - Basic Concepts and Importance



Key points

1. Understanding Life Insurance
2. Premium
3. Sum Assured
4. Policy Term
5. Life Cover
6. Policy Conditions & Exclusions
7. Importance of Official Product Knowledge

DAY 03: UNDERSTANDING LIFE INSURANCE

Introduction

Life Insurance is a contractual arrangement under which an insurance company provides benefits according to the terms and conditions of the policy in exchange for premiums paid by the policyholder.

1. Premium: The amount payable by the policyholder according to the policy terms.
2. Sum Assured: The basic insured amount specified in the policy, subject to applicable terms.
3. Policy Term: The agreed duration of the policy.
4. Life Cover: Financial protection relating to the insured life, subject to policy conditions.
5. Policy Conditions and Exclusions: The terms, limitations and exceptions that must be understood before recommending a plan.

Practical Example

A person is concerned about their family's financial future. A professional Financial Advisor should first understand the person's needs and affordability, then explain relevant State Life options using official product literature.

Today's Assignment

1. Learn the definition of Life Insurance.
2. Understand the difference between Premium, Sum Assured and Policy Term.
3. Practise explaining the basic concept of Life Insurance in 60 seconds.
4. Read the official brochure of one State Life plan.

Key Learning: Knowledge builds confidence, and confidence builds trust.

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