DETERMINING THE PARTICIPATION RATE AND THE MONTHLY PREMIUM FOR UNIT LINKED ENDOWMENT LIFE INSURANCE CONTRACT USING POINT TO POINT METHOD

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ABSTRACT

Unit linked life insurance is life insurance that is associated with the investment. One of method used in determining the premium unit linked life insurance is a method of indexing with the participation rate. The simplest method of indexing method is point to point. This method ignores the fluctuation in stock prices between the beginning and end of the period, so that customers are protected against the decline in stock prices in the middle of the road. A single premium payments on unit linked insurance much less desirable, because this product is only suitable for customers who have surplus funds and want a great long term investment. So for clients with limited funds, the periodically payment of premiums offered, for example monthly. This study aimed to obtain the equation of the monthly premium for unit-linked endowment life insurance contracts with point to point method, get the participation rate, the monthly premium and the sum assured in case of investment in shares of PT. Telkom Indonesia and earn participation rate if the contract period, the age of the insured, volatility and interest rate, its value varies. This study uses the benefits structure with point-to-point method for determining the value of contracts of unit linked endowment life insurance, and monthly premiums. The results of this study indicate that the equation when determining the monthly premiums of unit linked endowment life insurance by using point to point, the value premium index and periodically annuity benefits structure is calculated by using the method of point to point. The participation rate in the contract unit linked endowment life insurance by using point to point with the term of the contract and the age of the insured which vary in value above 60 percent. Meanwhile, when the volatility is below 10 percent, the participation rate by 100 percent, it makes the insurance companies do not make an insurance contract when the volatility is below 10 percent. When the interest rate less than 6 percent, participation rate is small, it is below 50 percent.

Keyword: Endowment Life Insurance, Monthly Premium, Participation Rate, Point to Point, Single Premium, Unit Linked.
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