

# Visual Interpretation of R&D of Participative Life Insurance Product of Female—A Case Study of the Female Policyholders in Huamao Central Community of Beijing

Zhao Shuyan

College of Insurance · University of International Business and Economics · 100029

DOI Link: <http://dx.doi.org/10.6007/IJARBSS/v3-i9/188>

*Published Date:* 05 September 2013

## Abstract

This paper employed research methodology of direct-vision visual anthropology to highlight the role played by a combination of emic method and etic method. In the field spot of Huamao Central Community of Beijing, the author conducted in-depth interviews objectively with different age groups of women (adolescence group, fertility group and menopause group), and learned about their true feelings, actual needs, which were reflected in the process of the product design, the clauses drafting and the product pricing. The research ideas of participative life insurance product of female intended to enable the female policyholders to fully participating in developing process of the product. Through participative research, the researcher, being outsider, was transformed into insider of the community in which the female insureds were living; prospective female insureds in the community, as the outsiders, who involved in developing process of product design, investment operations, and benefits obtaining from the participation, was transformed into insiders of insuring industry, in this process, enable women to truly know about life insurance products, to understand life insurance behavior, to improve awareness of protection, furthermore, to effectively recognize and experience function of protection, risk prevention and risk diversification. From a perspective of R & D of life insurance product, female group could make a realistic planning for their future lifetime, and transform unfavorable factors into favorable ones positively, while effectively preventing risks, improving women's quality of life, and earnestly protecting women's rights.

**Keywords:** visual interpretation, R&D, participative life insurance, female, case study, policyholders, Huamao Central Community of Beijing

## I. An Introduction to Field Spot and Case Study

Field spot of Huamao Central Community, see Figure1. is located in Chaoyang District of Beijing, west of Dawang Road west, east of East Fourth Ring, south of Tonghui River, north of

Chaoyang Road, between latitude 39°48' to 40° 09', and between longitude 116° 21' to 116° 42'. It Covers an area of 39 hectares, with a total construction area of nearly 1 million square meters.

Figure1. The Field Spot - Huamao Central Community of Beijing

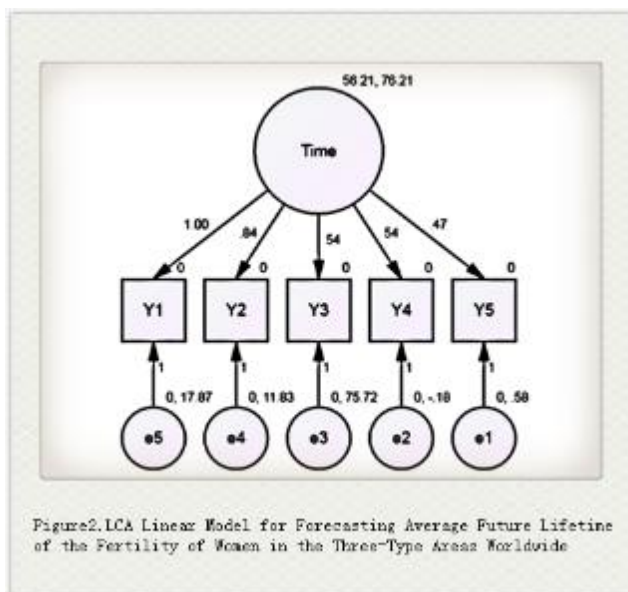


From the beginning of Nov.,2012, the research group have been contacting with the female policyholders in Huamao Central community. In the following days, the researchers did interviews and questionnaires with the women age group by the classification. In order to record objectively different female interviewees' change in thinking and behavior in the developing process of product, the researchers conducted the tracking interviews with different age group of women (adolescent group, fertility group and menopause group). So far, the researchers have conducted dozens of interviews with 8 female policyholders in the community.

## II. Research Ideas of R&D of Participative Life Insurance Product of Female and Its significance

### 2.1 Research Ideas of R&D of Participative Life Insurance Product of Female

Figure2. LCA Linear Model for Forecasting Average Future Lifetime of the Fertility of Women in the Three-Type Areas Worldwide



LCA model takes time factor as the main cause of the target's changes in latent trait, relevant design shown above, see Figure 2. In the Model, the first measurement of factor loadings set to 1. The researcher takes the first measurement as a reference point, to compare with subsequent measurements, the other path coefficients (L2, L3, L4, L5) is open to estimates.

$$Y1=1.0*Time+e1;$$

$$Y2=L2*Time+e2;$$

$$Y3=L3*Time+e3;$$

$$Y4=L4*Time+e4;$$

$$Y5=L5*Time+e5.$$

According to operation principles of the variance, covariance and mean:

$$Mean(Ax \pm By) = aMean(X) \pm bMean(Y),$$

reckon as follows:

$$Mean(Y1) = 1.0 * Mean(Time) + Mean(e1),$$

since  $Mean(e1) = 0$ ,

$$\text{hence } Mean(Y1) = Mean(Time);$$

$$\text{however, } Mean(Y2) = L2 * Mean(Time) + Mean(e2),$$

$$\text{so } Mean(Y2) = L2 * Mean(Y1),$$

by transposition, you can launch the path coefficients equal to L2,

$$\frac{Mean(Y2)}{Mean(Y1)}$$

$$Mean(Y1)$$

Similarly to launch L3 path coefficient is equal to,

$$\frac{Mean(Y3)}{Mean(Y1)}$$

$$Mean(Y1)$$

Similarly to launch L4 path coefficient is equal to

$$\frac{Mean(Y4)}{Mean(Y1)}$$

$$Mean(Y1)$$

Similarly to launch L5 path coefficient is equal to

$$\frac{\text{Mean}(Y5)}{\text{Mean}(Y1)}$$

As can be seen that, L2, L3, L4, L5 in the regression coefficients are the ratio of two averages, and L1 is the starting point of the state of the latent trait. The analysis results by the independent Amos LCA model are: based on the average future lifetime of 12-year-old girl, repeated measurements and measuring the change in basis points ratios among 25 years old, 35 years old, 45 years old and 50 years old were 0.84, 0.54, 0.54, 0.47, indicating that the average future of lifetime of the fertility of women (from 12 to 50 years old) will be gradually shortened, with a linear distribution of its relationship.

In addition, the researcher again had a statistical test the differences of these theoretical averages Y1-Y4, , the steps are as follows: in the Manage Models window, name the model (L2 = L3 = L4 = L5) with equivalent restrictions of related parameters; after establishing the model L2 = L3, L2 = L4, L3 = L4, L3 = L5, L4 = L5 , name it with equivalent restrictions of related parameters.

The author, by comparison of average future lifetime of feeding women at different stages of economic development of the world, revealed the scope of impact factors which had had influence on female future lifetime in different areas of the world, worked out the probability distribution law of average future lifetime of female by actuarial calculation, and effectively sorted the impact factors according to the differences in the degree, through model to analyze needs for life insurance and forecast its trends, combined with emic views and etimc ones from the fieldwork, designed female life insurance products.

## 2.2 Visual Interpretation and Its Significance

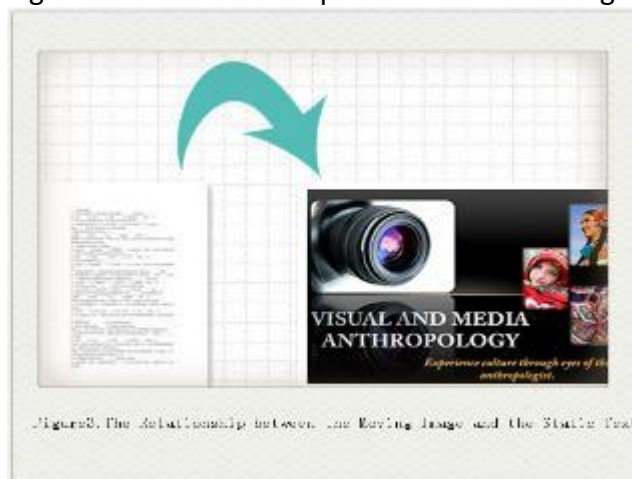
Visual anthropology emerged in the mid-1970s, based on a basic concept of "culture is represented by a series of the visual symbols", as a subdiscipline of the cultural and social anthropology. It sought to reveal the deep structure in which the culture occurred through the study on the phenomenon and the symbols, dug cultural deep connotation, interpreted symbolic significance of the culture, and thus leading to more in-depth cultural studies.

The researchers selected several participants' some empirical fact of everyday life practice as a clue, recorded the whole process of the life insurance product development, using the texts and images to pose a combination of methods to meet women's actual insuring needs. The project respected female subjectivity and culture options in the communities, made them equally participate in the development process, and fully reflected the female subjectivity of insurance products construction.

Fieldwork research strictly followed the principle that making a clear outline of the structure of organization and its culture of Huamao Central community, recorded women's behavior type and the details of the lives , and by subtle and serious observation, learning to use local languages to communicate with them, learning to feel like them, in which the researchers use "empathy" theory in anthropological ways to write scholarly log and got a lot first-hand information, thus reflecting anthropologists pragmatic academic research ethics.

In this paper, the author tended to solve two problems by the way of research method of visual anthropology: overcome the inertia of thinking of textual studies, highlighted the role of combination of emic research methods and etic ones with direct-vision visual anthropological research methodology, while broadening the scope of complementary relationship between the static text and moving images, see Figure3, which more effectively strengthened theory development of women's risk prevention and the rights protection, promoting research and development of the insurance products into deeper and broader level.

Figure3. The Relationship Between the Moving Image and the Static Text



### III. A Record for Interviewing with Different Age Groups of Women and Its Analysis

#### 3.1 A Interview with the Adolescent Females<sup>1</sup>

##### 3.1.1 A Introduction to the Interview

Student A and B were two senior high school students, who were randomly encountered by the researchers who were conducting in-home interviews in Huamao Central Community, one of the two was a open-minded girl, the other was a somewhat introverted girl. They were getting confused when discussing about insurance products. The following is a record for an interview with Student A.

Figure4. An Interview with the Adolescence Group



<sup>1</sup>Interview portion of a library for the Project of Visual Interpretation of R&D of Participative Life Insurance Product of Female Based on Actuarial Model of Average Future Lifetime - A Case Study of the Female Policyholders in Huamao Central Community of Beijing. Directed by Zhao shuyan, funded by China Postdoctoral Science Foundation. Nov.2012.

### 3.1.2 An Extract from the Record

Q: Do you know what a broker do?

A: You talked about the broker, my first reaction is that he is a follower of each star, but I do not know whether they (insurance broker and star broker) have something in common?

Q: As everyone knows, the broker is a person who represents a group of people or an organization negotiates certain things with others. Insurance brokers who represent the interests of policyholders negotiate with insurance companies. They are different from the salesmen we usually say. do you know salesmen?

A: Are they those who solicit their products from door to door?

Q: Yes, they represent the interests of insurance companies, and insurance brokers represent the interests of policyholders. the services provided by them are different. An insurance broker normally offers comprehensive services to his/her customers including risk management, obtaining insurance cover and processing claims made by them on their policies. Their customers may sue him/her for professional negligence; By contrast, an insurance agent's main job, generally, is to sell insurance for the insurers, and collect premiums from the insured on behalf of the insurance company. You know the relationship between the broker and his customer is one between the trustor and trustee. Because of this, the broker is held liable for the corresponding financial compensation if the insured suffers any loss caused by the insurer's mistake or professional negligence.<sup>2</sup> As a policyholder, you may entrust professional brokers and let them help you do the negotiations. Has your family purchased the product?

A: Has it before.

Q: Which type of insurance your family purchased?

A: I do not know, all my mom did.

Q: But how do you know the family have purchased insurance product?

A: Because every year it is a must to pay insurance premiums, ah, then my mom begin to say, it's time to pay a premium.

Q: You are 16 years old this year, aren't you?

A: 15 years old.

Q: There is a product clause of an insurable interest we are going to discuss about. Insurable interest refers to the right of proerty to be insured. It may also mean the interest of a beneficiary of a life insurance policy to prove need for the proceeds, called the "insurable interest doctrine". Specifically, insurable interest is: An interest based upon a reasonable expectation of pecuniary advantage through the continued life, health and bodily safety of another person, and, consequently, loss by reason of their death or disability; or a substantial interest engendered by love and affection if closely related by blood or by law. <sup>3</sup>According to general clauses of the contract, only those who with full civil capacity themselves, or those who having an insurable interest with beneficiary can be as the insured. What do you think of insurable interest, what it refers to?

A: Under16 years old? Does it mean someone who has guardianship rights of you?

Q: For sure, someone with guardianship can make it ah, for sure! Your parents can (make it).

A: How about spousal relationship?

Q: Spouse relationship belongs to the marriage coverage. Parent and child, husband and wife, brother and sister have an insurable interest in each other because of blood or marriage.

---

<sup>2</sup> Chen qingbai & Wang jingxian. Insurance English Reader. University of International Business and Economics Press.2008:118.

<sup>3</sup> Insurable interest, from Wikipedia, the free encyclopedia. [http://en.wikipedia.org/wiki/Insurable\\_interest](http://en.wikipedia.org/wiki/Insurable_interest).

What do you think of friendship? a case in point, I want to insure someone whom I know. We are, I signed the policy directly without seeking his consent. Is it allowed in this situation?

A: Yes, ah, in this case, it can also be a friend, ah, if you have not many relatives but the friends, it's ok to write a friend's name in the policy, ah!

Q: I just know you, we are ordinary friends. I take you as a beneficiary, I may insure the life of you. it means I have an insurance interest in the life of you. If you die, I will be able to get the death benefit under the policy.

A: This is insurance fraud ah!

Q: Yeah! Dishonest act. Coverage for loss by fraud (not liability for committing fraud) is provided under the various bonds and crime insurance policies. Insurance fraud falls primarily into two categories: external and internal fraud. External fraud schemes are directed against a company by individuals or entities as diverse as policyholders, medical providers, beneficiaries, vendors, chiropractors, and career criminals. There are several main external fraudulent cases: first, DEMAND WITHOUT FOUNDATION, such as a claim submitted to an insurance company by an insured who caused a loss, or for a loss that never occurred. Second, CREATING A FRAUDULENT CLAIM: including staged or caused auto accidents; staged slip and fall accidents; false claim of foreign object in food or drink; faking a death to collect benefits, or filing a phony death claim; Murder-for-profit; Phony burglary, theft or vandalism; staged auto thefts; staged homeowner accident or burglary. third, OVERSTATING AMOUNT OF LOSS: Inflating bodily injuries from an auto accident; Inflating value of items taken during a burglary or theft; Inflating a physical damage claim from a minor fender bender; Medical providers inflating billing or upcoding of medical procedures. Internal frauds are those perpetrated against a company or its policyholders by agents, managers, executives, or other employees. In practice these problems are solved by people assigning their policies or placing them in trust with named beneficiaries. If a person obtains an insurance policy on their own life, it is presumed that the person would only name a beneficiary who wants the insured to be alive and healthy. So, in order to prevent moral hazard, in order to obtain an insurable interest, it is a must to seek for the insured's consent. Provision 53 of "Insurance Law of People's Republic of China" stipulates that the applicant need to seek for the insured's consent before signing the contract."

A: Yes! If that's the case, it is a must to seek for the consent.

Q: " If it's OK for you to take anyone as a beneficiary, then at least you have a written certificate. You know him, after he agreed.

A: I just mean after your death, how to deal with your belongings, like money stuff. I'm still wondering why not? I distort what you mean.

Q: For an insurable interest, we have just talked about the blood relationship, marital relationship, then there is a business relationships between employers and employees. business relationships give rise to an insurable interest. An employee may insure the life of an employer, and an employer may insure the life of an employee.

A: I know this is group insurance, such as the kind of employee benefits. That does economic relations, but also consent?

Q: Yeah! if a face value of policy is too high, it needs the consent of employees. provision 35 of "Insurance Law of People's Republic of China" stipulates that the applicant shall not take a person without civil capacity as a beneficiary with death benefit. Parents are unlimited, but the total amount shall not exceed the prescribed limit. Document 43 of China Insurance Regulatory Commission (1999) stipulates that minors' death benefits shall not more than ¥50,000, if the death amount of the insured accumulated over ¥50,000, the company will pay

¥50,000 death benefits, the remaining amount will be refunded without interest to the policyholders. This is the most basic definition of insurable interest in the framework of Insurance Law of People’s Republic of China, there must be an objective, legitimate, established relationship, legally recognized, otherwise it is poorly to define the principle of insurable interest, there will be moral hazard.

### 3.1.3 A Summary of the Interview

The aims of adolescent females interview lied in knowing about the risks experienced by the targets themselves, a basic understanding of common sense for insurance, and some needs and expectations for the insurance products themselves. In the field survey, groups of women at the age of 12 to 18 show that they could prevent the risk basically instinctively in their life. They basically had little knowledge of insurance products, the insured of whom were those whose parents purchased the policy for them. Some suggestions induced by the researchers patiently had been put forward by them. Thus, the researchers hold that the popularity of Insurance knowledge for the adolescent females is quite necessary, the market has great potential for its development.

## 3.2 A Interview with the Fertility of Women<sup>4</sup>

### 3.2.1An Introduction to the Interview

The research group in the community selected the four cases of fertility of women for interviews. two of them had been married with kids, and the other two, married without kids. Some interviews were arranged in the home of the respondents, some in the outdoors, there were some arrangements in the public's leisure place, the others in the community office. Researchers, with an objective attitude, ensured the authenticity of the content of the oral accounts, with a combination of emic research method and etic one, to have recorded R&D process of life insurance product of female.

Figure5. An Interview with the Fertility Group



### 3.2.2 An Extract from the Record [Case1]

<sup>4</sup> Interview portion of a library for the Project of Visual Interpretation of R&D of Participative Life Insurance Product of Female Based on Actuarial Model of Average Future Lifetime - A Case Study of the Female Policyholders in Huamao Central Community of Beijing. Directed by Zhao shuyan, funded by China Postdoctoral Science Foundation. Nov.2012.

Q: Could you talk about the risks encountered in the course of your life?

A: I brought a baby to the world, but I didn't have a feeling of risk at that time.

Q: Have you experienced the health risk during pregnancy or the risk of unexpected miscarriage?

A: No. But taking the risk of the childbirth or unexpected accidental death. When in childbirth, I suffered two pains.(referring to natural delivery and caesarean section)

Q : You mean something wrong with natural delivery?

A: The amniotic fluid was pierced at the beginning in order to deliver the child a little bit faster, by enlarging the cervix, but when open to three fingers, amniotic fluid almost drained and later on using a caesarean section.

Q: About how long?

A: I suffered more than 30 hours. Recovered not well after giving birth.

Q: How old were you at that time?

A: Less than 27 (years old). But a child born was big, about four kgs. The baby took the risk of fetal death, in his medical file, nearly choked to death, was recorded, which was caused by the less of the amniotic fluid.

Q: So was he healthy? were there any congenital diseases?

A: No, no, my child was very healthy, postpartum health both mother and child.

Q: Did you insure yourselves and your child yet ?

A: Three of our family were insured. "Golden Life" was purchased by my husband from Ping An Insurance company Co., Ltd. of China. I purchased that "Intellectual Life". I knew that insurance companies prescribed that above 45 years of age was required to have a medical test before being insured, I purchased the policy at the age of 45 years old. My child, "Children 360", also from Pin An Insurance Company, and I bought him 10 copies. He was Born in 1994, my child, and I purchased the product for him in 1997.

Q:"Children 360" developed by Ping An company was indeed a very good product, a policy of high interest rate. The insured had not only grants, marriage payments, generous pensions will be received when being old. How much of living benefits have been earned from the policy so far?

A: More than ¥3,000. Benefits will be paid once when my child go to senior high school; at entering university, when at the age of probably 22(years old) or 25(years old), benefits will be paid once; there will a wedding payment at 25(years old) once; an entrepreneurial payment at 30; a pension will be paid after 60 years old, until 80 years old? I'm not sure.

Q: It is a life insurance, upon the death of the insured. The product you purchased is different from your husband, why? Specially taking the feature of women into consideration?

A: No. My husband is a soldier, his social security in the arm are provided well. My basic living pension is not much, purpose of purchasing protection is to let myself live a life comfortably after retirement.

Q: "Golden Life" is a life insurance policy in which dividends are left on deposit with the company to accumulate at a specified interest rate. Payment period is short, insurance premiums are relatively higher, this type is more suitable for your husband, protection function is not very strong, but no worry about the loss of principal. As someone said,"in our country(the People's Republic of China), the social security is like buses, it's a must for us to take the buses for outing; commercial insurance is like private cars, its'convenient for you to have your own car."During one year after you purchased the policy,what do you think of the services of the company agent?

A: The solicitors from Ping An Insurance Company offered a pretty good service. But I had a bad impression on those from PICC (Life Insurance Company Limited).

Q: Why do you say that?

A: Because after giving birth, my father - in - law purchased the baby a single premium investment product, ¥7,000. When living benefits should be paid, they (referring to the agent) didn't inform us it. Later, I did go to the company and inquired for it at the Claim Department, but they turned a deaf ear to it. The mistake was the result of negligence.

Q: Now the quality of the industry has been improving constantly. If the clauses of the policy are not up to the standard or post-service of policy can't meet the needs of you, policyholders, you can go to the Insurance Regulatory Commission, the Consumer Protection Department, the Arbitration Commission for lodging a complaint about them or bring them to the court directly. A: I had to devote a lot of time to deal with it, my schedule was tight at that time. My husband was also very busy. How could we file this lawsuit! We had a bad luck by our own admission. The insurance agent made an inviting overstatement of the product, but it was not what you really wanted, after you had purchased it. Dealing with the claim stuff is a so hard and complicated process. So this is why we (referring to the public) are not satisfied with the insurance!(here including the insurance product and the company etc.)

Q: There actually exists some misrepresentation(false pretense) and Concealment involved. Let's take an example, the medical institutions for treatment was prescribed by the insuring cause, Insuring clause says that the insured's serious diseases listed in the contract, have to be made a definite diagnosis by "medical institutions approved by the company", here "medical institutions recognized by the company" refers to what kind of organization? Is level one or level three, so we do not know ah! It's a good way to give an annotation attached to the contract for giving a explanation that "the medical institution approved by the company" refers to the general hospital or specified hospital( level two or level two above) authorized by national health sectors.This omission exists in the process of provisions drafting. Is it an intentional behavior, in your eyes?

A: I think it is an intentional behaviour.

Q: Why is it?

A: Some clauses prescribed by the company look ambiguous, not to be detailed fully. What I said may not be necessarily right.

Q: For some insurance companies, this situation does exist. I want to talk with you about the other two terms. One is truthful presentation clause. For example, I tend to love a product newly produced by an insurance company. But the age limit of the insured is from 12 years old to 49 years old. But my age is 50 years old this year, how to deal with that ah! after having thought over and over, I filled out 49 years old in the insurance policy. Later the insurance policy came into force after having passed an inspection smoothly, 5 years of paying the premiums later, a casualty occurred to me, I went to the company for the claim. The company found out the misstatement of the age by the insured in obtaining the policy, and voided the policy. The reason was that the insured misrepresented his or her true age. In another case too! For example, your relatives purchased the policy instead of you, she or he might not know your exact age, so wrong age would be filled out in the insurance policy. It failed to perform the obligations due to negligence, until the actual claims would occur. The insurance company discovered it and would inform you a disclaimer due to misstatement of the age. If you were the insured, would you misrepresent your age?

A: I wouldn't do it like that. I would select a product for 50 years old to purchase! why did you go fraud to do so, in the end it doomed to fail. No matter what time, people should be honest. ah!

Q: Yes. Insurance products is like this: the greater the age, the higher premium for paying, the lower the insured amount. Currently there is a incontestable clause for insurance contracts. Section in a life insurance policy stating that after the policy is in force two years, the company cannot void it because of misrepresentation of concealment by the insured in obtaining the policy. Intentionally or negligently failing to perform the obligation of collateral obligation, do not constitute a fundamental breach of contract, as a pretext for exclusions, in violation of the principle of fairness.

A: I think the clause is great. The problem is that insurance companies, why not inspected the age at the time misstated by the insured? It was a 5 years that the insured had been paying the premium, there would have a great expectation for the returns. After the insured had paid the premium for 2 years or 5 years, the accident was incurred, if the insurers did not pay or pay less, I think they would be imposters who did deceptive practice. previously ,Cheating the insured into purchasing the policy, and paying for five years' premium. What do you think of that money ..... just like ¥10.0000, 5 years later the value of it might be depreciated.

Q: You have made some pertinent comments on that. Currently, in China, incontestible clauses are only applicable to age misstatement. That is, an applicant have falsified birth date for a life or health insurance policy, after the policy was inspected, the company discovered that the wrong age was given, the coverage would be adjusted to reflect the correct age according to the premiums paid in. But in European and American legal system, incontestible clause are applied to all the cases, for instance, when asked on the application of there is a history of diabetes in the family, the applicant writes no, knowing that his or her father and mother both have diabetes. This does not void the policy after two years.

A: It sounds great. That means if the insured bought a health insurance, he should be required to take a medical examination or he should state that he had diseases, that was a reality you should believe.

Q: How about nonmedical product, the applicants are not required to take a medical examination, only answering written questions to ascertain his current physical condition. in recent years, however, most companies underwrite nonmedical life insurance because the savings in expenses for the company have been found to offset the higher risk of underwriting insurance without the benefit of an examination. However, nonmedical policies are underwritten only for a standard risk. After paying the premiums for many years, the insurance company inspected and discovered the cases of mispresentation, to terminate the contract. In addition, physical conditions of the insured have become worse after many years, with the age growing, premium payments will increase greatly, if the insured purchase the policy again, this will inevitably lead to a fact that the public will lose faith in industry of insurance. Incontestable clauses have made a very stringent requirements for the insurance practitioners.

[Case 2]

Q: What are the reasons for insuring?

A: All the insiders have purchased the products. I had it through the introduction of a relative a few year ago.

Q: What type of the insurance? investment-type or protection-type?

A: He (referring to the relative) told me that belonging to moderate investment style, he left me in the dark at that time.

Q: Is it of the dividend, investment-linked, universal insurance or annuity form?

A: At that time after I signed the policy, I learned some clauses of the contract, but it didn't take too much time to know about specifically investing. Like in China, I am wondering whether the insurers will claim when the incidence occur?

Q: What are you most concerned is about claims issue, is that right? Specifically the procedures for processing claims are as follows: Notification, Proof of Loss, Investigation and Settlement. In the stage of notification. The insured may be required to submit full details of the claim within 7 to 10 days and, although written particulars are normally required to avoid delay, the insurer will act on oral information. Minimum time limits of claims provisions: 30 days, 10 days, and 3 days, which will be clearly stated by the agents when signing the contract. When the Insurers received requests from the insured, unless some other agreements, limiting time for bringing action of an inspection, and giving the notice of the claim within 30 days; within 10 days, after an indemnity agreement was reached, the indemnity payments for the loss will be paid; if the insurer isn't responsible for its payment, within 3 days, giving the notice of the disclaimer. "China's Insurance Law" stipulates that after the insured fulfill the obligation to notify, the insurer does not inspect within a reasonable amount of time, leading to the result that the cause of the accident and its nature is difficult to define, the consequences of which borne by the insurer. There also related to the clauses of exceptions. Do you remember that the representative explained to you at that time?

A: Probably did. The schedule is too tight when signing the contract, did not pay enough attention to it.

Q: You, the applicant, was too busy at that time, so you thought sales representative was trustworthy thus leading to the legal disputes. In the court, the insured said, that the representative didn't explain to me about the exceptions. But the representative held that he had already explained about that. For example, I am a driver with a unqualified license which wasn't passed inspection by Traffic Police. But I'd like to take a risk of driving, driving outdoors all day. one day, car crash occurred. The insurance company said, "Your driver's license in question, you are not 'a permitted driver'. It's a situation within the scope of the exception, we can not pay the indemnity." But I said, "The agent didn't give me an explanation, when I signed the contract?" According to this case, in the Declaration of the Insured, there should be a note which says that representative have already given a clear, definite statement of exceptions. such a record shows that agents have taken the responsibility in the process of working. Then there also have another way that the exception is taken out (from all clauses exclusively) in large boldface, with very eye-catching way to prompt policyholders of stating disclaimers something. You must take a close look, some points you do not understand must ask the agent to explain, Then signing your name. currently a way of copying is very popular in the industry. It is a way that you have to write down the exceptions, with your signature below.

A: Ah, this method is quite good.

Q: Another question. coinsurance policy, you heard it?

A: Never.

Q: You may guess what it is. Concerning the subject-matter stuff, What it should be, someone or something? for example, I want to insure a building for ¥1,000,000, but, for underwriting reasons, I purchase the 3 policies with the maximum limits from 3 insurance companies respectively, if a loss occur, could I go to 3 companies for the claims?

A: I think it is inappropriate, but I don't know why.

Q: The fact is that If I have a ¥180,000 loss, then each company pays ¥60,000 for a total of ¥180,000. If my loss was ¥400,000, then each company pays ¥100,000, and the 2 with higher coverage pay an additional ¥50,000 for a total of ¥400,000. If your loss was ¥800,000, then the low-limit company pays its policy limit of ¥100,000, the next company pays its policy limit of ¥300,000, and the remaining insurance company pays the remaining ¥400,000 to cover the loss. This is called contribution by Equal Shares, another way is Pro Rata Liability, then each policy pays a portion of the loss that is proportional to the amount of that policy over the total amount of all policies for the loss—each policy pays its pro rata share. If I suffer a ¥200,000 loss, then the 1st company will pay 60% of the loss, the 2nd, 30%, and the 3rd, 10% etc. From the perspective of the insurance, duplication of insurance mainly refers to the insurable value of the subject matter insured. Provision 56 of "People's Republic of China's Insurance Law" states: the sum insured amount is less than or equal to the actual value of the underlying insurance. In fact is one of several co-existence under insurance contracts, even if the accident insurance occurrence, you can not derive undue benefit. How about someone as a subject matter? May we measure someone's value with money?

A: These two can not be compared with each other, one is the human body, a life should be continuous. A building should be something. It will be destroyed if accident occurred.

Q: Human life is priceless. There is no way to use money to measure, which is the basic difference between somebody and something as subject matter insured. China's land-based insurance adopted a broad definition of duplicate insurance coverage. In practice, concerning major diseases insurance, term life insurance and accident insurance of life insurance, the insured person can purchase several products simultaneously from different companies, the insurers are only based on their percentage of the amount of insurance the insured person's liability. which is called double insurance. In relation to medical expenses insurance, medical expenses original documents are requested by various insurance companies. Actually, this type of insurance provides limits for the insured to get a duplication of reimbursement benefit. But an allowance type of insurance, the insured can hold proof of diagnosis, medical history to file the claims from the different companies. With regard to the specific sharing principles, in China, the current legislation does not clearly defined. The National Association of Insurance Commissioners (NAIC) <sup>5</sup>has written the coordination-of-benefits provision that has been adapted by nearly every state. While this provision has many complexities, 2 simple rules determine insurance coverage in many cases. First, insurance received as part of employment is primary while coverage provided by being a dependent is excess. Thus, if both partners in a marriage have insurance and they have dependent benefits coverage, then if a spouse injures himself, his insurance is considered primary and his wife's insurance is excess. If this same couple had children, then the birthday rule applies when a child is injured. The birthday rule stipulates that whichever parent has the earlier birthday is the insurance that is considered primary. Thus, if the father's birthday is in January and the mother's is in February, then the father's insurance is considered primary. This rule seems arbitrary, but it was adapted for that specific reason—to prevent gender discrimination.

### 3.2.3 A Summary of the Interviews with the Women of Fertility

---

<sup>5</sup> Multiple insurance coverage: pro rata liability, contribution of equal shares, and primary and excess insurance.<http://thismatter.com/money/insurance/multiple-insurance-coverage.htm>

The main risks faced by women of fertility are psychological health risk during pregnancy, accidental risk of miscarriage, the risk of gynecological diseases and catastrophic illness, risk of accidental death during the process of delivery of the child or, the risk of fetal death, the risk of postpartum health of both mother and child, post-natal care safety of risks and other unforeseen risks. Discussion of the clauses of the insurance basically has been the main clue of the series of the interviews. The author has conducted a dozen times of interviews with 4 study cases of women of fertility for discussing the terms and provisions, such as, incontestable clauses, exceptions, Utmost Good Faith—Representations, waiver-of-premium option for catastrophic illness, nonforfeitability etc., also includes some insurance rules, such as claim disputes settlement principles, unfavorable provisions of interpretation, principle of proximate cause, the principle of coinsurance claims, time limits of claims provisions, insurance accident notification requirements, accelerated death benefits, etc.

Through face to face communication with female customers, the author felt: Some clauses had drafted by some insurance companies currently in the market space of existing legal void, were contrary to the market's inherent requirement of fairness configuration of the rights and obligations, against the interests of policyholders, lost basic integrity in the economy activities of exchanges. The majority of female clients expressed strong dissatisfaction with those irrational, not standardized, even illegal terms. The aims of interviews with the female clients were to reflect their real views in the R&D of insurance products, thus effectively relieving the tension between the insurers and the public, through designing insurance products to narrow the distance between the insurance company and the public, and finally to make the insurance industry have a firm footing in the increasingly fierce competition of the global insurance market and play their effective roles in it.

### 3.3 A Interview with Menopausal Women<sup>6</sup>

#### 3.3.1A Introduction to the Interview

Two above 60 -year-s old menopausal women have purchased the policy. One retired a few years ago, after having just done an operation of a ovarian cyst surgery, she filed the claim; another worked in the bank and would retire from the position in the second half of the year. In the process of interviewing, she kept a peaceful mind, talking and laughing, menopausal symptoms look less apparent. Here is the Record of interviewing with the latter.

Figure6. An Interview with the Menopause Group

---

<sup>6</sup> Interview portion of a library for the Project of Visual Interpretation of R&D of Participative Life Insurance Product of Female Based on Actuarial Model of Average Future Lifetime - A Case Study of the Female Policyholders in Huamao Central Community of Beijing. Directed by Zhao shuyan, funded by China Postdoctoral Science Foundation. Nov.2012.



Figure 5. An Interview with the Menopause group

### 3.3.2 An Extract from the Record

Q: At menopausal stage, have you felt some physical and mental risks?

A: Like me, a woman with 60 years old may be more willing to let myself become younger, anti-aging that. In addition, go out and move around, I think it can ease some difficulty concentrating, disorientation, hot flashes, and some other disease when in menopause. After 65 years, the common female disease includes diabetes, high blood pressure, which may be called a risk. In particular, the risk of having malignancy is relatively large. (Interviews with menopausal women caused a young man's attention, and he came over saying a few words)

M: The big risk in menopause is the risk of a divorce. Divorce rate of menopausal women is very high. On the one hand, emotional instability; on the other hand, her husband's career has reached its peak. So the husband could nurture a lover on the outside ah whatever, the wife should consider this(risk).

Q: How to prevent this risk? It is a good way to design a marriage -coverage product. Currently there is a type of product in the market, you heard it?" Red Roses Life Annuity (dividend)", attached with a rider of "Red Roses Female Life catastrophic illness insurance". Its innovation lies in only married women can be the insured. Living benefits, expiration benefit, dividend, etc. will be payable to policyowner of female, and in case of surrender occurs, fees will be charged to the female insured when the policy is surrendered for its cash value, which highlights in the marriage, women are more susceptible to be hurt. That also means in case of divorce lead to surrender, surrender charge will be no longer a division of jointly owned property, Only wife get Surrenders. Marriage Insurance shows that women's disadvantaged position in the marriage, and in the social situation in China, inadequate protection of women.

M: You see a lot of girls around me are very independent, very devoted, but the family relationship is not so good, which will be reflected to the middle age or later years. I do not know what causes this? probably multiple reasons? One of those I think should be personality something, for boys is difficult to approach them. May well be friends, good friends do, but after concerning the family stuff, may be a little out of tune. Well, I think some things that can help them improve, just like insurance product.

Q: You are saying that as women, the more successful career, more risks of disintegration of the family they will face! How about those with less successful career? What risk they will face with?

Q: You are saying that as women, the more successful career, more risks of disintegration of the family they will face! How about those who didn't have a successful career? What risk they will face with?

M: Those women who have less successful career, I think they are in poor financial straits. say you go to the mall and see the nice clothes, the bag you want to buy, more than three hundred dollars you can afford, but the price of name brand product is usually over three thousand. So this is a very contradictory topic, we need to adjust. I feel like this elder sister (referring the woman that we're interviewing) are in this age, it is very important to keep physical and mental health, it's better that the insurance product will be designed into a big family, so they can have fun in it. Because I feel like she can live a normal life using a pension of ¥3,000, but she needs a happy family, or have a lot of friends who can get together happily, healthily, and make her keep a feeling of longevity. Now I think the elderly are in poor health, the main reason is that they feels unhappy, and of a feeling of depression. For example, the nursing home, I mean there constructs a nice environment like a big family, in it, there are care physicians, nurses ah! There are various aspects of recreational facilities ah! located nearer to the mountains, sea etc., to feel comfortable, be able to have slowly a natural death. (The young men, who has a profound insight about women issues went away after chatting with us for a while, we continued to interview with the woman.)

Q: What do you think of accelerated death benefits? The purpose of the accelerated death benefit is to provide funds necessary to finance medical costs or living costs to extend the life or for the betterment of the insured's life. Policy under which a portion of the Death Benefit(25%, or 50%, or 75% or even the whole) becomes payable to the insured for a specified condition prior to death. For instance, Insurance benefit service during the period of Menopause (49-65 years old) includes routine care benefits, birthday celebration benefits, chronic and catastrophic illness benefits, pension benefits, end-of-life care benefits.

A: Like my age, that is a hope ..... if advance death benefits come true, I will buy some nutrients, ah, ah health care products, I can also go out to travel or something. In that case, advance payment will be good, monthly, quarterly, or annually, continue to be payable to the insured. Because many of our friends talked about this insurance products when we were in the free time in the past, also saying that the thing of death benefits that a lot of people wanted to buy insurance, but it(referring to the death benefits) would not pay to you, if you were alive, healthily, so gave up the idea of buying the insurance(product). Always thinking that a large sum of money could be used for doing sth., to maximize its effectiveness in our lifetime. Said that if left to future generations is also very good, but sometimes feel too slim of opportunities.

Q: What do you think of investment insurance products?

A: I think the investment type is also very good. However, if the sort, I still put protection (function) up front. Because after all, is to buy insurance Well, not for investment. Investment, then I think we should go to a specialized investment institutions. On the bank, ah, what securities companies is still relatively good. Because, after all, is the solution out of the insurance risk of future thing, is not it?

Q: Risk prevention function of traditional insurance products is to reimburse the insured for any loss or damage incurred. The product newly developed is not only to reimburse the insured for any loss, but also to prevent and reduce the loss. Its purpose is to reduce the frequency and severity of potential losses, in order to avoid the possibility of danger occurs, while having concurrently a function of investment. The premiums that pay provide you not

only with life insurance cover but part of the premiums will also be invested in specific investment funds of your choice. As a policyholder, you can choose how to allocate your insurance premiums towards protection and investment. The current investment insurance includes ah, investment-linked insurance、 universal life, ah, ah participating policy dividends, annuities ah, etc. for instance, the participating products, now has a minimum rate of return guarantees. A savings plan of universal insurance also yields a guaranteed interest rate plus a participation in the positive excess return of a given benchmark portfolio. What's your opinion of this kind of product?

A: I think this should be developed better, because everyone wants a sense of security thing. Especially to Chinese people, they like to have principal repaid at least when investing, if not, then psychologically feel a little uneasy. So I think based on a guaranteed interest rate, there is a participation in the positive excess return at the end of year, keeping protection in the daily life. This type of investment insurance should be sold well and fast.

Q: You know deeply about what's in the insured's mind? Of course, you yourself are the insured.

A: I am also an insured, and then another relating to my position in the bank. As a bank branch director, I have been dealing things with the insured for more than four years.

Q: Our research center is developing a index-linked product, whose premium to be increased each year in relation to the retail prices index (RPI). The aim is to keep the sum assured at the same real value throughout the insurance term. However, in exchange for this additional benefit you will usually be forced to pay higher premiums over time. Of course you can also choose non-index type as you like. According to your liking for the investment style, you may select a product with one separate account, which allows an investor to choose an investment category according to his individual risk tolerance, and desire for performance, or a general account, or multiple separate accounts<sup>7</sup> of investment style. Under universal life insurance, premiums are flexible, policyholder may select frequency of premium payment, monthly, quarterly, or annually, or after the first premium, additional premiums can be paid at any time. (There usually are limits on the dollar amount of each additional payment), or first premium, 50% of all, the second year, 25%; the third year, 15%, etc. Protection is adjustable, not fixed. Excess interest credited to the cash value account depends on investment results of separate accounts. policy holder selects the accounts into which the premium payment are to be made.<sup>8</sup>

A: How about a pricing of the product?

Q: The Expected Utility is the sum of the utilities associated with all possible outcomes weighted by the probability that each outcome will occur. The possible application of utility theory to pricing is also addressed. Since the insurer is taking an uncertain situation for a fixed price, a utility approach may help evaluate the attractiveness of the deal. The utility function is concave in the positive region, reflecting the phenomenon of diminishing marginal utility, The boundedness reflects the fact that beyond a certain point money used for buying insuring

---

<sup>7</sup>Separate accounts are often characterized as either managed or non-managed. A managed separate account is synonymous to a mutual fund in the sense that the investments of the separate account are actively managed (such as stocks, bonds or other debt instruments, loans, derivative instruments, etc.). A non-managed separate account is one that invests more "passively" in that it typically owns shares of other managed pools of investments such as mutual fund shares. This is similar to a "fund of funds" whereby the separate account ("fund") simply invests in shares of one or more mutual funds. This arrangement is sometimes more efficient and cost-effective rather than the insurance company maintaining many separate accounts with similar baskets of securities.

<sup>8</sup> Harvey W. Rubin. Dictionary of Insurance Terms. Translated by Li xiaolin. Shanghai University of Finance & Economics Press. 2010: 681.

products ceases being useful at all, as the size of any economy at any point in time is itself bounded. The asymmetry about the origin reflects the fact that gaining and losing money used for buying insuring products can have radically different implications both for the insured and the insurers. The nonlinearity of the utility function for used for buying insuring products has profound implications in the insured decision making processes: in situations where outcomes of choices influence utility through gains or losses of money used for buying insuring products, which are the norm in most business settings, the optimal choice for a given decision depends on the possible outcomes of all other decisions in the same time-period. To maximize expected utility means that the insured chooses the option that yields the highest average utility, where average utility is a probability-weighted sum of all utilities. Prospect theory presents a critique of expected utility theory as a descriptive model of decision making under risk, and develops an alternative model. Choices among risky prospects exhibit several pervasive effects that are inconsistent with the basic tenets of utility theory. particularly, people underweight outcomes that are merely probable in comparison with outcomes that are obtained with certainty. An alternative theory of choice is developed, in which value is assigned to gains and losses rather than to final assets and in which, some individuals' subjective attitude and requests involved, probabilities are replaced by decision weights. In summary, although Prospect theory models and normative models (with a strict mathematical derivation of the model) should be developed further, a combination of them appears to provide a useful framework for the analysis of female insurance pricing choice issues under risk.

### 3.3.3A Summary of the Interview with the Menopausal Women

The menopausal women's health issues were highlighted in the process of interviewing, they lacked of their husband's cares, whose son and daughter were away from home ,basically, which led to the feelings of women in this age is relatively lonely, emotionally instable, the risks of suffering gynecological diseases, geriatric and other critical illnesses were increasing. Other women showed that psychological pressure and economic pressure was relatively large, because their job was insecure, lacked of pensions, when being young. There also some women having relatively successful career faced with the risk of family disintegration due to multiple reasons. In a word, Menopausal women need more emotional care and life care. "Because I feel like she can live a normal life using a pension of ¥3,000, but she needs a happy family, or have a lot of friends who can get together happily, healthily, and make her keep a feeling of longevity."(The advice given by the young men encountered with in the interview process) from the dialogue with menopausal women, the researcher learned that they preferred pure protection products to the investment insurance, if being related to financing, more inclined to investment-type insurance products with little risks, having a guaranteed interest rate. Most of them were more concerned about the quality of the products, quality goods at bargain prices, rather than the price itself, whether it was used to protect or to invest, or both protect and invest, whatever. We found that this part of the female population was relatively abundant at the time, liked to communicate with others, also began to care about their own pension plan.

Figure7. An Interview with the Community Female Policyholders



Figure 7. An Interview with the Community Female Policyholders

#### IV. Insurance Liability of Participative Universal Insurance<sup>9</sup>(Index-linked<sup>10</sup>) of Female Based on Field Study and an Analysis of Participation-Mode

Age limits of the insured is 0-49 years, the coverage is from 12 years old to the end of the life. Adolescence type (12-18 years old), fertility type (18-49 years old), menopause type (49-65 years old) are included.

##### 4.1 Primary Insurance Liability:

Insurance benefits which should be payable to the insured includes death benefits (accelerated death benefits option<sup>11</sup>), disability benefits and life care benefit. Life care benefits listed are as follows:

Insurance benefits services during the period of Adolescence (12-18 years old): accident insurance benefits, Skin Care benefits, and spending expenses benefits;

Insurance benefits services during the period of Fertility (19-49 years old) : University education tuition benefits, accommodations benefits, entrepreneurial costs benefits, wedding expenses benefits, child rearing benefits, regular medical benefits, marriage keeping benefits;

Insurance benefits services during the period of Menopause(50-65 years old): routine care benefits, birthday celebration benefits, chronic and catastrophic illness benefits, pension benefits, advance end-of-life care benefits.

##### 4.2 An Analysis of Participation-Mode

The typology of cross-cultural researchers has four types of knowers: the Indigenous-insider, the indigenous-outsider, the external-insider, the external-outsider. The process of transforming the external-outsider into the external-insider is: the researcher, as the external-outsider, was socialized within a community different from the one in which he or she is doing research. In this process, the external-insider acquired its beliefs, values,

<sup>9</sup> The investment type option and the protection type option included, under the investment type, including universal, investment-linked, participatory, annuities etc.

<sup>10</sup> Index-linked option and non-index-linked option included.

<sup>11</sup> The purpose of the accelerated death benefit is to provide funds necessary to finance medical costs or living costs to extend the life or for the betterment of the insured. Policy under which a portion of the Death Benefits (25%, or 50%, or 75% or even the whole) becomes payable partially or totally to the insured for a specified condition prior to death.

behaviors, attitudes, and knowledge, meanwhile, his or her unique experiences, the individual questions many of the values, beliefs, and knowledge claims within his or her indigenous community and endorses those of the studied community. The external-insider is viewed by the community as an “adopted” insider. In the study of female life insurance, two transformation will be done mainly: through participative research, the researcher, being outsider, will be transformed into insider of the community in which, the female insureds are living; life insurance insiders; the potential female insureds in the community, as the outsiders, who involved in life insurance product design, investment operations, and having benefit from participating in the development process, will be transformed into insiders of insuring industry. The research philosophy of participative life insurance products of female invest is to allow target customers to fully participating in product’s developing process, the process of selling the product, the process of product in force, the process of operating investment account, and the regulatory process of evaluating assets, liabilities, surpluses etc. In this process, enable women to truly know about life insurance products, to understand life insurance behavior, to improve awareness of insurance; to effectively recognize and experience function of protection, risk prevention and risk diversification. From a perspective of R & D of life insurance, female group will make a realistic planning for their future lifetime, and transform the malfunctional factors into functional ones positively, while effectively preventing risks, improving women's quality of life, and earnestly protecting women's rights.

#### **V. Summary**

The paper, based on the field spot of Beijing Huamao Central Community, focuses on a case study of the women policyholders in the community, to construct a theory of R&D of participative life insurance product of female with a combination of research methods of visual anthropology and participative research methods. During the study, the significance of participative research methods was highlighted: because the behavioral characteristics of individuals could’t be represented in the model of expected utility theory which was applied in the product’s pricing, Prospect theory model was introduced to the process, with a parameter estimation of psychological demands. Prospect theory model and normative model (with a strict mathematical derivation) were combined together to resolve the product’s pricing issues of female life insurance product, and pushed R&D of insurance products into a deeper and broader level.

#### **Acknowledgement**

I would like to thank to postdoc. mentor and all the research group members who did the efforts for the paper.

#### **Corresponding Author**

Zhao shuyan, College of Insurance, University of International Business and Economics, China.

Email: janexiaoyanjane@vip.126.com

No.10 East Street, ChaoYang Street, Beijing, 100029

#### **References**

Zhao shuyan(2012). Interview Portion of a Library for the Project of Visual Interpretation of R&D of Participative Life Insurance Product of Female Based on Actuarial Model of Average Future Lifetime - A Case Study of the Female Policyholders in Huamao Central Community of Beijing, funded by China Postdoctoral Science Foundation.

Zhao shuyan(2013). An Interpretation of Research Ideas of Participative Insurance Product of Female and Survey Practices. Economics Vision.

John Von Neumann(1944). Oskar Morgenstern Theory of Games and Economic Behavior Princeton University Press.

Philippe Mongin(1997). Expected Utility Theory. Prepared for the U.Maki, eds. London, the published one.

Daniel Kahneman and Amos Tversky(1979). Prospect Theory:An Analysis of Decision Under Risk. Econometrica. Volume47. March.

Harvey W. Rubin(2010). Dictionary of Insurance Terms. Translated by Li xiaolin. Shanghai University of Finance & Economics Press.

James A. Banks(2001). Cultural Diversity and Education. Allyn and Bacon.

Georges Dionne(2007). Handbook of Insurance. Translated by Zhu Minlai.China Finance Publishing House.

Insurance law of people's Republic of China(2012). China Legal Publishing House.

Chen xin & Wang guojun(2007). Principle fo insurance law.Peking University Press.

Wang haiming(2010). A Study on Insurance Standard Terms. Social Sciences Academic Press.

Chen qingbai & Wang jingxian(2008). Insurance English Reader. University of International Business and Economics Press.

Zhang suanlin(2008). Insurance Spoken English. China's Finance Publishing House.

Dong Xin(2009). An English-Chinese Chinese-English Glossary of Insurance. Shanghai Foreign Language Education Press.

Wikipedia, the Free Encyclopedia. [http://en.wikipedia.org/wiki/Insurable\\_interest](http://en.wikipedia.org/wiki/Insurable_interest).

Assessment Act amendments to the insurance provisions.<http://www.doc88.com/p-094900027519.html>.

Primary and Excess Insurance.<http://thismatter.com/money/insurance/multiple-insurance-coverage.htm>.

Separate account.Wikipedia, the free encyclopedia.[http://en.wikipedia.org/wiki/Separate\\_account](http://en.wikipedia.org/wiki/Separate_account).

Nebraska Department of Insurance. Insurance Fraud Prevention Division941. [www.ReportInsuranceFraud.ne.gov](http://www.ReportInsuranceFraud.ne.gov).