



INSTITUTE OF ACTUARIAL
& QUANTITATIVE STUDIES

Subject : Life Insurance – PPP

Topic – Underwriting

Meaning

Is the process of consideration of an insurance risk.

- *Assumption of liability*
- *To manage risk*

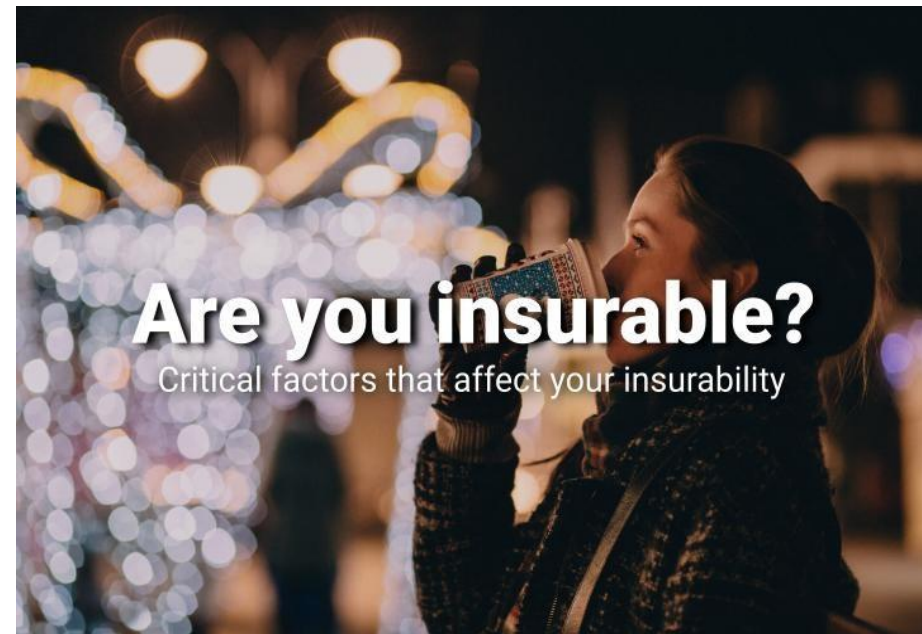


Principles of Underwriting

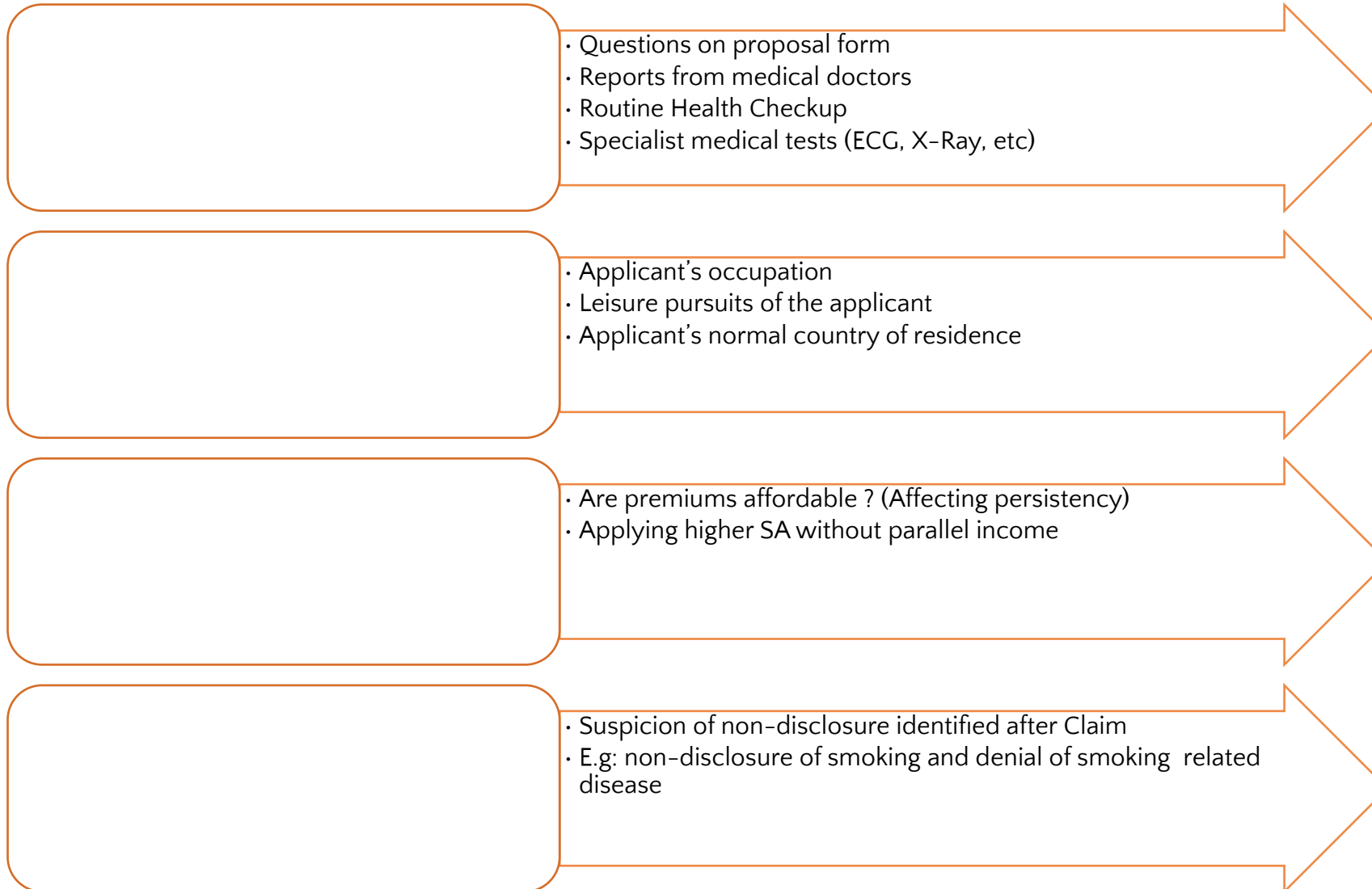
- Selecting the lives that fit the company's underwriting standard*
- Proper balance between each rate classification*
- Charging equitable rates*

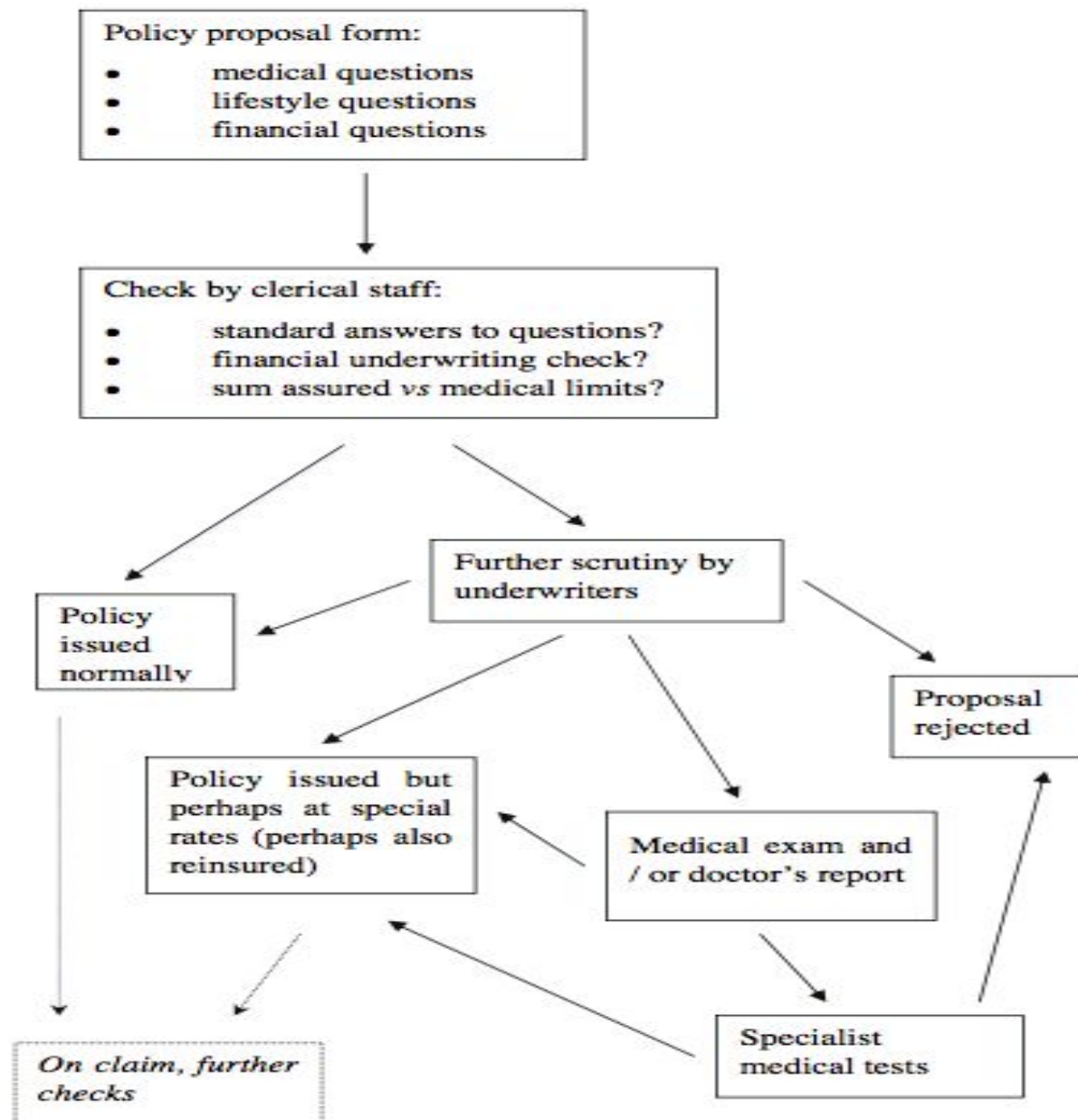
Factor Affecting Insurability

- ☐ *Age*
- ☐ *Sex*
- ☐ *Medical Aspects*
- ☐ *Occupation*
- ☐ *Hazardous sports & avocation*
- ☐ *Aviation*
- ☐ *Military Services*
- ☐ *Residence*
- ☐ *Financial Status & Speculation*



The Underwriting Process





How to Underwrite Suicide Risk

The suicide clause:

- Issued before 1st Jan, 2014 – No benefit in first year*
- Issued after 1st Jan, 2014 – at least ROP/FV for first year*

Sources of Information Concerning Life & Health Insurance Risk

- Application*
- Physical Examination*
- Laboratory Statements*
- Agents Report*
- Government Records*
- Attending Physicians statements*



Need for Underwriting

- Adverse selection*
- Moral & morale hazard*
- Fair pricing & subsidizing*
- Competition*



Underwriting Activities

- *Line underwriting*
- *Staff underwriting*



Marketing

- *Barriers to sales*
- *Time consuming & invasive*
- *Less (or no) underwriting may be used to increase the marketability of the policies*
- *Increased anti-selection Risk*

Read & Explain

“There is no such thing as a bad risk, only an insufficiently priced risk.”