



INSTITUTE OF ACTUARIAL
& QUANTITATIVE STUDIES

Subject: Insurance

Chapter: Unit 3

Category: Practice question

Product design

1. Why might an actuary be looking at a possible new product design in the first place?
2. Give an example of a product where an allowance for expected future mortality change is essential.
3. Why is it important to treat customers fairly?

Underwriting

1. How does society benefit from the practice of underwriting?
2. What are the guiding principles in underwriting life and health insurance?
3. What are the objectives of underwriting?

Pricing

1. What is law of large numbers? Explain how this concept is applied to life insurance?
2. Explain the essence of insurance.
3. Explain various elements, which influence effective pricing of life insurance products.
4. Explain interaction among insurance pricing elements and how asset share calculation provides a perspective on the relationship among the cash surrender value, policy reserve, and asset share of a life insurance policy.

Distribution channel of Life Insurance

1. Discuss the strengths and weaknesses of three major distribution channels in life and health insurance. What competitive advantages might each of these distributions possess in the marketing of specific life and health products?
2. What is the role of multinational insurers in Indian life insurance market?
3. Describe the various compensation practices used for management and intermediaries involved in the marketing of life insurance.
4. How do different compensation practices seek a balance between the interests of both the owners and employees of a life insurer?
5. Discuss the future of life insurance marketing in India.