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1) A bachelor with no dependents would still need ~~E~~ insurance. ~~If~~ They might not require a life insurance as there would be no one to receive the benefit in case of their death. However, they would still require products like health insurance and even annuity plans ~~to~~ in case they ~~have~~ need support during old age. Hence, I disagree with the statement that a bachelor with no dependents needs no insurance.

2) The types of life insurance products are -

i) Whole Life Insurance - In this the coverage is provided throughout the lifetime of the life insured provided the policy is in force.

ii) Term Life Insurance - In this the coverage is only provided for a pre-determined time period. Once the term is over, the beneficiaries of the life insured will not receive any ~~benefit~~ claim incase of their death.

iii) Endowment - An endowment policy is a type of life insurance that is payable to the insured if he/she is still living on the policy's maturity date, or to a beneficiary otherwise.
There is a sub-type:
a) Pure Endowment - ~~A~~ The insurance contract promises to pay the insured a stated sum if he survives to a specific period with nothing payable in case of prior death.

iv) Annuity - An annuity is a financial product that pays out a fixed stream of payments to an individual.

~~The common sub-types of all these~~ products are:
a) ~~Participating~~

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v) Unit-linked – Unit-linked assurances have benefits that are directly linked to a value of the underlying investments. Each policyholder receives the value of the units allocated to the policy.

vi) Joint-life insurance – It is an insurance cover that pays out on a first-death basis. It is a pay out which an insurer receives in case of death of his other insured partner during the period.

A Common sub-type of all products are:

a) Participating Policy – In this the policyholders receives an amount of the profits of the insurance company as dividends. These are paid at the discretion of the company however.

b) Non-Participating Policy – In this the policyholder has no right to receive any dividends from the Insurance company.

3) The key factors considered in product design are:

i) Profitability
ii) Marketability
iii) Competitiveness
iv) Financing requirements
v) Risk characteristics
vi) Onerousness of any guarantees
vii) Sensitivity of profit
viii) Extent of cross-subsidies
ix) Administration systems
x) Consistency with other products
xi) Regulatory requirements

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4) I believe that the risk of dying prematurely leaving the dependent family to fend for itself is a more serious hazard. When someone dies, their family have to overcome not just financial crisis but even an emotional one. It can be very difficult to get over the grief of the death of a loved one. Sometimes, it can even cause serious mental health issues such as depression. ~~All the This can make~~ Also, a lack of education and work experience could also be a huge hurdle for the family. Due to all these reasons, it can be very difficult for the family to manage their financial situation. Whereas ~~othe~~ in case of living too long, the person might have some savings from all those years as well as some ~~leftover~~ younger family members to help them.

5) The similarities and differences in insurance and wager are as follows:

i) Similarities:-

- Promise of payment on the happening of a certain event.
- Amount receivable not commensurate or proportional to the amount paid.

ii) Differences-

- An insured must have an insurable interest in the subject matter of a contract of insurance, which is not required in the case of a ~~gamble~~ wager.
- An insurance contract is guided by the principle of utmost good faith, which is not required in case of a wager.
- The insured event may or may not happen in the case of insurance, but in case of a wager the event takes place at a fixed future date.
- Insurance is based on mathematical predictions, but wagers are highly speculative.
- Insurance is enforceable by law whereas in wagers none of the parties has any legal remedy.

6) With respect to life insurance,

i) Adverse selection is a term used for a situation where the insurance applicant presents a possibility of loss that is higher than the average expected from a random sample of all applicants. It arises when the information presented to the insurer and the actual material facts relating to the risk are different.

ii) Moral hazard refers to the defects that exist in a person's character that may increase the frequency or severity of loss.

7) The advantages of group insurance policies are:

i) Persons with less or no life Insurance are also able to get some measure of insurance protection.
ii) Coverage is also available to those employees who are otherwise uninsurable.
iii) Life insurance companies can reach a vast number of clients at less cost within a short span of time.
iv) It is a tax effective tool.

The limitations of group insurance policies are:

i) The nature of group insurance is temporary, so once the member is out of the group the coverage ceases.
ii) The master policy issued by the insurer is not very flexible.
iii) A few members who could have been charged fewer premiums if individual insurance had been taken, have to pay higher premiums because the premiums is fixed for the group as a whole.

8) The principle of indemnity is used to make sure that the insurer puts the insured, in the event of loss, in the same position that he occupied immediately before the happening of the event insured against. It is an important tool to make sure that the insured is not making any profit ~~on his~~ with the help of insurance on his loss. However, there can not be a fixed monetary value on ~~anyone~~ persons life. Hence, ~~it the~~ we cannot determine if the beneficiary of the life insured is making any monetary profit. Thus, the principle of indemnity is not applicable in life insurance.

9) Insurance carries some social costs like fraudulent claims and inflated claims. With ~~p~~ an increase in the customers of the health and motor insurance field a lot of such claims have become normal. As a result the insurance companies face a ~~to~~ huge amount of underwriting losses. ~~It~~ To compensate for their losses, they raise premiums which makes it difficult for ~~a~~ the ~~p~~ low income population to afford ~~life~~ insurance.

However, ~~in~~ insurance also has many benefits:

i) Reduces worry and fear
ii) Makes available large funds for investment at low cost.
iii) ~~Bo~~ Provides employment to many people
iv) Insurance enhances credit worthiness and reduces credit risk.
v) Invisible earnings
vi) Social benefits.

10) The principle of insurable interest states that there must be a pecuniary interest of the insured in the thing or life insured. The interest must be such that the insured would suffer financially on the happening of the event against which they are insured. So, this principle brings legal validity to an insurance contract as in the absence of an insurable interest, there would be no financial risk to the insured and thus there would be no reason to get an insurance.

In the case of a life insurance contract, there must be an insurable interest (ie a beneficiary) at the time the contract is made. It is necessary to have an beneficiary because otherwise there would be no use of an insurance contract.

11) The features of a whole life insurance policy are :

i) It provides coverage against death for the entire life of the insured i.e. up to 100 years of age.
ii) Whole life insurance plans offer loan facilities to the policyholder.
iii) It can be used for providing for funeral expenses or any other tax liability arising at the death of the life insured.
iv) It is a general-purpose contract for providing long-term protection for dependants.
v) It is particularly useful as a means of protecting some of the expected transfer of wealth that a parent would be aiming to make to his or her children when he or she dies. In case the parent dies young, without the contract the wealth transfer would be very small. They are also a tax efficient way of transferring wealth, at any age, depending on the legislation.

12) A) As Bob invests his ~~no~~ saved up money, he would instead by a Unit linked policy allowing him to invest his money while assuring to have a minimum amount of life insurance.

He could also opt for a Joint-life insurance with his wife.
Along with this he could get a few riders like the child care rider for his 3 year old daughter and the death by accident rider that would give his beneficiaries twice the amount of insurance in case of death by accident.
He could also get a total or permanent disability policy that would ~~at~~ give him a cover incase he is permanently unable to work due to injuries and helps to compensate for the loss of income.

B) People buy Insurance policies as it gives them a peace of mind that incase the life insured dies, his beneficiaries will not have to deal with a huge financial loss and would only have to cope with the emotional grief. This ~~idea~~ later is also extended to many other uses like health and marine insurances. This helps the insured to cope with financial losses in case of the happening of a certain event. ~~Thus, people~~ People also buy insurance products like endowments and annuities for ~~with~~ planning for the future like paying back a loan or pensions. ~~Thus, insurance gives~~

13) With the world changing at an increasing ~~sp~~ rate, the need for product innovations in ~~all~~ the insurance industry is also increasing. After being hit with an unexpected pandemic, the demand for life insurance has gone up. Many companies have come up with products to help the insured in case they get the virus. These products would help them with all the treatment expenses.

Similarly, with an increase in the use of technology, many more products are coming up to cope with the changes.

	Basis	PARTICIPATING (With profits)	NON-PARTICIPATING (Without Profits)
14)			
i)	Meaning	A participating policy enables you as a policyholder to share the profits of the insurance company. These profits are shared in the form of bonuses or dividends.	In non-participating policies the profits are not shared and no dividends are paid to the policyholder.
ii)	Payment	The bonuses are usually paid annually but are not guaranteed.	There are no bonus payments
iii)	Benefits	It not only provides protection, but also provides returns in the form of a bonus.	The premiums are a little lesser than participating policies.

Since with profit policies allow the policyholder to earn a little bonus along with the protection, it is more tempting. Many people invest these extra bonuses which allows them to earn a little more as well.

15) Had underwriting not been permitted in the private, voluntary markets for life and health insurance, the following consequences would take place:

i) A lot of otherwise uninsurable people would be able to get insured leading to adverse selection.

ii) A lot of people would also lie about factors that should be known to the insurers and without underwriting they would not be able to sense such frauds.

iii) Many people would also commit crimes like murder only for the insurance money and without underwriting they would not be able to detect fraud.

iv) It could also be possible that many people make ~~fake~~ huge amounts of fake claims on their health insurance.

Thus, not ~~having~~ allowing underwriting would lead to a lot of adverse selection and moral hazards. This would make it very difficult for the insurance companies to run business sending them into poverty. The only way that the companies would be able to compensate for their losses would be by charging high premiums. ~~and~~ Not many would be able to afford such high premiums though. Hence, it could lead to lesser and lesser private, voluntary markets ~~for~~ options for life and health insurance.

16) Examples of group insurance where the employer is able to discharge their statutory responsibility while at the same time offering additional benefits to the employees are:

i) Gratuity – The employer's ~~are~~ need to pay a certain amount of gratuity to their employees after a ~~certain~~ given ~~time~~ amount of employment years have passed to encourage them. ~~To~~ Gratuity schemes help the employer to make sure that when needed they have enough funds to pay the employees their gratuity. Gratuity is also a bonus to the employees.

ii) Group superannuation - When employees ~~are~~ retire, they are given their ~~pro~~ provident fund along ~~f~~ with pensions. The ~~g~~ superannuation scheme allows the employer to make these payments in the form of annuities. This also beneficial to the employees as it ~~is~~ guarantees a continuous flow of income even after retirement and lump sum payment are ~~usually~~ often used up ~~...~~ immediately to meet their current contingent liabilities.

~~(a)~~ 11) Reinsurance is when insurance companies get ~~&~~ insured for risks that are too large for them to handle on their own.
Reinsurance is important because-
i) It gives insurance to the insurance company making sure that it will be able to ~~...~~ work properly even incase a risky claim is made not affecting its other customers.
ii) It also allows insurance companies to obtain more business than they would otherwise be able to.

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