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Life Insurance

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(1) A bachelor without dependents needs no life insurance as he has ~~ki~~ no one to receive the lump sum amount after his death.
He can have different kinds of insurances like pure endowment plan or insurance on his property (car, home, furniture, etc).

(4) The most serious hazard out of these two are: 'that of dying prematurely leaving the dependent family to ~~fend to~~ fend for itself.
As if a person dies it would create more damage to the family in emotional, financial and moral way.

In second case, living too long would still be a helping hand to the family ~~as in giving~~ in contributing savings which he/she would have. ~~And if there~~ and also in physical way.

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(6) - Adverse selection refers to a situation where sellers have more information than buyers or vice-versa. Adverse selection occurs when assymetric information is exploided.

- Moral Hazard : Party with insurance will act different than they din't had that protection. This a moral hazard as the policy holder tends to become careless than before.

(12)

A. Bob can take ~~n~~ insurances ~~on~~ for himself with child rider for his daughter.
- He can also go for participating insurance products as he invests his money.
- He can also take insurance on his products (table and other equipments).

B.
- for his leased car and leased equipments he can have liability insurance in case he damages any of the leased products.

B. People buy insurance policy for getting a peace of mind and for getting an insurance that if in case there product damages he/she will get the protection.
In life insurance a person gets tension free that if he/she would die their dependents will not starve financially.

(15) If underwriting were not permitted in the private, voluntary markets for life and health insurance then the insurance companies will not be able to figure out the health status of the policy holders and wouldn't be able to calculate premiums and coverage accordingly.

~~In life insurance if there were no underwriting~~ People would only buy insurance when they fall sick ~~or~~ or in trouble this would charge higher premiums for the insurance companies. And it would create big losses.

(18) Various types of life insurance a person can buy:

1) Term Insurance : In which a person will get money or his/her family can claim money after the policy holder's death. Premium in term insurance depends on the policy term, ~~and~~ health of the policy holder and the financial status.

2) Whole - life insurance - Premium in this case is higher than term insurance. As in this the policy holder will get money after his death for sure. There is no limit in policy term it all depends on the age of the policy holder. So the

company charges higher premiums as it is sure that company has to pay.

- ~~Unit-linked~~
- Non-participating insurance products are the policies in which there is fixed premium which the policy holder has to pay as well as the claim money.

- Participating insurance products are the policies in which the ~~premiums are not fixed as the co~~ premiums are fixed but not the claim money. As the company invests the premium money and gives the claim ~~to~~ money to the policy holder according to the company's profit/ loss.

- Endowment product is in which the person ~~will~~ can claim money at any situation either he dies or survives. The premiums are higher in ~~pure~~
~~Pure endowment - in which the~~
endowment in compare to pure endowment as company has to pay in any case.

- Pure Endowment is in which the policy holder can claim money if he survives for a specific period of time according to ~~the polic~~ policy.
It is vice-versa of term insurance.

- Group Insurance - It is a insurance in which more than one person is ensured. Premiums are lesser in this as compare to ~~tis~~ term insurance.

- Riders - Additional benefits a person can get on specific insurance products.

- Annuity - Regular payments to the insured according to the policy.

→ The level of premium depends on the risk shared, policy holder's ~~hea~~ health, the financial status of the policy holder and the level of underwritings