Assignment 1

(15) If underwriting was not present in Insurance market, then the companies might not be able to figure out the premium which they have to charge from the policy holder.
There would be same premium for everyone. They would not be able to find the risk nature of policy holder. No medical test, no proper investigation of claim would put insurance company in bad position.

(18) Types of insurance:-
(1) Term insurance
It is a type of life insurance policy, that provides coverage for a certain period of time or a specified term of years. If the insured dies during the time period specified in the policy, & the policy is active or in force, a death benefit will be paid.

(2) Endowment insurance.
It is a type of insurance in which policy holder gets both survival & death benefit.

(3) Whole life:
It is a type of insurance in which policy holder will be covered for whole life. The claim will be made on his death.

(4) Annuity.
An annuity is a plan that helps get a regular payment for life on a lump sum investment.

(4) People have different requirement. The needs ~~for~~ of people for life insurance can be family needs, children's needs, old age, special needs.
Therefore, "dying prematurely leaving the dependent family to fend for itself", and "that of living too long without visible means of support," are equaly difficult to manage.
Therefore insurers have developed different types of products such as "whole life, endowment, pure endowment etc".

(5) Adverse selection.

This term is 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 and the actual material facts relating to the risk are different.

Moral hazards

These hazards refer to the defects that exist in a person's character that may increase the frequency or severeity of loss. such a ~~...~~ character may tend to increase the loss of the company

(7) 4 reasons why you need insurance even if you don't have dependents:-

(1) To prepare for change & take advantage of cheaper premiums.

(2) Critical illness can be devastating both emotionaly & financially

(3) Avail tax benefits.

(4) You have a lot of assets that avail protection.