Assignment 1 :

1. No, he doesn't need an insurance since he has no dependants. Absence of a beneficiary would result in ~~taking~~ holding back expenditure on premiums.

4. "Dying prematurely leaving the dependant family to fend for itself" is more serious and difficult to manage because of the absence of continuous income to for any expenditure.

6. Adverse selection refers to situation in which an insurance company extends insurance coverage to an applicant whose actual risk is substantially higher than the risk by the insurance company.

Moral hazard occurs when insured parties take more risk knowing their insurers will protect them against losses.

12. Bob would ~~buy~~ get insurance for the certainty of ~~fa~~ his family's future in his absence. With a ~~yong~~ young child, his responsibilities further increase; payment for education etc explains his insurer's interest.

B. ~~Ay~~ Anyone would want to buy an insurance only if there is an insurable interest. ~~The presence of someone do dependant on e~~ The responsibility of providing someone with financial provisions being aware of their dependency is a reason for buying life insurance. Other insurances can be purchased for items or services that are very valuable and damage/loss of which would be ~~put the non-insured~~ of great trouble; and/or services needed for an accidental ~~big~~ large expenditure one will not be prepared for (eg. chronic diseases' insurance).

15- ⇒ One might have to pay more or less than the required amt. for premiums if underwriting is not / inefficiently performed.
⇒- It can also prove to be a loss for the insurance company in the future if a certain essential part of the person's life hasn't been disclosed; like heriditary diseases, chronic diseases, smoking habits etc. that will later harm the person but wasn't accounted for by the company when insurance policy was created/issued.
