Camlin Page
Date / /

Life Insurance

Q1) No, I don't think bachelor's without dependents need no insurance. Even though they don't have dependents now, they will have some in the future, like a partner or their parents if they stop working or are injured. So to cover the risk of future dependents, I think even bachelors need life insurance. Also, it could be relatively cheaper too as a bachelor will get life insurance at a lower premium rate.

Q4) In my opinion, the first one is more serious and difficult situation to handle. ~~The because it leaves~~ It is difficult to handle as it leaves the dependents of the ~~p~~ insured with no source of income in case of death. So to maintain a decent livelihood they will require money from the insurance companies. In the second case it is ~~usually~~ equally tough for the insured to maintain a ~~stand~~ decent standard of living but there are chances, they will have people ready to take care of them when they no longer are able to work. So, in my opinion the first situation is more difficult to handle.

adverse selection

Q6) The term is used when 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 provided and the actual facts related to the risk is different.

The term moral hazards refers to the defect that exist in a person's character that may increase the frequency or the severity of loss. Such a applicant may tend to increase the losses for the company.

Q12)

A) I think he should prefer an endowment policy as such a type of policy, pays the insured if he/she survives till the maturity date. This is good as it not only covers the risk during the term but also rewards the ~~insured~~ insured if they survive. ~~The policy~~ They act as an insurance cum savings.

Camlin Page
Date / /

B) The main reason people buy life insurance is to covers risk of a loss of life. Life insurance is a contract between an insurance company and the insured to pay a designated amount in exchange of a premium, on the death of the insured. This is done so that the people depended on the insured ~~are~~ can maintain a decent standard of living even after the death of the insured.

Q15) If underwriting were not ~~per~~ permitted in the private, voluntary markets for life and health insurance, it could have devastating effects as there will be no background checks of the applicants before giving them life insurance, that is giving insurances without assesing the risks related to it and could bring huge losses to the insurance companies

Camlin Page
Date

Q18) The various types of life insurance a person can buy are →

(a) Term insurance → It provides the insured beneficiary with a death benefit only if the insured ~~died~~ dies between a specific period. It will have relatively cheaper or affordable premium rates.

(b) Whole life insurance → It provides the insured beneficiary with a death benefit when they die. It's coverage lasts till the death of the insured and is relatively expensive in terms of rates of premiums.

(c) Endowment policy → It is a type of insurance that not only covers the insured for a specific term but also rewards them if they survive that long. The premium rates will be even more in this type of a policy.

(d) Pure endowment - It only rewards the insured if he survives for specific period of time and their is no death benefit before that. The premium rates are comparitively affordable.

(5) Annuity → It acts as a fixed stream of payments for the insured. It starts these after a collection period and these payments are regular. ~~The~~

(6) Joint life policy → It is a insurance policy that covers two individuals till one of them die. It is a cheap policy for young couples or buisness partners as you don't have to buy two seperate life insurances ~~and~~