1. No, I don't agree with the view that bachelor without dependents need no insurance because there might be some people who will be emotionally connected with him, an on his/her demise people with get affected so to reduce the affect he needs the insurance

- The bachelor may have dependants in the future as he may decide to marry and have kids, so for their financial protection he can buy the insurance
- Moreover ~~to~~ if he buys the insurance at an early age he can enjoy the benifits of low ~~per~~ premium and tax savings.

4. In my views both the cases are equally ~~to~~ risky. ~~as~~

a) Dying Prematurely - It is a serious case as if the bread earner of the family dies at an early age the dependants will face many financial problems as well as emotional problems. They will not be able to ~~do~~ live the life as for basic necessities like food, education etc money is required.

b) Living too long - ~~At~~ a particular age in life person needs to get retired as he may give up to work and earn, as the person will not be able to get food, clothes, without money, and basic medical treatment without money.

2. Adverse Selection — It is a situation occurs when one party gives more accurate and precise information when compared to the other party.
The party who shares more information always have an advantage over the other party. and ~~sometimes vice versa also~~

Ex If a person suffering from cancer buys an insurance policy and does not disclose this to the insurance company in order to get benefits of low premium.
When the person dies ~~and~~ due to the his medical condition, the insurance company have to pay him the sum assured promised at the beginning of the policy and if they had known ~~about~~ that the person is suffering from cancer they may have charged high premium or have denied to the person. Due to this his sudden death the insurance company will pay the premium from their financial reserves and if ~~to~~ this type of cases keep on increasing the company

may deplete their reserves and have a hard time paying out claims to ~~to~~ the person who were honest about their medical condition.

Moral Hazard- It is a situation where one party takes unnecessary risks ~~to~~ that affect the other party in the transaction

Ex If a person buys an Insurance for his car an if he unnecessarily drives the car very fast, performs tricks with car as he know after the accident the insurance company will endure all the loss, ~~so~~ which affects the financial condition of the insurer.

Q12] <u>Life Insurance</u>- Bob can purchase a life insurance policy and his wife can be the ~~nominee~~ benificiary.

~~The sum-assured / promised etc~~

- The sumassured will help them to ~~to~~ for meeting expenses like education.
- It will help to pay off the debts which include home loans, car loan etc.
- It can also help to cover medical expenses for terminal illness.

Total and Permanent Disability → This insurance will help Bob to receive a lump sum after he gets disabled or unable to work again. This will help him to pay medical expenses, education for his children etc

Renters Insurance Cover It is intended to compensate for third party injury incurred while in your rented place

Children Health Insurance It can cover the medical expenses of the daughter of Bob. It is designed to cover the medical expenses incurred on hospitalization, vaccination and clinical check-ups of children

Reasons To By Insurance Policy

- Tranfer of Risk – Insurance policy transfers ~~your~~ financial risk from the insured to the insurer.

- Peace of Mind – Insurance means you have finanical protection which ultimately provides peace of mind

- Complete protection for the family – Family is most important part of one's life and if ~~your~~ you are sole earner for the family than they are financially dependent on you so in case of any mishappening insurance policy can provide financial support to your family.

Q15) Underwriting is a process where Insurance company evaluates the risk involved in insuring a person or any asset. It help the company to decide the correct amount of premium a person would pay.

If underwriting were not permitted in the private, voluntary markets for life and health insurance ~~than~~ Insurance company won't be able to ~~enabled~~ evaluate the risk associated with a person or an asset.
The persons who are bad risks for the company ~~means~~ that means the Insurance companies will ~~result~~ be in huge losses.
It will be also be unfair for the person who lead a healthy life and ~~they~~ can get charged equivalent premiums ~~as to~~ as the person who lead a unhealthy life

8) i) Unit linked Endowment → In this policy sumassured is ~~dependant~~ dependant on indexes like NIFTY, & SENSEX etc. As premium is paid, some of its specified amount is invested in an fund chosen by policyholder So the value at the ~~th~~ end of policy the sum assured is paid accordingly, and more ~~So~~ whether you die or live to a specified over age you will get money so premium paid is highest for this product.

ii) Unit Linked Whole life → It's ~~a~~ premium is 2nd highest in the list as In this you will receive the courage for the entire life and the insurance company invests your money so sum assured will be dependant on an investment fund.

iii) Endowment Plan → It is third in the list and in this you will receive the money on your death as well on the maturity of the policy

iv) Whole Life Insurance → ~~To~~ This plan provides you courage throughout your lifetime. The sumassured may be denied if the person dies after 100 years of age. So probability of getting sum assured is ~~th~~ less than that of endowment plan

v) Joint Life Insurance → Next in the list is this plan where two partners are both owner and beneficiary of the policy, as if something happens to one the one will get the sum-assured.

vi) Pure Endowment → It stands on 6th position as in this policy you will get money only if you live upto a specified age, so if you die during the term nothing will be received.

vii) Annuity - A financial product that pays out a fixed stream of payments to an individual who has paid a huge lumpsum at the outset. It is basically used as a payment stream for the retired ones. However if the individual dies the payments will be discontinued.

viii) Term Life Insurance → It is one of the cheapest product available in market as you only receive the death benefit for a specific term and if you die after that term you won't receive any money.