

Life Insurance assignment 1

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1) No, I don't agree with the view that a bachelor without dependents needs no insurance. I feel that the bachelor needs insurance for the following reasons:

- The bachelor can avail tax benefits
- To prepare for change and take advantage of cheaper premiums
- The bachelor has a lot of assets that need protection
- Critical illnesses can be devastating both emotionally and financially.

2) Both the hazards are serious but according to me that dying prematurely leaving the dependent family to fend for itself is more serious as the family is completely dependent on the breadwinner of the family and now has no means to survive.

3) Adverse selection occurs when there's a lack of symmetric information prior to a deal between a buyer and a seller. Moral hazard is the risk that one party has not entered into the contract in good faith or has provided false details about its assets, liabilities, or credit capacity.

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12. B Anyone would buy the insurance as:
- Funds for meeting expenses for education and marriage of dependent children.
 - Funds to cover immediate expenses after death. This includes medical expenses ^{for} after terminal illness, expenses for the performance of last rites and religious ceremonies connected with death.
 - Regular income fund for meeting the day-to-day expenses of dependent spouse of and children.
 - Fund for paying off debts. This includes outstanding house mortgage loan dues, car loan and credit card dues and other miscellaneous dues.

15. Life insurance underwriting seeks to assess the risk of insuring a potential policyholder based on their age, health, lifestyle, occupation, family medical history, hobbies, and other factors determined by the underwriter. Life insurance underwriting can result in approval - along with a range of coverage amounts, prices, exclusions, and conditions - or outright rejection.

18)

Types of life Insurance a person can buy.

- Whole life insurance - Whole life insurance is a type of life insurance that provides you coverage throughout your lifetime provided the policy is in force. Whole life insurance policies also contain a cash value component that increases over time.
- Term life insurance - Term life insurance is a type of life insurance that provides a death benefit to the beneficiary only if the insured dies during a specified period.
- Endowment policy - An endowment policy is defined as a type of life insurance that is payable to the insured if he/she is still living on the policy's maturity date or to a beneficiary otherwise. An endowment policy provides you with a dual combination of protection and savings.
- Pure endowment - An insurance contract ~~promises~~ promises to pay the insured a stated sum if he survives a specified period with nothing payable in case of prior death.
- Annuity - An annuity is a financial product that pays out a fixed stream of payments to an individual. These financial products are primarily used as an income stream for retirees.
- Joint life policy - A joint life policy is the insurance cover that you get on a first-death basis. It is a pay out which an insurer receives in case of death of his other insured partner during the period.

- Unit linked contracts - Unit linked contract assurances (typically whole life or endowment) have benefits that are directly linked to the value of the underlying investments. Each policy holder receives the value of the unit allocated to the policy.

Levels of premiums charged.
(Highest to lowest):

- Pure endowment.
- Unit linked contract.
- Endowment.
- Annuity.
- Term life insurance.
- Joint life policy.
- Whole life insurance.