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| **SESSION** | **feb - mar’24** |
| **PROGRAM** | **MASTER of business administration (MBA)** |
| **SEMESTER** | **IV** |
| **course CODE & NAME** | **DBFI403 – LIFE INSURANCE MANAGEMENT** |
| **CREDITS** | **4** |

**Assignment Set – 1st**

**Questions**

**1. Discuss the different risks in Insurance with examples for each type.**

**Ans:** Insurance involves managing various types of risks.

**Here are the main categories of risks in insurance along with examples for each type:**

**1. Underwriting Risk**

This is the risk that the premiums collected will not be sufficient to cover the claims and expenses.

**Example:** An insurance company offers health insurance policies. If it underestimates the likelihood of a widespread illness or misprices the policies, it may end up paying more in

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**2. Describe what settlement option in Life Insurance is.**

**Ans:** In life insurance, a settlement option is a method chosen by the policyholder or beneficiary for receiving the policy's death benefit upon the insured's death. Instead of receiving a lump sum payment, settlement options allow for the death benefit to be distributed in various ways.

**Here are the common settlement options in life insurance:**

**1. Lump Sum Payment**

The entire death benefit is paid out in one single payment to the beneficiary.

**Example:** A $500,000 life insurance policy pays the beneficiary $500,000 in a single

**3. “The profits generated are distributed as bonuses to the eligible policy owners at the end of every financial year.”Explain the statement by mentioning the types of bonuses in Insurance.**

**Ans:** The statement refers to how some insurance policies, particularly participating or with-profits policies, share the insurer's profits with policyholders. These profits, generated from the insurer's investments, underwriting performance, and overall financial management, are distributed as bonuses to eligible policy owners.

**Here are the main types of bonuses in insurance:**

**1. Reversionary Bonus**

A reversionary bonus is a bonus added to the policy's sum assured and paid out upon the maturity of the policy or on the death of the insured. It is typically declared annually and,

**Assignment Set – 2nd**

**Questions**

**4. Write a short note on Life Insurance Claims and its three major types.**

**Ans:Life Insurance Claims**

Life insurance claims are requests made by beneficiaries or policyholders to receive the benefits provided under a life insurance policy. These claims arise upon the occurrence of events specified in the policy, such as the death of the insured or the policy reaching maturity.

The claims process involves verifying the event, submitting necessary documentation, and ensuring compliance with policy terms. The insurer then processes the claim and disburses

**5. Explain the alternatives to traditional reinsurance options. (Known as non-traditional Reinsurance methods)**

**Ans:** Non-traditional reinsurance methods, also known as alternative risk transfer (ART) solutions, provide ways for insurers to manage risk beyond conventional reinsurance contracts. These methods often involve capital markets and other financial instruments, offering greater flexibility and innovative ways to transfer risk.

**Here are some common non-traditional reinsurance methods:**

**1. Catastrophe Bonds (Cat Bonds) Description:** Catastrophe bonds are risk-linked securities that transfer catastrophe risk from insurers to investors. These bonds pay high

**6. What is Liability Insurance? Mention the types and explain in brief.**

**Ans:Liability Insurance**

Liability insurance is a type of insurance that provides protection to individuals and businesses against the risk of being held legally liable for injuries, damages, or losses to another party. This insurance covers legal costs and any pay-outs for which the insured would be responsible if found legally liable. It is crucial for protecting assets and ensuring financial