

## Topical Review for Exam 2 in Risk Management and Insurance

Fall 2011

Differences between Permanent Life Insurance --- Whole, Universal, Variable Life and various forms of term life insurance --- renewable, convertible

Level premium method versus renewal term method for buying life insurance coverage

Types of annuity coverages based on guarantees --- term certain and life, joint and survivor, joint and 2/3rds survivor, cash refund and installment refund annuities

Features found in the life insurance contract-

Nonforfeiture on permanent life insurance policies - extended term, reduced paid-up life insurance, policy loan provision, cash value settlement, reinstatement provision

Double Indemnity or Accidental Death provision

Basic principles relating to insurance policies --- pure risks characteristics, definition of insurance as it relates to the principle of indemnity, risk avoidance, risk assumption, loss control and risk transfer, adverse selection, benefits of owning a mutual life insurance policy as opposed to one issued by a stock insurer, principle of indemnity

Definitions relating to the insurance underwriting process, as well as, the loss settlement process

Steps to the risk management process which may relate to the financial planning process

Types of insurance organizations – Mutual, Stock, Lloyd's of London

Types of visitors to property and the differences in imposed liability

Differences between independent versus direct writing insurance agencies

Concept of the deductible as applied to the PAP or HO policies

Unique legal concepts related to insurance --- Utmost Good Faith, Aleatory Contract, Unilateral Agreement, Contract of Adhesion, Subrogation

Legal conditions for an insurance policy to come into existence

Differences in the application of medical payments coverage on an HO, as opposed to, a PAP

Problem dealing with the application of 80% co-insurance on an HO policy for a small claim loss

Goals of the risk management process

Application of split limits, collision and non-collision coverage when settling a PAP claim

Standard provisions to an insurance contract – Declarations, Insuring Agreements, Exclusions, Conditions

Application in relation to HO exclusions and conditions that alter the nature of an insurable risk

Supreme Court Cases relating to the regulation of insurance --- Paul vs. Virginia, Southeastern Underwriter's case, over the issue of federal versus state regulation of insurance as interstate commerce.