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### Q NO. 3

#### *Underwriting And Investing Process*

*Insurer's business model aims to collect more in premium and investment income than is paid out in losses, and to also offer a competitive price which consumers will accept. Profit can be reduced to a simple equation:*

*Profit = earned premium + investment Income - incurred loss - underwriting expenses.*

*Insurers make money in two ways. UNDERWRITING AND INVESTING.*

*>Through underwriting, the process by which insurers select the risks to insurer and decide how much in premiums to charge for accepting those risks.*

*> By investing, the premiums they collect from insured parties. The most complicated aspects of insuring is the actuarial science of rate making (price - setting) of policies, which uses statistics and probability to approximate the rate of future claims based on a given risk. After producing rates, the insurer will use discretion to reject or accept risks through the underwriting process.*

*At the most basic level, initial rate making involves looking at the frequency and severity of insured perils and the expected from these perils. Thereafter an insurance company will collect historical loss data, bring the loss data to present value, and compare these prior losses to the premium collected in order to assess rate adequacy. Loss ratios and expenses loads are also used. Rating for different risk characteristics involves - at the most basic level - comparing the losses with "loss relativities" -- a policy with twice as many losses would therefore be changed twice as much. More complex multivariate analysis are sometimes used when multiple characteristics are involved and a Univariate analysis could produce confounded results. Other statistical methods may be used in assessing the probability of future losses.*

*Upon termination of a given policy, the amount of premium collected minus the amount paid out in claims is the insurer's underwriting profit on that policy. Underwriting performance is measured by something called the "combined ratio", which is the ratio of expenses/losses to premiums. A combined ratio of less than 100% indicates an underwriting profit, while anything over 100 indicates an underwriting loss. A company*

*with a combined ratio over 100% may nevertheless remain profitable due to investment earnings.*

*Insurance companies earn investment profits on "float". Float, or available reserve, is the amount of money on hand at any given moment that an insurer has collected in insurance premiums but has not paid out in claims. Insurers start investing insurance premiums as soon as they are collected and continue to earn interest or other income on them until claims are paid out. The Association of British Insurers (grouping together 400 insurance companies and 94% of UK insurance services) has almost 20% of the investments in the London Stock Exchange. In 2007, U.S. industry profits from float totaled \$58 billion. In a 2009 letter to investors, Warren Buffett wrote, "we were paid \$2.8 billion to hold our float in 2008".*

#### **Q NO.4**

*Types Of Insurance ? Explain Any Four.*

*There are many different types of insurance all over the world. some of them are given below.*

#### **1.Casualty Insurance**

*Casualty insurance insures against accidents, not necessarily tied to any specific property. It is a broad spectrum of insurance that a number of other types of insurance could be classified, such as auto, workers compensation, and some liability insurances.*

*Crime insurance is a form of casualty insurance that covers the policyholder against losses arising from the criminal acts of third parties. For example, a company can obtain crime insurance to cover losses arising from theft or embezzlement.*

*Terrorism insurance provides protection against any loss or damage caused by terrorist activities. In the United States in the wake of 9/11, the Terrorism Risk Insurance Act 2002 (TRIA) set up a federal program providing a transparent system of shared public and private compensation for insured losses resulting from acts of terrorism. The program was extended until the end of 2014 by the Terrorism Risk Insurance Program Re authorization Act 2007 (TRIPRA).*

*Kidnap and ransom insurance is designed to protect individuals and corporations operating in high-risk areas around the world against the perils of kidnap, extortion, wrongful detention and hijacking.*

*Political risk insurance is a form of casualty insurance that can be taken out by businesses with operations in countries in which there is a risk that revolution or other political conditions could result in a loss*

## **2.Life Insurance**

*Life insurance provides a monetary benefit to a decedent's family or other designated beneficiary, and may specifically provide for income to an insured person's family, burial, funeral and other final expenses. Life insurance policies often allow the option of having the proceeds paid to the beneficiary either in a lump sum cash payment or an annuity. In most states, a person cannot purchase a policy on another person without their knowledge.*

*Annuities provide a stream of payments and are generally classified as insurance because they are issued by insurance companies, are regulated as insurance, and require the same kinds of actuarial and investment management expertise that life insurance requires. Annuities and pensions that pay a benefit for life are sometimes regarded as insurance against the possibility that a retiree will outlive his or her financial resources. In that sense, they are the complement of life insurance and, from an underwriting perspective, are the mirror image of life insurance.*

*Certain life insurance contracts accumulate cash values, which may be taken by the insured if the policy is surrendered or which may be borrowed against. Some policies, such as annuities and endowment policies, are financial instruments to accumulate or liquidate wealth when it is needed.*

*In many countries, such as the United States and the UK, the tax law provides that the interest on this cash value is not taxable under certain circumstances. This leads to widespread use of life insurance as a tax-efficient method of saving as well as protection in the event of early death.*

*In the United States, the tax on interest income on life insurance policies and annuities is generally deferred. However, in some cases the benefit derived from tax deferral may be offset by a low return. This depends upon the insuring company, the type of policy and other variables*

*(mortality, market return, etc.). Moreover, other income tax saving vehicles (e.g., IRAs, 401(k) plans, Roth IRAs) may be better alternatives for value accumulation.*

### **3. Gap Insurance**

*Gap insurance covers the excess amount on your auto loan in an instance where your insurance company does not cover the entire loan. Depending on the company's specific policies it might or might not cover the*

*deductible as well. This coverage is marketed for those who put low down payments, have high interest rates on their loans, and those with 60-month or longer terms. Gap insurance is typically offered by a finance company when the vehicle owner purchases their vehicle, but many auto insurance companies offer this coverage to consumers as well.*

#### **4. Health insurance**

*Great Western Hospital, Swindon*

*Health insurance policies cover the cost of medical treatments. Dental insurance, like medical insurance, protects policyholders for dental costs. In most developed countries, all citizens receive some health coverage from their governments, paid through taxation. In most countries, health insurance is often part of an employer's benefits.*



**Q NO.1**

***How the insurer can claim for what is actually paid off ? write in your own words.***

**Home Owners**

*Insured had a fence around pool was poorly maintained and a young child got through a hole in the fence and went into the pool and drowned.*

*The liability pay out was the policy limit of \$300,000.*

*Grandfather was cutting tree on property. A limb from the tree fell on a visiting child and \$300,000 was paid out in bodily injury for the visiting child injuries.*

*Lady came to home and she slipped on the balcony which fractured her wrist and caused injury to her leg. The resulting bodily injured claim was \$30,000.*

*Lightening struck the water pump causing the pump to leak and entire bottom floor of the insured's home was flooded resulting in \$52,000 in property damage to the house.*

*Grease Fire in kitchen cause \$71,000 to building and contents of the home .*

*Rates ate into electrical wire in the garage which caused a fire. The house severely damage by the fire and \$200,000 property damage claim was paid.*

### **Contractor**

*Former employee of contractor came by to visit job site of contractor fell off roof. The bodily injury resulted in a \$50,000 claim.*

## **Q NO.2**

### **9 Marketing Tools for Insurance Brokers**

*In a competitive insurance market, brokers need to explore every opportunity to connect with prospects and clients. Although the importance of hosting a **comprehensive and dynamic website** shouldn't be underestimated, your online presence has to stretch beyond your agency's website.*

*Consider the impact the following nine insurance marketing tools can have on your sales and revenue:*

#### **1. Social Media Scheduler**

*Social media plays a key role in building strong client relationships. A professional, yet personal, social media page can draw in prospects and connect you to clients long after a sale has closed, encouraging ancillary product sales and [referrals](#).*

*Unfortunately, posting daily to multiple platforms, such as Facebook, Instagram, and Twitter, can seem impossible in the midst of busy enrollment periods. Using a social media scheduler could help you optimize posts for client engagement, save time, and increase efficiency.*

*While scheduling “tweets” weeks in advance can help you expand your reach, some social media schedulers can also provide social analytics solutions to help you make data driven decisions. Explore your options and compare some of these platforms to find the one that best meets your needs:*

*Hootsuite*

*Buffer*

*Smarterqueue*

*Coschedule*

## **2. Feedly**

*A social media scheduler will save you time, but it will only be effective if you have interesting and relevant content to fill your posts. While you can certainly get creative on your own, it can be time-consuming to prepare original posts on a daily basis. Thanks to Feedly, you don’t have to.*

*Feedly is a news aggregator application for web browsers. It automatically curates relevant content to fill up your scheduled posts. Feedly can help you follow publications and find potential articles worth sharing. There is no limit to the content your target audience will find valuable, including:*

*Changes in the market*

*The latest news in healthcare regulation*

*Health and lifestyle tips*

*With consistent, substantial content, your posts will build your brand as an industry expert and go-to resource for insurance related information for new and current customers.*

### **3. Automated Email Marketing**

**By 2019, ninety percent of the nearly 290 million internet users in the United States will be using email every month.** Clearly, email marketing will continue to be one of the most cost-effective and efficient ways of reaching prospects and customers.

*Making your emails consistently relevant and timely can be tricky when you are busy managing the rest of your business. Periodic newsletters or quarterly marketing messages may not be enough to capture the attention you want. Go a step further by investing in a platform that automates your email marketing.*

*For instance, **auto-responders** can be customized to follow up with prospects at pre-determined intervals, send birthday or holiday greetings, and send renewal reminders.*

### **4. Email List Scrubber**

Don't waste your time marketing to an invalid email list. **Email lists decline by 22% every year.** Remove unengaged subscribers and focus on the people who really want to receive information from you.

Scrubbing your email lists periodically is an important part of maximizing deliverability rates and reducing bounce-back, and many agencies are using third party services to maintain list "hygiene." Pricing and features can differ, so compare some of these cleaning services that can help you refine your email lists:

XVerify

QuickEmailVerification

Email Checker

ZeroBounce

Hubuco

## **5. Canva**

Beautifully designed images are a necessity when it comes to marketing campaigns of any size. Investing in a graphic designer might be worth it if you are creating a billboard, but you certainly don't want to hire someone every time you send an email or post on social media.

*If you are a talented designer, you may be tempted to create your own original images, but the continual need for graphics might have you running out of time to actually sell the products you are marketing.*

*Whether you simply need to free up your time or just don't have an artist's skills, you can benefit from an online design solution like [Canva](#), which uses drag-and-drop features and professional layouts to help you design stunning graphics. Templates and pre-designed items can help you create unique and eye-catching images for social media, email, brochures, direct mail pieces, and more.*

## **6. Biteable**

*Once you think you've gotten the hang of designing images, video takes over the marketing world. Facebook alone generates 8 billion video views per day, while YouTube reports show that mobile video consumption rises 100% each year. To maintain your competitive edge, you have to embrace every platform that will help you reach prospects.*

*You don't have to be a Hollywood producer to make a video. Shooting live videos on your phone can be just as effective as anything produced by fancy camera equipment and lighting.*

*Webinars and video information sessions don't have to be complex, but if you want to create a more customized video, try a super-simple, template-based video creation tool like **Biteable**.*

## **7. Survey Tool**

*Tracking the success of your marketing and sales efforts is an important step in determining your future plans and investments. Learn about your existing customers with the help of a survey tool, such as SurveyPal.*

*By helping you create a simple survey, you can use these user-friendly online questionnaires to learn valuable information about your prospects and clients.*

*Ask about pain points in finding health insurance, preferred methods of searching for new services and advisors, favorite websites, and much more.*

*Compiling these results can help you improve your marketing results, track lead sources, and ultimately, increase sales.*

## **8. Bitly or Google URL Shortener**

*A URL link shortener may be included in your social media scheduler software, but additional ways to shorten a URL may come in handy. Link shortening tools will take any URL and generate a shorter one that will not only be more visually appealing, but can be easily shared.*



*You will be able to track clicks on the specific URLs from email marketing campaigns or social media posts, making it easier to discover what content is generating the biggest response.*

## **9. Google Analytics**

*Google Analytics might not technically be a marketing tool, but it is vital to improving your marketing efforts. **Creating a website that maximizes its impact** in lead generation and conversion is the key to success when more than 80% of consumers are shopping online, but how can you determine what's working and what needs to be improved? For example, **is your website mobile friendly?***

*Installing a short tracking code on your website gives you access to valuable website data, including the source of site visitors and the pages drawing the most attention.*

*The information can help you determine your success rates in organic Search Engine Optimization (SEO) and paid ads, allowing you to re-prioritize your time and money moving forward. You will have access to high level demographic data that can be used to your advantage as you build campaigns to target new customers.*