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**Q1. How the Insurers can claim for what is actually paid off? write in your own words?**

**Introduction:**

Insurance claiming is a sensitive process which requires proper investigation and adjustments if required. Whenever, an insured entity or policy holder faces any loss regarding that specific insured object under the shadow of a particular company, then claim has been made by the policy holder in order to take advantage for what he paid off. More generally, an insurance claim is a formal request by a policy holder to an insurance company for coverage or compensation for a covered loss or policy event. Without any doubt, there is a great probability that either the claims made by the insured entity can be genuine and exactly according to the company policy or it could not be genuine and according to the desired policy then in such circumstances, insurance companies have built a mechanism to dissolve such problems. This mechanism operates on the grounds of investigation, adjustments and for the best interest of the policy holder and the company itself.

**Role of Adjusters:**

Claims are the only product for which the insurance company pays off and insured entity can claim by own or it reserved a right to file the claim through brokers or agents. Claims can be filed on the company’s own proprietary form or on a standard industry form. To entertain the insurance claims of the policy holders, company has a large number of employees, whose only duty is to adjust the claims filed by insured. Employees who adjust the claims are known as “Adjusters”. These adjusters are backed by a staff of record management and data entry clerks, who provide information and data to the adjusters about a particular claim. Adjusters with their assets of knowledge and experience classify the incoming claim through weighing the severity and the nature of the claim. The process of investigation take place under the mutual cooperation between the insurer and the insured entity in order to determine that either the coverage is available under the terms and condition of a desired policy or insurance contract, however, if it does so then the reasonable monitory value the claim and authorizes payment.

**Public Adjuster and Policy holder:**

There are independent entities who, work for the best interest for the policy holders and is known as “Public Adjuster”. It is the choice of the policy holder to negotiate with the company by own or they may hire a public adjuster to negotiate with the company on their behalf about a particular claim. Insured entities often hire public adjusters if the nature of policy and claim is complicated which require deep knowledge and experience. In addition, to cover the cost of public adjuster, insured may take out a separate insurance policy add-on which is known as loss recovery insurance.

**Shadow of litigation over claims:**

Sometimes when there is a claim of critical nature then it often leads to litigation. Consider, liability insurance is a difficult claim for the company because there is a third party involved, the plaintiff, who is under no obligation to cooperate with the insurer. Legal council is obtained by the adjuster for insured but unfortunately this process can take years and also it is cost consuming as well. Although, Judge is the regulatory body who dissolve the conflict through settlement.

**Q2. Which marketing tools the insurance companies used for its Marketing purpose? Support your answer with some examples.**

Although, like any other company ( either manufacturing company or service provider company), insurance companies also strive to introduce their selves and their policies to a large number of customers and clients. Insurance companies often devote their time to design a best policy in order to make it easy for customers and attract customers as well. In the modern era, marketing strategies evolve creative, intelligent and innovative marketing tools which make it easy for the insurance companies to evaluate their services and policies they offer. Following are the tools which almost every company bring into action for the purpose of marketing;

**Insurance agents:** No doubt this is a traditional way of marketing but still it is beneficial for companies. Insurance agents are assigned a job to visit residential areas, commercial areas and different companies as well to offer the policies of a company and make the customer satisfy through communication. Insurance agents have high level of communication skills along with deep knowledge of that particular policy so that they could attract the customer. In addition, insurance agents make the customers aware of any uncertain event and advise them to protect or avoid any financial loss. Thus, insurance agents describes insurance policy to the customers as their primary need.

**Broking firms:** In the competitive era of insurance marketing, brokers explore every opportunity to connect with prospects and clients. They search for appropriate and intelligent ideas for the appropriate customers. They set their target and aware them about the risk exposures. Brokers mostly use online websites for marketing purpose. However, the importance of hosting a comprehensive and dynamic website underestimate, their online presence has to stretch beyond their agency’s website.

**Digital Marketing:** In the present time, digital marketing is the major tool of marketing for insurance companies. More generally, we know that almost every person is in touch with the technology of digitalization ( through mobile, computer, television and many more) so for that very reason, company adopts different digital marketing tactics in which some are as following;

* **Email marketing:** Email marketing is one of the older digital marketing tool but it is also one the most effective marketing tool which is still available. Effective email marketing is still the part of many insurance companies marketing plan. The following example will make it more clear to understand; Jubliee insurance company use this tool for marketing with a detailed information of a policy offered and also a link of that particular company website.
* **Social media marketing:** Social media plays a key role in building strong client relationship. It is the best way to connect with people and transferring offering policy to the minds of people. Using a social media scheduler could help company to optimize posts for clients engagement, save time and increase efficiency. Platforms which are usually used for social media marketing are facebook, instagram and twitter.
* **Television ads:** In daily routine people are bombarded with a number of ads of different insurance companies. These ads are repeated several times a day which derive the attention of people towards the need and importance of insurance. For example; Jubliee insurance company digitalize their add on TV with a effective caption that “q k aap ka khyal rakhna humari zemydaari ha”.
* **Online shopping websites:** Almost 60% of the world population refers online shopping. Thus insurance companies run their ads on the online shopping websites in order to catch more and more clients.

**Banks and other Microfinance institutions:** Banks and other Microfinance institutions are also the primary source of insurance offerings. They are allied with different insurance companies and offer their policies to their own clients in order to avoid any financial risk.

**Q3. Explain the Underwriting and Investing process in your own words?**

**Introduction:** Insurance companies gain profit from two primary sources: underwriting and investing in diversified portfolios. From under writing, they collect premium and their main objective is to collect more and more premium. Respectively, from investing, they earn income and similarly they aim to have more and more income. Despite of all these, they also strive to set a reasonable and effective price for their under writing policy so that they could have more and more policy holders. The entire mechanism of the insurance companies works on the following simple equation;

Profit = earned premium + investment income – incurred loss – underwriting expenses.

Thereby, it has become clear from the above equation that insurance companies strive to earn more and more profit and pay the losses and underwriting expenses from these funds.

**Underwriting:** The process of underwriting includes the selection of risk and the severity of risk and then the price of the policy is being set the insurers. More generally, the price of policy is dependent upon the type of risk, severity of risk, frequency of risk and the probability of risk so after this process the insurer then can easily decide to whom they should grant policy and to whom they should not. Moreover, in case of claim, insurer brings the data of a historical loss data in comparison with the present value and by also comparing the prior losses to the collected premium in order to asses rate adequacy. Loss ratios and expenses loads are also used and the risk is compared with loss relatives. Furthermore, upon the termination of a policy, the amount of premium collected minus amount paid out in claims is the insurer’s underwriting profit on that policy.

**Investing:** Although, premiums are the major source of investment for insurance companies. The terminology “float” is used in the insurance mechanism which means those amount of money which is reserved from the premiums and has not paid out as a claim. Interestingly, insurers invest the reserved amount of money in different diversified portfolios in order to generate profit. They might invest in a Stock market, buy T-bills or may trade in futures contracts and continue to earn interest or other income until claims are paid out.

 **Q4. What are the different types of Insurance? Explain any four with Examples.**

Insurance covers a wide range of areas under its shadow. Following are well-known types of insurance;

* Auto insurance
* Gap insurance
* Health insurance
* Income protection insurance
* Casualty insurance
* Life insurance
* Property insurance
* Crop insurance
* Earth quack insurance
* Travel insurance
* Accident insurance
* Marine insurance
* Fidelity bond insurance

These are some major types of insurance which are frequently occupied by many clients. Following are the explanation of four types of insurance along with example;

**Health Insurance:** Health insurance covers medical treatments. In most of the developed countries, health insurance is provided by the state governments to the citizens and also there are some companies which provide health insurance to its employees.

For example, Dental insurance, like medical insurance, protects policy holders from dental costs.

**Casualty Insurance:** Casualty insurance protects against accidents, not necessarily tied to a specific property. Crime insurance is a form of casualty insurance that covers the policy holders against the crimes arising from the third parties. For example, a company can obtain crime insurance in order to cover losses from theft etc. Covering the loss due to terrorism activities are also under the same shed of casualty insurance. In addition, other accidental events are also the part of casualty insurance such as kidnapping etc.

**Life Insurance:** life insurance provide 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. For example, one has a policy for the expenses of funeral will get benefit from that policy after claiming.

**Earth quack Insurance:** Earth quack is basically a form of property insurance that pays the policy holder in the event of an earth quack that causes damage to the property. Moreover, earth quack insurance policies generally feature a high deductible. Rates depend on location, likelihood of an earth quack, as well as the construction of the home.

For example, in the earth quack of 2005, many policy holders were get paid for their damages by the insurance companies.