**Insurance management and Practices**

**Id: 13251**

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

Following are some tools that many insurance companies use to follow for marketing their product:

1. The first main and most helping tool of insurance company for marketing is of hiring marketing agents. These agents issue one’s insurance policies to other firms and organizations. Marketing agents write only for one company, or independent, meaning that they can issue policies from several companies. For example an agent is hired for marketing so, he/she will make a survey to different financial institutes and offer the policies of insurance company.

1. Most insurance companies use banks and other financial institutes for marketing. They make contract to sell policies for them and in return insurance companies offer these institutes’ commissions or any other benefit. This is because most of the people finance eg auto financing, house loans, or business loans, from banks or other financial institutes. So, after issuing these loans, these institutes offer insurance to individuals. So this is the simple way of marketing and selling policies to individuals. Examples can be: jubilee insurance company makes contract with Bank of Khyber to sell its policy to individual, it can be home insurance, vehicle insurance etc and in return Jubilee insurance company give rewards to the employees and to the banks also.
2. Insurance companies also use broking firms, NGOs and other corporate entities for marketing different types of insurance.
3. Posting banners, tv ads, social media marketing is also used by most of the insurance companies which helps more to these companies.

**Q4. What are the different types of insurance?**

There are different types of risks available in the market like business risk eg a brand outlet catches fire so, to avoid risk the owner of the brand makes insurance of his business to reduce his/her loss. Insurance companies offer different insurances, following are some types of insurance that are offered by many insurance companies.

1. **Life insurance:** Life insurance is a contract between an insurance company and the individual in which the company guarantees payment of a death benefit to the named person or family when individual dies. The insurance company promises a death benefit in exchange for premiums paid by the policy holder. Life insurance is generally a binding contract. Example of life insurance can be of an individual who the one is earning his family so, when he/she insures himself with a certain insurance company, after his death, the premium or payment is given to the belongings or the name written in the contract. It can be of his wife son siblings etc.
2. **vehicle insurance:** this is the insurance of the car, bus, etc. vehicle insurance is a contract between the owner of the vehicle and the insurance company, this contract is about the recovery of loss in the event of accident, theft etc. the insurance company promises to pay the loss according to their policies signed. Example of vehicle insurance can be of an individual who has insured his car with an insurance company and got into accident. So the company repairs his/her car according to the policy eg the insurance pay 70% of the loss of the car and remaining 30% is beard by the owner of the car.
3. **Property insurance:** Property insurance is a type of insurance in which a company promises to provide protection to different types of properties. These can be houses, commercial buildings; shops etc. property insurance provides financial reimbursement to the owner of the property in case of damage to the property. Example can be of a house which is damaged due to heavy rain so the insurance company will be responsible for the loss and will recover the loss according to their policies.
4. **Fire insurance:** Fire insurance is basically property insurance that covers damage and losses caused by fire. The fire insurance helps to cover the loss of building or any property due to fire. So in return the insurance company provides replacement, repair or reconstruction of the building. The loss is paid according to the policies that were signed between both the parties. Example can be: the shop that caught fire and fully damaged so, the insurance company will repair or reconstruct that shop to the owner.

**Q3. Explain the underwriting and investing process in your own words?**

Insurance companies make money through different ways but the most applied and the process that is followed by most of the insurance companies is by underwriting and investing process.

**Underwriting and investing process:** Insurance underwrites evaluate the risk and exposures of potential clients. They decide how much coverage the client should receive, how much they should pay for it. Underwriting involves measuring risk exposure and determining the premium that needs to be charged to insure that risk.

 Each insurance company has its own set of under writing guidelines to help the underwriter determine whether or not the company should accept the risk.

For example in underwriting vehicle insurance coverage, an individual’s driving record is not good. However, the type of automobile is actually far more critical.

The insurance company can make money by investing the premium they collect from insured parties. The most complicated aspect of insuring is the actuarial science of 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.

The underwriter does not approve all applications. In some cases, the underwriter determines that the risk associated with the application is too high. It is the under writer’s responsibility to ensure that the insurance company is not taking on too much risk, which can lead to an insurance company to be in the loss.

Insurance companies earn investment profits on “float”. It is the amount of money on hand at any given moment that an insurer has collected in insurance premiums. 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.

**Q1: How the insurance can claim for what is actually paid off?**

The paid off process of insurance companies is quite different from each other. Every insurance company has its own policies to claim the loss. When an individual faces a loss or anything, he/she believes that the loss can be covered by the insurance company and comes in the policy of the company.

 The individual will inform the insurance company about the loss and the agent or the survey team will make a visit and will make a case e.g taking pictures etc that the case is genuine or not. The insurance company will go through the process according to the policy and then the company will decide whether to approve the case or to reject because some cases do not cover the policies of the insurance company.

Example can be of an individual who has faced an accident of his car:

The individual will first inform the insurance company. The inspection or survey team will visit the place where the incident is happened. Inspection team will take pictures of the car that how much the car is damaged for estimation. The car is repaired through concerned workshop and the amount is paid according to the policy. For example in vehicle insurance, the policy is made on the model of the car. If the model of the car is new then 90% or 80% of the amount is paid by the company and if the model of the car is old then the depreciation amount can be 60% or 50%. The remaining amount is paid by the owner of the car.

Another example of insurance company paid off process is of a building that is damaged because of heavy rain.

 Now the process of covering the loss by the company starts from surveying and making the case that whether it comes under the company’s policy or not. The building is checked that whether this building needs repair or it should be reconstructed. After all this, the company issues approval of the case and repair or reconstruction work starts. The depreciation amount is paid according to the policy of the company.