

Review Topics for the Final Exam in Risk Management and Insurance

Application of Risk Management Techniques according to Loss Frequency/Severity Characteristics

Definition of Insurance

Definition of the 3 types of Hazards—Physical, Morale, Moral Hazards

Insurable vs. Non-insurable Risks – Pure vs. Speculative, Particular vs. Fundamental, Static vs. Dynamic

Principle of Indemnification

Subrogation which reinforces the principle of indemnity

Provisions in the HO Contract that reinforce the Principle of Indemnity – actual cash value, proof of loss, etc.

Definition of Waiver

Definition of Estoppel in insurance

Legal concepts related to the contract: void vs. voidable, contract of adhesion, unilateral contract, aleatory contract, utmost good faith

Concept of material misrepresentation in insurance and how it is applied in casualty vs. life insurance

Legal cases and law relating to the regulation of insurance – Paul vs. Virginia, Southeastern Underwriter's case, Public Law 15, and the Gramm-Leach- Bliley Act

Risk Management Process

Main Goal of Risk Management

Differences in the Types of Insurance Organizations – Mutual vs. Stock

Differences in the Types of Insurance Agencies

Types of Insurance Occupations

Concept of Material Misrepresentation in Insurance – Application to Casualty Insurance Coverages – PAP, HO policies

Cov A, B, C – Direct Loss Coverage on the HO Policy, Cov D Indirect Loss on HO

Cov E and F – Liability and Medical Payments Coverages

General Exclusions in Section I and Section II of the HO policy

Characteristics of the Ideally Insurable Risk

Purpose of co-insurance in the HO policy – promotes equity amongst insureds

Application of co-insurance on an HO policy in terms of claim settlement – calculation of claim settlement under an 80% coinsurance provision

Coordination of Benefits according to the Standard Fire Policy where two policies exist on the same home.

Different methods for returning premiums – pro-rata if insurer terminates the policy, short-rate basis if insured terminates

Long-tail vs. Short Tail claim settlement – based on occurrence based vs. claims made underwriting

Differences in Coverage on a PAP – Coverages A,B,C,D, and E –settlement under the medical payments coverage, aggregate liability, uninsured motorist, collision and non-collision coverages, responsibilities of the insured and insurer

Calculation of a split limit coverage on an automobile policy

Application of vicarious liability in the case of a condo unit owner or auto owner

Uninsured and underinsured motorist coverage

Differences in the Managed Care Health Insurance Programs --- HMO Stand Alone, HMO Network, PPO

Different Life Insurance Policies --- Term, Permanent – Whole Life, Variable, Universal Life

Mandatory provisions to the life insurance policy – entire contract, incontestability clause, suicide provision, non-forfeiture provision, beneficiary clause, grace period clause

Differences in the various annuities that life insurers may offer

Difference between the Human Life Value Approach vs. the Financial Needs Approach when determining a amount of life insurance when completing a financial plan.

When it may be appropriate to purchase life insurance protection

Differences in terms of benefits and costs for the various types of annuities:

Single premium deferred annuity, Cash Refund Annuity, Installment Refund Annuity, life annuity, joint and survivor annuity, joint and 2/3rds annuity