STAT 472 QUIZ 1 Fall 2019 August 22, 2019

1. Describe insurable interest.

2. Why are premiums on any insurance contract always payable in advance?

3.	What is the process of gathering and evaluating the health of a potential insured prior to issuing them a contract called?
4.	For Long Term Care Insurance, the amount of the monthly payment will follow one of two approaches. Describe each of these approaches.
5.	Describe how the off period works in Disability Income Insurance.

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1.	Recently, the design of life insurance products have radically changed. The textbook lists five
	reasons for those changes. Describe three of those five reasons. The description must be
	sufficient that I know you understand the reason.

2. How do policies sold through direct marketing differ from policies sold through brokers under a commission system?

3.	What is the phenomenon where very high risk individuals buy life insurance in disproportionate number called?
4.	For Disability Income Insurance, the monthly benefits are generally limited about 60% of the salary being replaced. Why?
5.	Hybrid long term care and life insurance products have become popular in the United States. These products typically follow a return of premium approach or an accelerated benefit approach. Describe how each approach works.