## STAT 472 Spring 2021 Quiz 1 January 26, 2021

- There are three types of insurance policies Term Insurance, Whole Life Insurance, and Endowment Insurance. Please list below which type of insurance is associated with the following characteristics. The answer might be one type of insurance, two types of insurance or all three types of insurance.
  - a. Pays a lump sum benefit upon the death of the policyholder:
  - b. Pays a lump sum benefit if the policyholder lives a certain number of years:
  - c. Could terminate without paying any benefits:
  - d. Requires premiums to be paid by the policyholder:
  - e. May not be sold in certain countries:
- 2. By law, the person paying the premiums on a life insurance policy must face a financial loss upon the death of the policyholder.
  - a. What is the term for this concept?
  - b. Explain why this requirement is important.

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3. There are three methods of funding Continuing Care Retirement Communities. List the three forms of funding and describe them in detail.

4. Describe the process of underwriting and why it is necessary.

5. Why are premiums always payable in advance?

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6. How is a whole life annuity different from a term life annuity?