

**c. Large sums assured**

An underwriter needs to be wary when the amount of insurance is very large relative to annual income of the proposed insured. Generally sum assured may be assumed to be around ten to twelve times one's annual income. If the ratio is much higher than this, it raises the possibility of selection against the insurer

**d. Age**

As we have seen elsewhere in this course, the mortality risk is closely related to age. The underwriter needs to be careful when considering insurance for people who are of advanced ages.

An important part of the underwriting process is admission of age, after verifying the proof of age. There are two types of age proofs

- ✓ Standard
- ✓ Non-standard

**Standard age proofs** are normally issued by a public authority. Instances are

- the birth certificate which is issued by a municipality or other government body;
- the school leaving certificate;
- the passport; and
- the employers' certificate

Where such proofs are not available, the proposer may be asked to bring a **non-standard age proof**. Examples of the latter are the horoscope; a self-declaration

When a standard age proof is not available, non-standard age proof should not be accepted readily. Often, life insurers would impose certain restrictions with respect to plan of insurance, term of assurance; maximum maturity age and maximum sum assured.

**e. Moral hazard**

Moral hazard may be said to exist when certain circumstances or characteristics of an individual's financial situation, lifestyle and habits, reputation and mental health indicate that he or she may intentionally engage in actions that increase the risk. There may be a number of factors which may suggest such moral hazard.

**f. Occupation**

Occupational hazards can emanate from any of three sources:

- Accident
  - Health hazard
  - Moral hazard
- i. **Accidental hazards** arise because certain kinds of jobs expose one to the risk of accident. There is any number of jobs in this category -like circus artistes, scaffolding workers, demolition experts and film stunt artistes.
  - ii. **Health hazards** arise when the nature of the job is such as to give rise to possibility of medical impairment. There are various kinds of health hazards
  - iii. **Moral hazard** can arise when a job involves proximity or can cause predisposition towards criminal elements or to drugs and alcohol. An example is that of a dancer in a