



Name:

SID:

Session:

Week 8 Insuring Your Life

Question 1

Identify the risk management technique being adopted in the following cases.

- A. Understanding that WIFI signal may have harmful effect on human health, you continue setup a WIFI system at home. **Risk assumption**
- B. Worrying that the banking system may collapse, you put all your money under your bed. **Risk avoidance**
- C. You put on a screen protector and a cover on your phone. **Loss control**
- D. When you go travel, you select an airline company which is highly ranked in terms of safety. **Loss prevention**

Question 2

Explain whether the following is True or False

- A. Buying insurance allows the insured to reduce his/her risk exposure.

You are **transferring** your risk of having **financial loss** to the insurance company

Question 2

Explain whether the following is True or False

- B. Whole life insurance provides better protection than Universal life insurance.

You can decide how to allocate the distribution of your premium on the protection and accumulation of cash value under Universal life insurance

Question 2

Explain whether the following is True or False

- c. You should always request the insurance company to put down the disability clause on the insurance plan.

Any additional protection is
charged
Request only if it is suitable and
necessary

Question 2

Explain whether the following is True or False

- D. A term life insurance will be the most suitable to a journalist who will be working in Afghan for 5 years.

He/she is taking up more risk for a period

Risk exposure reduces after 5
years

Question 2

Explain whether the following is True or False

E. If a loss is certain to occur, there is *no* risk.

Risk arises when there is a **chance** of having bad things

Question 3

CY died with a \$200,000 life insurance policy. His wife, Regina, was the primary beneficiary and their children, Chung-yan and Chai-yan, were the contingent beneficiaries. All three survived. How would the policy proceeds be distributed?

- ☒ a. \$200,000 to Regina
- b. \$100,000 each to Chung-yan and Chai-yan
- c. \$100,000 to Regina and \$50,000 each to Chung-yan and Chai-yan
- d. \$66,666 each to Regina, Chung-yan, and Chai-yan
- e. \$150,000 to Regina and \$25,000 each to Chung-yan and Chai-yan

Question 4

An insured usually chooses variable life insurance in order to

- a. provide more flexible coverage.
- ☒ b. emphasize the savings portion while still having death protection.
- c. lessen the savings feature of life insurance.
- d. substitute for fixed-dollar insurance protection.
- e. reduce insurance premiums.

Question 5

Ho purchased a policy with an initial premium of \$30,000 and may elect how much he desires to pay in premiums from now on. He has purchased a face value of \$1,000,000 and can accumulate cash value. What type of life insurance has Ho purchased?

- a. universal life
- b. ~~whole life~~
- c. ~~modified whole life~~
- d. ~~term life~~
- e. ~~adjustable whole life~~