Summary

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What Makes a Risk Insurable?

- 1. It should be economically feasible.
- 2. The economic value of the insurance should be calculable.
- 3. The loss must be definite.
- The loss must be random in nature.
- 5. The exposures in any rate class must be homogeneous.
- 6. Exposure units should be spatially and temporally independent.

Automobile

A typical automobile insurance policy contains the following coverages:

Section	Description
Α	Liability Coverage
В	Medical Benefits
-	Uninsured & Underinsured Motorist Coverage
С	Collision & Other than Collision

Section A provides coverage for third-party bodily injury and third-party property damage.

Section B provides first-party benefits for the insured. It is known as medical payments in a tort jurisdiction and personal injury protection in a no-fault jurisdiction.

Uninsured & Underinsured Motorist Coverage protects the insured and family members from unidentified, underinsured, or uninsured motorists in the case of an accident.

Section C provides coverage for damages to the car itself under two subsections: collision coverage and other than collision (OTC) coverage.

Homeowners

Homeowners insurance can be divided into the following sections:

Section	Coverage	Description
I (Property)	А	Dwelling
	В	Other Structures
	С	Personal Property
	D	Loss of Use
II (Liobility)	Е	Personal Liability
II (Liability)	F	Medical Payment to Others

The doctrine of proximate cause states that a loss is only covered if a covered peril is the proximate cause of a covered consequence.

Coinsurance is a provision that penalizes the insured if the limit of insurance is less than a specified percentage of the full value of the dwelling. With coinsurance, the insurance benefit will be calculated as:

$$P = egin{cases} \minigg(I, \, rac{I}{cF} imes Ligg), & I < cF \ \min(I, \, L), & I \geq cF \end{cases}$$

where

• P: Compensation amount

• *I* : Limit, or insured amount

ullet F : Full value of the house at the time of loss

• c: Coinsurance percentage

ullet L : Loss amount

Workers Compensation

Workers compensation is a type of insurance in which employers are responsible for any occupational injuries or diseases regardless of who is at fault. This is

because proving the employer's negligence was often difficult due to the following: doctrine of contributory negligence, fellow-servant doctrine, and assumption-of-risk doctrine.

Fire

Fire insurance protects against loss resulting from damage to, or destruction of, buildings and personal property by fire, lightning, windstorm, hail, explosion, and other perils.

Marine

Marine insurance indemnifies policyholders against the loss of, or damage to, owned property by covered perils connected to transportation. There are two types of marine insurance: ocean marine and inland marine.

Liability

Liability insurance provides protection against third-party injuries or third-party property damage. Liability claims are typically categorized as low frequency, but high severity, and they have a potential for high litigation cost.

Major Medical

Health insurance products provide benefits for a variety of heath care services such as inpatient and outpatient services, ancillary services, and prescription drugs.

A provider network is a collection of doctors and other health care professionals, hospitals, and clinics who have agreed to collaborate with insurers by servicing their insureds.

There are two main types of health insurance plan: Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO).

Insurance benefits are defined using deductibles, provider discounts, coinsurance, out-of-pocket limits, maximum limits, internal limits, and copays.

Apart from major medical insurance, there are other related health insurance products such as comprehensive major medical, catastrophic medical, short-term medical, high risk pool plans, and consumer directed plans that exist or have existed in the past.

Due to the Affordable Care Act, there are multiple restrictions on the plan design of health insurance.

Dental

There are four types of dental coverage.

Туре	Coverages		
I	Diagnostic and Preventive		
II	Basic Services		
III	Prosthetic Coverage		
IV	Orthodontia		