

### Questions on Insurance, Pension and Collective Investment:

1. What is the purpose of insurance and why do people pay premiums even though the premiums add up to less than they expect to lose?
2. What are underwriters, and what do they do?
3. How is insurance obtained?
4. Distinguish between the two main types of insurance.
5. Explain the following key elements to insurance: asymmetric information; adverse selection; moral hazard.
6. What is a pension?
7. Distinguish between funded and unfunded pension schemes, and give the advantages and drawbacks of each type of pension.
8. Describe and explain the roles played by trustees, consultants and managers in running defined benefit funded pension schemes.
9. How do defined benefit schemes differ from defined contribution schemes?
10. What is the difference between a public and private pension?
11. What are collective funds, and what are the advantages and disadvantages?
12. Explain the differences between open- and closed-ended funds, including a description of four types of open-ended investment vehicles.
13. How does a unit trust differ from an investment trust?
14. What is an ETF? What are sovereign wealth funds?