

Step 01 : **GENERAL** Insurance – COMPLETE HANDOUT for Cram Course

by SAF LicenseCoach

→ _____ is a KEY TERM (in Health Insurance)

In _____ insurance, the rate at which _____,
_____ or _____ will occur.

→ _____ is a KEY TERM (in Life Insurance)

In _____ insurance, the _____ at which people die.

What Is _____ or _____?

- Spreading a risk over a _____
_____, by substituting a _____ for a
large unknown risk. (*economic risk of dying*)

→ What do we call the predicting of the approximate number of
deaths or the likelihood of disability that will occur among a
certain group during a certain period?

→ _____

* **NOTE: We use the Law of Large Numbers in conjunction
with _____ in order to determine**

_____ and _____

for all types of insurance.

_____ is the unintentional decrease in value of an asset
_____.

RISK → Uncertainty regarding _____?

_____ is defined as the possibility of a loss occurring.
(which is the decreasing in value of an asset due to peril)

_____ Risk... involves _____ the chance of
_____ and _____.

- (**Note:** Gambling is a great example of speculative risk. It is important to know... **speculative risks are uninsurable**, and only **pure risks are insurable.**)

_____ Risk... only has the chance of _____.
(_____, _____ and _____)

***** ONLY _____ Risks are _____ *****

_____ elements of "Insurance Risk" that make Pure Risks Insurable

- ✓ LOSS MUST BE due to _____
- ✓ LOSS MUST BE _____ and _____
- ✓ LOSS Exposure to insured MUST BE _____
- ✓ LOSS exposure MUST BE _____
- ✓ LOSS MUST BE _____
- ✓ LOSS CANNOT be _____

_____ is the condition of being _____ due to a hazard or uncertain event.

The item insured in the policy is called the _____.

_____ is the immediate specific event that _____.

A _____ is what _____ to a Peril.

***** REVIEW → _____ lead to _____, which leads to _____, leading to _____.**

_____ Basic Types of Hazards

1. _____ – blind, family traits
2. _____ – stealing, smoking, habits that increase the probability of loss
3. _____ – jay walking, carelessness, the attitude state of mind (*It's insured so why worry, whatever!*)

What kind of hazard is it when an employee _____ without paying for it?

- Answer: _____

What kind of hazard is it when you are late for an _____?

- Answer: _____ "Whatever: attitude"

Another Hazard to be discussed... is a _____ Hazard.
_____ Hazard → is the application of laws, regulations and legal court rulings which increase the chance or amount of loss. (This primarily deals with _____ Insurance)

_____ is the _____
the insurer will pay for an insured risk.

_____ Options to handle Risk (**ARRTS**)

- A** - _____ (don't fly)
- R** - _____ (smoke alarm)
- R** - _____ (self-insured)
- T** - _____ (buys insurance)
- S** - _____ (Copayment/Coinsurance)

_____ is the _____ that assumes the insured's risk. Synonymous with insurance company and carrier. (Insurance Company)

_____ is the _____ who is covered under the policy. (Ed is the person)

_____ are the _____ who _____, solicit and negotiate insurance. It is an all-encompassing term which includes _____ and brokers.

_____ is the _____ who has all the _____ under the policy, pays the premiums & accepts the policy when delivered.

(_____ **and Policyholder are Synonymous.**)

The _____ are the rights and responsibilities of _____ parties of the contract.

What is a company called that helps an insurance company _____ a portion of its _____?

- Answer: _____ (*they purchase some of that risk from an _____*)

_____ offer coverage to people through the _____ market.

- ✓ _____ – a Company doing business in the state in which it is _____.
- ✓ _____ – a Company licensed to do business in a state in which it is _____.
- ✓ _____ Insurance Companies are Companies doing business in a Country in which they are not incorporated. They are companies incorporated in a Country _____ the _____.

YES or No? ... If a company is licensed in the state where it is incorporated, **does it need to licensed in the states where is does business?** _____

(YES, it Must be licensed in each & every state it does business in.)

_____ insurance companies write more than one line of insurance. This can include:

- _____ and _____
- _____ and _____
- _____ - _____
- Even _____ insurance

(For _____ line of insurance in which they transact, a company much have a _____.)

Who does the federal government delegate to be in charge to regulate the insurance industry? _____

➔ This is why **each state** has varied & different _____ that You have to know. Thus it is VERY IMPORTANT To Know Your _____ **Supplements**

_____ Company – Purpose is to make a _____ for the _____.

- Structured the _____ as any corporation
- Pays _____ dividends to policyholders

_____ Company – Owned by _____.

- Issue _____ or _____ - _____ Policies
- Pays _____ to policyholders

What is a _____? – REFUND of _____
(Partial overpayment being returned to policyowner.)

_____ is also know as _____ / _____
(_____ face amounts, _____ accepted as premiums and more _____)

_____zz_____ \$\$ – Illegally converting another person’s funds for your own use.

_____ – An _____ or _____ of material fact made by one party in order to cheat another party out of something that has economic value.

Insurance contracts have **FIVE** Required Elements to make them Valid & Binding (**ALL PRESENT**):

- L – _____
- O – _____
- C – _____ (Value Exchange)
- C – _____
- A – _____

REQUIRED ELEMENTS OF CONTRACTS



THREE Groups of people who are NOT Competent to enter a legal contract:

- _____
- _____
- _____

TYPES OF CONTRACTS

What is it called when the values exchanged are not equal?

_____ Ex = \$___ premium/\$100,000 Death Benefit

When only one party prepares the contract it's: _____

Basically the policyholder is "_____" with the contract as is.

_____ is the type of contract that only _____ or pays the _____. (*nothing more and nothing less*)

_____ is the kind of contract that pays a _____ in the event of a loss? (*Life insurance face amount*)

_____ is what it is called when information is _____ to be **true**?

_____ is when information is only _____ to be true... (*statements made by a _____ on the _____ in relation to their health*)

_____ is what it is called when Both parties are TRUSTED to reveal _____.

CONTRACT AMBIGUITIES: General Rule – When _____ exists, the _____ will rule on favor of the _____.

Contract Ambiguity Ex: Margaret's _____ policy did not specifically _____ or exclude live transplants. When the insurer refused to pay for Margaret's transplant, the court forced the insurer to _____ benefits, due to the _____ wording of the policy.

Remember → When _____ exists, the court usually rules in _____ of the _____.

_____ is when an applicant fails to disclose _____ . (Legal Contract)

This form is filled out by the _____ and includes information about the proposed insured's _____, _____ and _____.

■ Answer: _____

Who must **sign** an _____? (Multiple Choice)

✓ _____, _____ (if different from the insured),

_____ → _____ !!

_____ select, classify and _____.

The process that insurers use to _____, _____ and _____ risks so that they accurately reflect the amount of _____ undertaken is _____.

IMPORTANT TO KNOW → An _____ (aka _____) is (also) considered a _____.

✓ *Because they are out _____ and can _____ (_____, _____, _____, _____) things not shown on paper, that can be missed by an underwriter.)*

Types of _____ Risk (there are _____)

_____, _____, _____, _____

What type of Underwriting Risk is this? _____

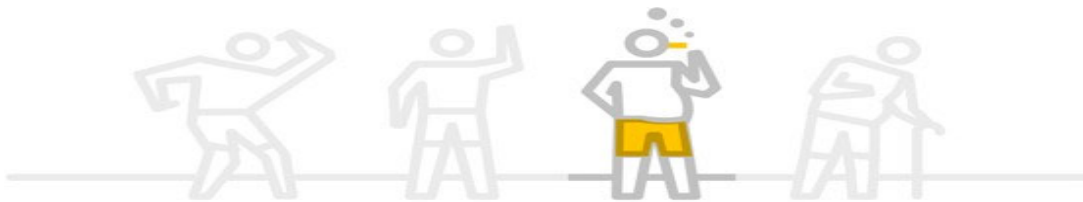


✓ When a person has _____ health, _____ lifestyle and habits, they are considered a _____ risk.

Underwriting classification in which individuals are in _____ physical condition with _____ lifestyles and habits for people of their respective _____ and _____ group.

→ They are considered a _____ risk.

_____ : This risk is also called a _____ because they pose a _____ risk to the insurer than standard risks.



Lastly there is the... → Underwriting classification in which the risk is _____ because the applicant poses too great a risk for the insurer to provide coverage. *Ans:* _____

What are the _____ Other _____ an Underwriter could use in determining an applicant's _____?

- ✓ _____
- ✓ _____ (_____)

NOTE: The _____ is basically a collection of your medical history, so if a you leave anything off the application, it can still be found and reported.

- ✓ _____ (Can be

provided to those who have listed _____
activities like _____ on their
application. This just asked for the _____ and
the _____.)

- ✓ _____
- ✓ _____

The _____ of the _____ is hold down _____
costs. The _____ helps prevent _____.

(Note the Reminder Here about the _____)

→ Who completes the medical report... *Physician Or Paramedic*
(_____)

→ Term _____ refers to a _____'s _____
or someone _____ in this situation.

QUESTION: What is _____?

- _____
(such as people in poor _____) to seek or continue
_____ to _____ extent than people in
_____.

REMEMBER: The _____'s _____ and _____
_____ must be given to the insured _____ or at
_____. *(Absolutely no exceptions here folks!)*

When You hear the term _____ it refers to the _____'s costs which include: acquisition _____, _____ salaries, retirement, _____ funds, and _____.

_____ is the _____'s notification that a payment is requested for a _____.

BASICS REGARDING GROUP INSURANCE

The most common type of _____ used in a Group Policy Is called an _____ **Policy**.

This is where each _____ the policy is _____ based on the previous _____'s claims and _____.

_____ is the Method used to establish _____ rates for _____ plan members, based on the _____ of the group.

Question: What is the policy called that is issued for _____ Insurance? Answer: _____

The policy owner, the Employer receives a _____ and the E_____ / Members are covered by: _____ and receive a _____.

REMEMBER: in a _____ — _____ plan _____% MUST be insured

Question: How many _____ must participate in a non-contributory plan?

Answer: _____% of _____ eligible employees _____ participate. They must _____ be _____.

In a _____ Plan at least _____% of eligible employees _____.

BONUS QUESTION: _____ is a medical condition, whether physical or mental, resulting from accident or sickness preventing a person from being able to work.

NOTE: Examples of Rating Services that demonstrate the financial strength of insurance companies include:

1. **A.M. Best** → A.M. Best is a leading credit rating agency that specializes in evaluating the financial strength of insurance companies. It assigns letter grades ranging from A++ (Superior) to D (Poor) based on an insurer's ability to meet its obligations to policyholders.
2. **Standard & Poor's**: Standard & Poor's (S&P) is a globally recognized credit rating agency that evaluates the

creditworthiness of insurance companies. It uses a letter grading system ranging from AAA (Extremely Strong) to D (Default) to assess an insurer's financial strength.

3. **Moody's**: Moody's is another prominent credit rating agency that assesses the financial strength of insurance companies. It uses a letter grading system ranging from Aaa (Highest Quality) to C (Default) to evaluate an insurer's creditworthiness.
4. **Fitch Ratings**: Fitch Ratings is a global credit rating agency that evaluates the financial strength of insurance companies. It assigns letter grades ranging from AAA (Exceptionally Strong) to D (In Default) to assess an insurer's creditworthiness.
5. **Weiss Ratings**: Weiss Ratings is an independent rating agency that provides financial strength ratings for insurance companies. It assigns letter grades ranging from A+ (Excellent) to D- (Weak) based on a variety of factors, including an insurer's profitability, solvency, and risk factors.
6. **Demotech, Inc.**: Demotech, Inc. is a rating agency that specializes in evaluating the financial stability of regional and specialty insurers. It uses a letter grading system ranging from A (Exceptional) to L (Limited) to assess an insurer's financial strength.