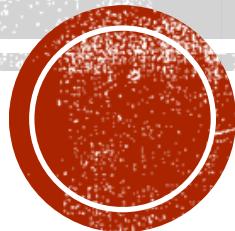


THE INSURANCE PRODUCT

New York University Actuarial Society

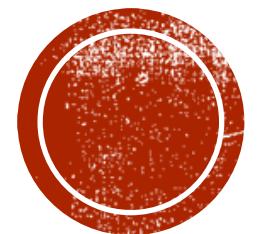
Wednesday, February 7th, 2018



AGENDA

- SWIPE IN! And get some food ☺
- Announcements
 - Underclassman Liaison
 - Office Hours
 - E-Committee
- The Insurance Product
 - Game Time!





ANNOUNCEMENTS



UNDERCLASSMAN LIAISON

- Applications were sent yesterday
 - <http://bit.ly/2EHnZhi>
- Applications are due Thursday, Feb. 8th at 11:59PM
- Interviews will be held on Saturday, Feb. 10th during the afternoon
 - Sign-up slots for second-round candidates will be made available Friday morning.



OFFICE HOURS

- Office hours are back!
- Every Friday from 4PM-5PM in the Tisch Hall 3rd Floor Lounge
- We provide help with:
 - Deciding where to eat dinner
 - Fantasy sports
 - Homework for all classes
 - Exams (Actuarial and Class)
 - Interviews (Tips & Mock)
 - Resume (and Cover Letter)
 - Casual Conversation
 - And more!

Come hang we're lonely



EXECUTIVE COMMITTEE

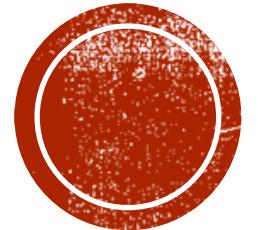
Why join?

- To gain access to Actuarial Society study materials for classes and actuarial exams
- Help decide food and workshop ideas for future meetings

How to join?

- Come to >9 Actuarial Society events during the semester
- Apply in May





THE INSURANCE PRODUCT

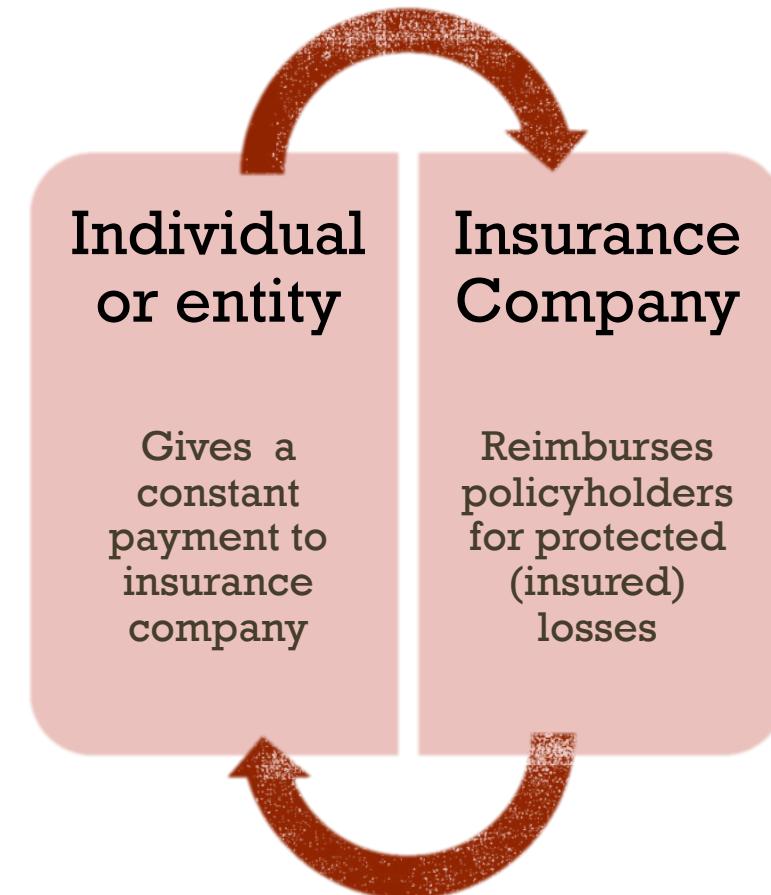


WHAT IS AN INSURANCE PRODUCT?

- Insurance Product
 - A transfer of risk from an individual or entity to an insurance company
 - Financial protection or reimbursement against losses

Important: Insurance companies pool client's risks to make payments more affordable for the policyholders

Advanced Concept: Risk Pools



INSURANCE DEFINITIONS

- **Policy**
 - The terms and conditions of the contract for an insurance product.
- **Policyholders**
 - The individuals or entity who purchased the insurance policy.
- **Risk Transfer**
 - The risk of the policyholder is protected by the insurance company.
 - The risk of the policyholder is *transferred to* the insurance company.
- **Premium**
 - The monthly amount the policyholder pays to the insurance company.
- **Claim**
 - When the policyholder incurs a loss, they submit a *claim* to the insurance company to receive the due reimbursement.



THE INSURANCE PROCESS



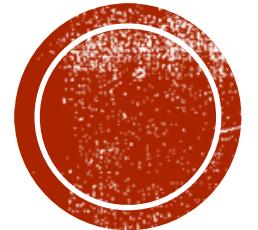
- The individual or entity purchases the insurance policy
 - *The individual or entity becomes a policyholder*
- The individual submits monthly payments to the insurance company
 - The insurance company now bears the risk of the policyholder
- Oh no! The policyholder incurs a loss on their protected (insured) item!
 - The policyholder submits a claim to the insurance company after this loss.
- The insurance company does their due diligence to make sure the claim is legitimate.
 - The policyholder gets reimbursed for the loss.



THE INSURANCE GAME

- Divide into teams
- Each round will begin with a case. Each team has 1 minute to read and take notes on the case.
- Following the case will be five questions
 - The two questions before the potpurri question are worth 1 point.
 - The potpurri question is worth 1 point.
 - The two questions following the potpurri question are worth 2 points.
- Answer correctly, earn the points. Answer incorrectly, earn no points.
- If you are the only team to fully answer the question correctly, double points!
- Whichever team earns the most points wins the prize!





CASE 1: MIAMI



SITUATIONAL: CASE 1

- Your name is Zach, and you are a homeowner in **Miami, Florida**, who recently purchased an insurance policy from State Farm that covers 50% of losses against all non-property hurricane damages.
- You pay \$950 each month to insure your belongings (and you do so punctually)
- A hurricane hits central Florida, and your house is ruined. An appraiser estimates the following damages:
 - \$3,000 worth of damages to musical instruments
 - \$65,000 worth of jewelry damages
 - \$12,000 worth of furniture damages
 - \$400,000 worth of property damages
 - \$20,000 worth of automobile damages
- Within 90 days of the loss, you are eligible to claim losses from State Farm, and do so within the allotted time period.



CASE 1: QUESTION 1

What is the name of the policyholder?

Zach



CASE 1: QUESTION 2

What is the premium of your policy?

\$950



CASE 1: POTPURRI QUESTION

What does the “N” in Leonard N. Stern stand for?

Norman



CASE 1: QUESTION 4

How much did you lose in the hurricane?

\$500,000



CASE 1: QUESTION 5

How much can money you claim in losses from the insurance company?

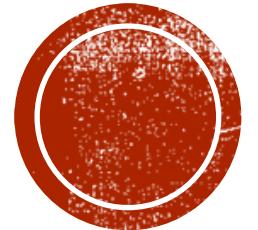
\$40,000



NEW TOPIC: DEDUCTIBLE

- **Deductible**
 - The lower limit of what insurance companies will pay for insured losses. The policyholder is still liable for any amount of losses less than the deductible.
 - Ex. I insure my \$100 car. The policy has a \$10 deductible. I incur \$15 dollars worth of losses in a car accident. I can claim \$5 in losses from the insurance company.





CASE 2: IRVINE



SITUATIONAL: CASE 2

- Your name is Daniel, and you are living in **Irvine, California**. You work as a boutique consultant downtown. You pay \$100 per month for insurance, and you have an Oscar Health insurance policy with a \$350 deductible. This policy covers all hospital and doctors' office visits.
- While playing basketball, you land on your ankle funny. X-Ray reports say you have a fractured ankle, and must wear a cast for 6 weeks. Total costs come out to \$900.



CASE 2: QUESTION 1

Who is the risk transferred to?

Oscar Health



CASE 2: QUESTION 2

What is the premium of your policy?

\$100



CASE 2: POTPURRI QUESTION (1 POINT/EA.)

What are the 3rd, 4th, and 5th most popular ice cream flavors in the USA?

Cookies 'n Crème

Mint Chocolate Chip

Cookie Dough



CASE 2: QUESTION 4

How much can money you claim in losses from the injury?

\$550



CASE 2: QUESTION 5

Overall, after claims, how much did you spend in the two months?

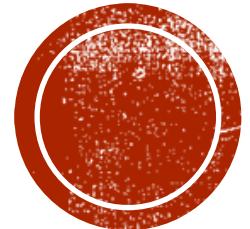
\$550



NEW TOPIC: POLICY LIMIT

- Policy Limit
 - The maximum amount of losses an insurance company will reimburse in insured losses to the policyholders.
 - Ex. An insurance company will, at most, pay up to \$10,000 in damages against your automobile





CASE 3: NEBRASKA



SITUATIONAL: CASE 3

- Your name is Cindi, and you live in the lush city of **Omaha, Nebraska**. You insure your 2015 Hyundai Genesis for \$250 per month. The terms of the insurance state that Allstate provides full coverage for all damages, with a \$500 deductible and a \$15,000 policy limit.
- Three months and two weeks after you purchase this insurance policy, you are driving down the road and are hit by a drunk driver. Thankfully, you were uninjured. However, your car sustained \$20,000 worth of damages. You intend to fully repair your car. You immediately file your claims, and, by some miracle your claims are processed within two weeks of the accident.



CASE 3: QUESTION 1

Who is the risk transferred from?

You (Cindi)



CASE 3: QUESTION 2

How much in losses can you file claims for?

\$20,000



CASE 3: POTPURRI QUESTION (1 POINT/EA.)

What are the three NYC Boba Guys locations?

11 Waverly (NYU / Greenwich Village)

23 Clinton (E-Vil / LES)

265 Canal (SoHo)



CASE 3: QUESTION 4

What is the maximum amount of money in claims you can receive from Allstate?

\$14,500



CASE 3: QUESTION 5

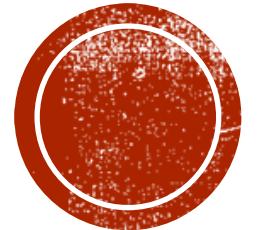
Overall, how much did you spend (after claims) from the time you purchased your insurance to the time you received your reimbursement?

\$6,500



RECAP: IMPORTANT TOPICS

- **Policy**
 - The terms and conditions of the contract for an insurance product.
- **Policyholders**
 - The individuals or entity who purchased the insurance policy.
- **Risk Transfer**
 - The risk of the policyholder is protected by the insurance company.
 - The risk of the policyholder is *transferred to* the insurance company.
- **Premium**
 - The monthly amount the policyholder pays to the insurance company.
- **Claim**
 - When the policyholder incurs a loss, they submit a *claim* to the insurance company to receive the due reimbursement.
- **Deductible**
 - The lower limit of what insurance companies will pay for insured losses. The policyholder is still liable for any amount of losses less than the deductible.
- **Policy Limit**
 - The maximum amount of losses an insurance company will reimburse in insured losses to the policyholders.



ROUND 4: ENTERTAINMENT



ROUND 4: QUESTION 1 (1 POINT/EA.)

Name three characters/actors from The Office (US)



ROUND 4: QUESTION 2 (1 POINT/EA.)

Name three of the "Friends" from "Friends".

Ross, Rachel, Phoebe, Chandler, Monica, Joey



ROUND 4: QUESTION 3 (1 POINT)

Who performed the halftime show at Super Bowl LII?

Justin Timberlake



ROUND 4: QUESTION 4 (1 POINT/EA.)

Which film is the most recent winner of the Academy Award for Best Picture?

Moonlight

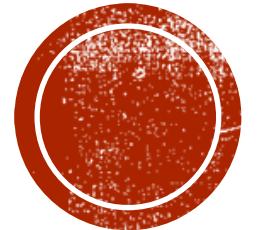


ROUND 4: QUESTION 5 (1 POINT/EA.)

How much did one 30-second commercial at Super Bowl LII cost?

\$5,000,000





ROUND 5: DISNEY



ROUND 5: QUESTION 1 (1 POINT)

In what movie does the character “Thumper” appear?

Bambi



ROUND 5: QUESTION 2 (1 POINT/EA.)

Who are Donald Duck's three nephews?

Huey, Dewey, Louie



ROUND 5: QUESTION 3 (1 POINT)

What is the relationship between Mickey and Minnie Mouse?

They're Married!



ROUND 5: QUESTION 4 (1 POINT/EA.)

Which are the two largest Disneyland Parks?

Disneyland Paris and Disneyland Tokyo (126 acres)



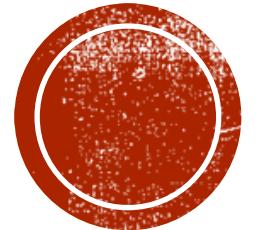
ROUND 5: QUESTION 5 (1 POINT/EA.)

What is the most recent Pixar Film and the next upcoming Pixar Film?

Coco

The Incredibles 2





ROUND 6: INSURANCE

1-1-1-2-2

ROUND 6: QUESTION 1

What is an insurance policy?

The terms and conditions of the contract for an insurance product



ROUND 6: QUESTION 2

Who is involved in a risk transfer?

The Insurer and the Policyholder



ROUND 6: POTPURRI (1 POINT/EA.)

What three major sports teams play at Madison Square Garden?

NY Liberty, NY Knicks, NY Rangers



ROUND 6: QUESTION 4

What is a deductible?

The lower limit of what insurance companies will pay for insured losses.

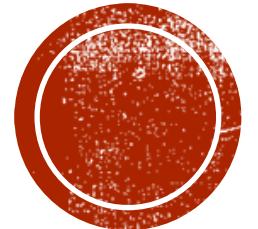


ROUND 6: QUESTION 5

What is a policy limit?

The maximum amount of losses an insurance company will reimburse in insured losses to the policyholders.





THANKS FOR COMING!

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