

*GENERAL
INSURANCE*

David L. Bickelhaupt

IRWIN SERIES IN INSURANCE AND ECONOMIC SECURITY

11th edition

General Insurance

David L. Bickelhaupt

*Professor of Insurance and Finance
College of Administrative Science
The Ohio State University*

1983

IRWIN

Homewood, Illinois 60430

*With love to my wife, Lee,
and to Tina, Janet, Paul, and Carol*

© BUSINESS PUBLICATIONS, INC., 1936

© RICHARD D. IRWIN, INC., 1942, 1947, 1953, 1957, 1961,
1964, 1970, 1974, 1979, and 1983

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher.

ISBN 0-256-02821-4

Library of Congress Catalog Card No. 82-84265

Printed in the United States of America

90 K 0987

Preface

I love to read, and hope you do, too—but writers and books have tough competition these days. Reading books is harder than watching television or playing video games. Andy Rooney summed up his feelings by saying that whenever he has time enough to sit down and read a book, he gets up and does something else. Perhaps I should also entice my readers with a title such as “A Few Minutes with General Insurance.”

Purpose. The fact is, however, that more than a few minutes is needed to understand insurance, which is what I want you to do. I can’t promise all the momentary pleasures of TV: the nostalgia of old movies, the excitement of sporting events with replays of the best parts, the allure of the soaps, or the laughs with your favorite entertainers. The surest guarantee I can make is that you will *learn* more, hour-for-hour, from this book than from television. Particularly, you’ll know more about how *insurance* can help you obtain greater security in a world otherwise filled with uncertainties.

Uses. This book is the 11th edition of *General Insurance*, which to my knowledge is a record for any college insurance text. The previous edition was adopted for courses in more than 300 colleges and universities. Usually, it is used as a comprehensive introduction to all the fields of insurance and risk management. I believe its *breadth* and *depth* of knowledge is its greatest asset, for insurance courses vary from an average of about 45 hours of classroom instruction to as few as 30 hours and as many as 60 hours or more. Good teachers want students to be able to describe *what* is, but also to know *why* things are and *why* they are important. The treatment of subjects here is sufficient to achieve those results for courses of varying lengths. In shorter courses, some

chapters can be omitted or used as supplementary assignments or special class reports (see the suggested assignment schedules that follow this preface).

Not all insurance education takes place in college-credit courses. This book has also been used in professional insurance programs of the Insurance Institute of America (IIA), the Casualty Actuarial Society (CAS), the Certified Financial Planner (CFP), various insurance company courses, and in many states for insurance agents' licensing examinations.

Organization and changes. Risk is the basis for insurance. *Part One* of this text builds a concise foundation for insurance study by relating risk, risk management, and insurance in the first four chapters. This emphasizes the *consumer viewpoint*, which is most important to you. *Part Two* continues this approach by analyzing more specific consumer needs and insurance solutions in six chapters explaining life and health insurance. A separate chapter stresses the *social insurance viewpoint* of government insurance programs, and a review chapter shows how private and social insurance are coordinated in these fields. *Part Three* similarly treats the many different kinds of property and liability insurance, including the significant fire, liability, automobile, and homeowners' exposures and insurance contracts. Recognizing that students and consumers also need to understand the *insurer viewpoint*, *Part Four* has been changed to follow the fundamental principles, terminology, and contract analysis of all the various lines of insurance. A more meaningful understanding of insurance operations is achieved by this arrangement, with separate chapters on insurance marketing, underwriting, loss payment, and regulation. *Part Five* reviews consumer, business, and social issues, in a chapter that was the first of its kind in basic insurance texts to emphasize a look to the future. In total, a *balanced* approach to insurance and risk management from all major viewpoints is the objective of the five parts of this book.

The new subject matter in this edition is extensive. Every chapter is updated with current topics. Hundreds of footnote references indicate sources of ideas and readings for further information. Frequent use of tables and figures review and summarize significant concepts in the changing world of insurance. Examples of new developments discussed include risk measurement techniques, "captive" insurers, universal life insurance, the effects of new tax laws on life insurance and annuities, social security changes and problems, "cafeteria" employee benefit plans, retroactive insurance, pollution liability, financial services conglomerates and supermarkets, insurer investments, "homeowners plus" contracts, open competition rating, and many others.

Teaching aids. The "outline of concepts" at the beginning of each chapter is recommended for the close attention of readers, both *before* and *after* reading the chapters. These highlight the major ideas and

are helpful in reviewing the relationships among major and subtopics. Selected excerpts from the most important insurance contracts for consumers are included, but many teachers will want to obtain complete sample contracts for their classes from the Insurance Information Institute (110 William St., New York, N.Y. 10038), the American Council of Life Insurance (1850 K St., N.W., Washington, D.C. 20006), or the Alliance of American Insurers (20 N. Wacker Dr., Chicago, Ill. 60606).

Teachers may also obtain from Richard D. Irwin (1818 Ridge Rd., Homewood, Ill. 60430) a 350-page *Solutions and Visual Aids Manual* with full answers to all "For Review and Discussion" questions at the end of each chapter. It contains about 150 enlarged-print tear-out pages and new visual aids prepared by Michael M. Delaney of the University of Nebraska at Omaha. These are designed for use with an opaque projector or for making copies, transparencies, or slides to enhance classroom presentation of major concepts. Teachers should write on their department stationery or ask Irwin sales representatives for their *free* copy.

Acknowledgments. The past 20 years and five editions of this text have been typed with expert care by Eleanor B. Sapp, who deserves my personal thanks and admiration. I also thank my colleagues and many students and friends for thoughtful suggestions for improvement. Particular thanks are due Dr. Robert J. Myers for very helpful review of Chapter 11. Several other anonymous reviewers also made valuable chapter-by-chapter recommendations. I welcome further reactions—general or specific, long or short, immediate or belated—from any readers of this edition.

David L. Bickelhaupt

Contents

List of figures xxi

List of tables xxii

PART ONE

RISK, RISK MANAGEMENT, AND INSURANCE

1 Risk and risk management 2

The values with which risk is concerned. Different reactions to risk. What risk is: *Uncertainty and risk. Economic risk. Risk-related terms: Perils. Hazards. Losses.* Classifications of risk: *Speculative and pure risks. Personal, property, and liability risks. Insurable risks.* Why treat risk? *Security a natural goal. Losses from pure risk. Other costs of pure risk.* Scope and objectives of risk management: *Scope of risk management. Objectives of risk management.* The place of the risk manager.

2 Risk-management decision making 26

The steps in risk management and risk-treatment alternatives: A summary. Basic methods of treating risk: *Risk control methods. Risk financing methods.* Individual steps in risk management: *Risk identification. Risk measurement. Choice and use of methods of risk treatment. Risk administration.* An example of risk-management decision making. A case study for business risk management.

3 Insurance and its significance 64

How insurance works: *The insurance equation. Probability and uncertainty. The principle of large numbers. Adequate statistical data.* A brief history of insurance: *Ancient insurance ideas. The Middle Ages and the merchant era. The 18th century and insurance in early America. The expanding 1800s. 20th-century growth.* The fields of insurance: *General. Social (government) insurance. Voluntary (private) insurance.* The benefits and costs of insurance: *Benefits of insurance. Costs of insurance. Statistical evidences.*

4 Insurance contract fundamentals 94

The relationship of insurer functions. The insurance contract or policy. Insurance: A future, contingent, service, risk contract. General legal requirements: *Offer and acceptance. Legal purpose. Competent parties. Consideration.* Special legal characteristics: *Personal nature. Conditional nature. Strict compliance nature. Indemnity nature. Insurable interest. Subrogation rights. Effect of concealment, representations, warranties, and fraud. Agency-law principles.*

PART TWO LIFE AND HEALTH INSURANCE

5 Life insurance principles 118

The nature of life insurance: *Definition. Compared with other insurance contracts.* Fundamental financial and actuarial concepts: *The life insurance equation. Comparison of basic contracts. Development from assessment plans. The level premium plan for permanent protection. The investment functions of life insurance.* The mortality table: *What it is. Where it comes from and its purposes. Basic construction. Different mortality tables for different needs. Development of the 1958 CSO Table.* Life insurance premium calculations: *Advancing premiums as age increases. The interest factor. The net premium. The gross premium.* Life insurance reserves: *Origin. Definition. The reserve account.* Underwriting of life insurance: *Medical examinations. Other factors and sources of information. Substandard or extra-risk life insurance. Nonmedical life insurance. War clauses.* Legal doctrines: *Effects of divorce. Common disaster. Presumption of death. Presumption against suicide. Rights of creditors to life insurance values. Fraud, murder by beneficiary, and death by execution.*

6 Individual life insurance contracts 152

The major classes of life insurance. Basic traditional types of life insurance contracts: *Summary comparison. Whole life insurance policies. Term insurance policies. Endowment insurance policies.* Cost comparisons: *Net cost, interest-adjusted, and other methods.* Special riders and policy combinations: *Guaranteed purchase option. Other combinations.* Special life insurance markets: *Family insurance plans. Juvenile insurance plans. Larger policy plans. Employer-employee plans. Variable life insurance. Adjustable life insurance. Universal life insurance.*

7 Life insurance contract features 190

General form of the policy. Insuring agreement and face of policy. Application. Standard provisions: *The contract and payment of premiums. The beneficiary. Ownership of policy and changes. Assignment. Dividends and dividend options. Policy form changes. Lapse and reinstatement. Misstatement*

of age. Suicide. Indebtedness and settlement. Incontestability. Cash, loan, and nonforfeiture benefits: Cash values. Policy loans. Automatic premium loan option. Extended term insurance. Reduced paid-up insurance. The delay clause. Summary of cash, loan, and nonforfeiture benefits. Optional methods of settlement: Types. Uses. Disability and accidental death benefit extensions of coverage: The waiver-of-premium benefit. Accidental death benefits. Total disability income benefits.

8 Annuities and pensions 218

Private insurance annuity concepts: *Definition. Annuities compared with other life insurance contracts. Importance and growth. Purpose and uses. Cost factors. Types of individual annuities: By plan of distribution. By parties in the contract. By time when benefits begin. By method of purchase. By amount of payment—fixed and variable annuities. Contract conditions of individual annuities: General provisions. No medical examination. Participation. Group annuities (under pension plans): Types and growth. Nature and purposes. Eligibility. Retirement dates. Types of annuities used. Benefits. Financing sources. Financing methods. The Pension Reform Act (1974). IRAs, Keogh Plans, and TSAs.*

9 Individual health insurance 250

Significance of private health insurance. Classification and purpose: *Definitions. Purpose. Classes. Relationship to life insurance. Provisions in a typical health policy: Application and policy face. Cancelability and renewability. The benefit provisions. Exclusions and limitations on benefits. The standard provisions. Underwriting problems and special contracts: Overinsurance. Factors affecting premiums. Special health insurance contracts.*

10 Group life and health insurance 278

Group insurance as part of employee benefit plans. Group insurance written by life insurers. Group life insurance: *Nature and development. Unique features of selection and distribution. The employer group life insurance contract. Employee certificate provisions. Financing employer group life insurance. Group creditor life insurance. Franchise, or wholesale, and salary savings insurance. Group health insurance: Nature and importance. Fundamental characteristics of group health insurance. Group hospital-surgical-medical expense insurance. Group major medical expense insurance. Group dental and vision care insurance. Group disability income insurance. Group accidental death and dismemberment insurance. Health Maintenance Organizations (HMOs). New trends.*

11 Government life and health insurance 314

Economic security: *The expanding role of government. The reasons for accelerated change. "Social security," public assistance, and social insurance.*

Social insurance programs in the United States. Old-Age, Survivors, Disability, and Health Insurance: *Eligibility. Benefits. Administration. Financing.* Unemployment Compensation: *Eligibility. Benefits. Administration. Financing.* Workers' Compensation: *Eligibility. Benefits. Administration. Financing.* Temporary-disability (nonoccupational) insurance laws: *Eligibility. Benefits. Administration. Financing.* Summary of four major social insurance programs. Other social insurance programs: *The Railroad Retirement and Unemployment Acts. Government employee retirement systems. Veterans' benefit programs. The future.* Proposed national health insurance plans: *The need. The objectives. The proposals.*

12 Coordinating life and health insurance 352

Human life and health values. Life and health risk management. Personal life and health insurance planning: *Personal life insurance programming. A case study example of family life insurance needs and costs. Personal health insurance programming. A case study example of family health insurance needs and costs. Personal estate planning.* Business life and health insurance planning: *Buy-and-sell agreements. Key person life and health insurance.*

PART THREE

PROPERTY AND LIABILITY INSURANCE

13 Fire insurance 382

The standard fire insurance contract: *The need for standardization. Methods. Development. Benefits.* The declarations. The insuring agreement: *Inception and termination. Property and location. Personal nature. Actual cash value. Perils insured against. Assignment.* The conditions and exclusions: *Concealment or fraud. Excluded property. Excluded perils. Suspension. Added perils and provisions. Cancellation. Loss provisions.* Fire insurance forms: *Purpose. Preparation and use. Types.* Clauses: *Purpose and use. Nuclear clause. Water exclusion clause. Liberalization clause. Standard mortgage clause. Coinsurance clause. Pro rata distribution clause.* Endorsements: *Purpose. General use. The extended coverage endorsement. The broad form endorsement. The special form endorsement.* A review of the fire insurance contract. Special and allied fire lines. Concurrency.

14 Indirect loss insurance 430

General purposes. Classification of types of indirect loss insurance. Time element losses: *Business interruption insurance. Contingent business interruption insurance. Rents and rental value insurance. Extra-expense insurance. Tuition fees insurance.* No time element losses: *Profits insurance.*

Leasehold interest and excess rental value insurance. Temperature damage insurance. Matched set or parts insurance. Depreciation insurance. Valuable papers insurance. Accounts receivable insurance. Rain insurance.

15 Transportation insurance 454

Major divisions. Ocean marine insurance: *Scope and development. The basic contract and perils covered. The insurable interests. Special ocean marine insurance concepts. Marine loss adjustments. Rates. Pleasure craft insurance.* Inland marine insurance: *The need. Development of inland marine insurance. Classes of inland marine insurance.*

16 The liability risk 484

Scope and magnitude of the liability risk: *Sources. Size of losses. Results of losses. Fraudulent claims.* The legal basis for liability—legal wrongs: *Liability under contract law. Liability under tort law.* Specific kinds of liability situations: *Real property ownership. Attractive nuisance hazards. Liability for employees and agents. Liability for acts of animals. Liability of government and charitable institutions. Product liability. Nonownership liability. Libel and other related types of liability. Other special situations.*

17 General liability insurance 508

Liability risk management. Types of liability insurance. The scope of major liability insurance contracts. The general liability insurance program: *Nature of and rationale for the revisions. The basic policy format. Declarations. The policy jacket. The coverage parts.* Personal liability insurance contracts. Business liability insurance contracts: *Owners', landlords', and tenants' liability policy. Manufacturers' and contractors' liability policy. Comprehensive general liability policy. Other business liability coverages.* Professional or malpractice liability insurance contracts: *Professional malpractice liability for the medical fields. Other professional liability insurance. Excess insurance: Excess and surplus lines. Umbrella liability policy. Retroactive liability policies. Other excess business policies. Excess personal liability policies. Medical payments coverage.*

18 Employers' liability and workers' compensation 544

Employers' liability: *Common-law liability of employers. Modifications of the common law.* Workers' compensation laws: *Constitutionality. Scope of the laws. Compulsory and elective laws. Perils covered in the laws. Workers' compensation—an exclusive remedy? Types of benefits under the laws. Administration of the laws. Financing of the benefits under the laws. Workers' compensation insurers. The standard workers' compensation and employers' liability policy: Declarations. Insuring agreements. Exclusions. Condi-*

tions. Basic rating plans. Special rating plans: *Experience rating plans. The premium discount plan. Retrospective rating plans.* Second-injury funds. Workers' compensation insurance losses. Other policy benefits. Occupational Safety and Health Act and other federal laws.

19 Automobile insurance—fault and no-fault 574

The need for automobile insurance: *Automobile—friend and foe. Automobile liability insurance. Viewpoints on the need.* The cost of automobile insurance: *Increasing costs. Rate regulation.* Solutions to the need for automobile insurance: *Basic current and changing solutions. Financial responsibility laws. Compulsory liability insurance legislation. Automobile insurance (assigned risk) plans. Other “residual market” mechanisms. Unsatisfied judgment funds. Uninsured motorists coverage. Automobile no-fault insurance plans. Another crucial solution: Automobile safety and loss prevention.*

20 Automobile insurance coverages 606

Basic insurance coverages. Basic policy forms. Underwriting: *Basic parts and goals. Selection. Rating.* The personal auto policy (PAP): *The readable contract trend. Personalized and simplified format. Declarations. Insuring agreement and definitions. Part A—Liability. Part B—Medical payments. Part C—Uninsured (and underinsured) motorists coverage. Part D—Damage to your own auto. Part E—Duties after an accident or loss. Part F—General provisions. No-fault coverage.* The business auto policy: *General nature. Declarations. Six basic parts.*

21 Crime insurance and suretyship 642

Basic divisions of crime insurance, including suretyship. Burglary-theft insurance: *Burglary-theft risk management. Perils. Underwriting. Basic contract parts. Personal theft insurance. Business burglary-theft insurance.* Suretyship: *Nature and development. Insurance and suretyship. General divisions of suretyship. Basic features of fidelity and surety bonds. Fidelity bonds. Judicial bonds. Contract bonds. Miscellaneous surety bonds.*

22 Miscellaneous property and liability insurance 676

Aviation insurance: *Development. Insurers. Basic nature. Classification of aircraft. Types of contracts. Aviation rates.* Boiler and machinery insurance: *Nature. The basic contract—types of direct loss perils insured. Direct losses—the types of property insured. Indirect losses.* Glass insurance: *Basic coverages. Other contract features.* Credit insurance: *Nature and development. Foreign or export credit insurance. Underwriting the risk. The peril covered. Types of contract. Policy provisions.* Title insurance: *The peril insured. The need for title insurance. The title insurance company. The basic policy. Contract provisions. Use of a group policy.*

23 Multiple-line and all-lines insurance 702

Product diversification trends. Multiple-line insurance characteristics: *Nature. Development. Significance. Purposes. Disadvantages.* Multiple-line insurance contracts: *Homeowners' multiple-line insurance contracts. Business multiple-line insurance contracts.* All-lines insurance: *Nature and extent. Property-liability insurers have become all-lines groups. Life insurers are becoming all-lines groups. The future.* Expansion to financial services: *Growth and types of conglomerates. Financial service conglomerates. Financial supermarkets? The position of insurance.*

24 Government property and liability insurance 742

General nature: *Comparison with social insurance. An overview.* FAIR plans: *The problem. The answer. How the FAIR plans operate. The results.* Flood insurance: *The problem. The National Flood Insurance Act of 1968. The change to direct federal flood insurance.* Crime insurance: *The concept. The contracts. The results.* The future of federal property insurance and reinsurance plans. U.S. overseas political risk insurance: *Purposes and growth. Insurance and reinsurance pool. Future development.* Government-required liability insurance.

PART FOUR

THE STRUCTURE AND OPERATIONS OF THE INSURANCE BUSINESS

25 Insurance marketing 766

Comparisons of insurance and other marketing: *Marketing the insurance product. The insurance market.* Legal types of private insurers: *Stock companies. Mutual companies. Other insurers. Summary.* Criteria for choosing an insurer. Types of insurer representatives: *Agents. Solicitors. Brokers. Service representatives.* The professional concept of insurance marketing. Criteria for choosing an agent or broker. Marketing methods: *Agency versus direct-selling systems. Life insurance agency systems. Property insurance agency systems. Group insurance systems.*

26 Insurance underwriting and related functions 804

Underwriting related to other insurance functions. Purposes of underwriting. Selection of risks: *The agent and insurer as underwriters. Sources of underwriting information.* Rating (or pricing): *General. Fire insurance as an example. Automobile insurance as another example. Special problems.* Reinsurance: *Purposes. Reinsurance organizations. Reinsurance agreements. Reinsurance contracts. Retrocessions. An example of reinsurance. International aspects.* Other functions of insurers.

27 Insurance loss payment 834

Significance. Purposes. Insurance adjusters: Types and organizations: *Agents as adjusters. Staff adjusters. Independent adjusters. Adjustment bureaus. Public adjusters.* Claims procedures: *Fire insurance losses. Liability insurance losses. Life insurance losses.*

28 Insurance regulation 856

Why insurance regulation is needed. Methods of insurance regulation: *Self-regulation of insurance. Government regulation of insurance.* Kinds of insurance regulation by the states: *Formation and licensing of insurers. Insurer operations. Rehabilitation and liquidation of insurers.* Some current regulatory issues: *Insurer guaranty funds. Federal versus state regulation. Other regulatory issues.*

PART FIVE**THE FUTURE OF INSURANCE****29 Consumer, business, and social issues 884**

Three major viewpoints. Consumer issues: *Significance of insurance to consumers. Potential effects on insurance. Current examples of the consumer trend.* Business issues: *Internationalism. Marketing methods in insurance. Arson problems. Insurance exchanges. Insurer investments. New types of insurance.* Social issues: *The ethical pillars of insurance. Government regulation. Other social issues.*

APPENDIXES

Appendix A Compound interest and present value tables 911

Appendix B Life insurance premium calculations 919

Appendix C Special and allied fire lines 925

Appendix D Partial prospect list for marine, inland marine, and "all-risk" lines 933

Appendix E Special crime insurance and bonds 937

Author and case index 943

Subject index 949

Suggested assignment schedule for different course lengths

<i>For 30 class sessions*</i>	<i>For 45 class sessions*</i>	<i>Topic</i>	<i>Chapter</i>
1	1	Risk and risk management	1
2	2	Risk-management decision making	2
3	3-4	Insurance and its significance	3
4	5	Insurance contract fundamentals	4
5	6-7	Life insurance principles	5
6	8-9	Individual life insurance contracts	6
7	10-11	Life insurance contract features	7
8	12	Annuities and pensions	8
9	13-14	Individual health insurance	9
10	15	Group life and health insurance	10
11	16-17	Government life and health insurance	11
12	18-19	Coordinating life and health insurance	12
13	20-21	Fire insurance	13
14	22	Indirect loss insurance	14
15	23	Transportation insurance	15
16	24	The liability risk	16
17	25	General liability insurance	17
18	26	Employers' liability and workers' compensation	18
19	27-28	Automobile insurance—fault and no-fault	19
20	29-30	Automobile insurance coverages	20
21	31	Crime insurance and suretyship	21
22	32	Miscellaneous property and liability insurance	22
23	33-34	Multiple-line and all-lines insurance	23
24	35	Government property and liability insurance	24
25	36-37	Insurance marketing	25
26	38-39	Insurance underwriting and related functions	26
27	40	Insurance loss payment	27
28	41-42	Insurance regulation	28
29	43-44	Consumer, business, and social issues	29
30	45	Review session or examination	

* The length and number of class sessions are based on the assumption that the normal course will contain either 30 or 45 individual classes of about 60-90 minutes each, with outside reading assignments in preparation for the classes averaging about two hours each. Some variation of the suggested timing is natural, depending upon the interests of students and teachers, and the desire to use other supplementary materials. Several of the assignments may be easily shortened, if necessary, by omitting a portion of some chapters. In some survey or introductory courses, the teacher may wish to consider omitting Chapters 14, 15, 17, 18, 21, 22, 24 and increasing emphasis on the other chapters.

List of figures

1-1	The terminology of risk	7
1-2	The classifications of risk	11
1-3	Organization chart showing the place of the risk manager	21
2-1	The steps in risk management and risk-treatment alternatives	29
2-2	Loss-exposure chart accompanying risk and insurance survey	48
3-1	The insurance equation	67
3-2	Probability of losses (hypothetical)	69
3-3	The fields of insurance and premium (or tax) volume	77
4-1	The functional viewpoint of insurance	96
4-2	Special legal characteristics of insurance contracts	101
5-1	Diagram showing decreasing amount at risk, first 20 years of whole life policy issued at age 15	127
5-2	Natural premium trend and level premium trend	140
8-1	Classification of types of individual annuities	225
9-1	The types of health insurance	253
12-1	Family life insurance program	362
12-2	Family health insurance program	368
13-1	Insuring agreement from first page of 1943 New York standard fire policy	387
13-2	Conditions and exclusions from back of first page of 1943 New York standard fire policy	398
13-3	Analysis of the fire insurance contract	424
16-1	The legal basis for liability	490
17-1	Umbrella liability policy illustration (\$1 million)	536
21-1	Types of fidelity and surety bonds	660
23-1	Product diversification trends	705
25-1	Comparison of legal types of U.S. private insurers by number and sales, 1981	770
26-1	An illustration of class or average rates	807
26-2	An example illustrating the use of reinsurance contracts	829
27-1	Insurance adjusters	838
28-1	Methods of insurance regulation	860
28-2	The organization of a typical state insurance department	866

List of tables

2-1	Definitions of insurance	44
2-2	Comparison of the alternative cost of retention and insurance	54
3-1	Kinds of casualty insurance	82
4-1	The effects of concealment, representations, warranties, and fraud	113
5-1	1958 CSO (Commissioners Standard Ordinary) Mortality Table	133
6-1	Growth of the major classes of life insurance in the United States (by life insurance in force; in billions of dollars and percentages)	154
6-2	Comparison of basic and common life insurance contracts	158
6-3	Life insurance in force by individual basic types of contracts	160
6-4	Life insurance purchases by individual basic types of contract, 1970 and 1980	160
6-5	Comparison of term, whole life, and universal life insurance features	184
7-1	Use of various methods of dividend options	200
7-2	Growth of policy loans, 1965-1980	206
7-3	Cash, loan, and other nonforfeiture values (for each \$1,000 in the contract)	207
8-1	Number of private insurance annuities in force, U.S. life insurers, 1950-1980	221
8-2	Major pension and retirement plans in the United States (by number of persons covered, in millions)	233
8-3	Insured pension plans (beginning of 1981)	242
9-1	Cancelability and renewability provisions in individual health insurance policies	265
9-2	Dismemberment and loss of sight benefits	266
9-3	Accident policy schedule	268
9-4	Schedule of indemnities for operation	269
10-1	The growth of group insurance premiums written by U.S. life insurance companies 1960-1980	281
11-1	Summary of differences between public assistance and social insurance programs	319