# ANALYSIS OF LIFE INSURANCE

The life of people is full of surprises and unpredictable events. For many of the actions in everyday life people know and plan ahead, but in life there are also events that do not depend on their will, i.e. happen unforeseen. Due to the fact that such event cannot be foreseen, it is also the inability of people to prepare for the consequences of such events, which consequences can be catastrophic both for life and for the people's property. Earthquakes, accidents, epidemics, fires, floods and many other natural disasters are just some of the events that can happen in people's lives. The basic and common characteristic of all these events is precisely the uncertainty about their occurrence, that is, they can happen once, twice or more times in the course of a person's life, there is also the possibility that in the course of that life more different events can happen, but at the same time there is the possibility that they will not happen ever. Such uncertainty was the reason for the occurrence of insurance, due to the need for people to provide adequate protection i.e. indemnification if any of the insured events occurred. The insurance does not prevent the occurrence of the insured event, but the transfer of the risk of the possibility of occurrence of the same on the insurance company is carried out, that is, the insurance represents a form of risk management aimed primarily at reducing the financial losses. Although such events can cause a variety of consequences, it seems that the financial consequences are most pronounced, that is, the most pronounced in such events. Such consequences can be large, so that one person cannot stand it alone, without jeopardizing its own way and the existence of its family.

For this reason, there is insurance that brings together the risks of multiple persons in an insurance company that can more easily submit the payment of the damage that occurs. There are various types of life insurance, but they all have a common feature, and that's what makes long-term savings possible. In order for the insured to insure against risk, it is necessary to pay a premium, and this actually depends on the sum insured in life insurance. The life insurance policy is a unique financial product that offers a double advantage: at the same time it provides the insurant with the option to be insured and to save. If an insured event occurs (some of the risks covered by the policy occur), then the insurance user or his successors receive the entire sum insured. If any of the risks that the policy covers does not arise, the insured receives the previously agreed amount of insurance, increased by the amount of profit realized by the insurance company each year. Life insurance policy is a product that every individual needs, as it allows for long-term savings, also provides cover for the

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risks of illness or accident. The financial consequences of surviving a severe illness or accident can be devastating to the family's standard of living. The life insurance policy provides income in the most difficult moments for the family, covering hospital expenses and care. The basic premise of life insurance and insurance in general is that it is in fact a risk management mechanism that is primarily aimed at reducing financial losses that result from adverse events, but also an effective saving instrument when those events occur and is oriented towards reducing uncertainty, especially financial. Contingent insurance has certain features that make it unique, so the insurance contract from unforeseen situations in many ways differs from other types of insurance. In this type of insurance, the event from which we are insuring is a known event, and that is that no one lives forever, knowing and taking into account the biological and natural processes, taking into account life flow, birth, living and dying. However, life insurance does not violate the requirements of the insurance risk, and does not ensure the possibility of death, but rather premature death. In this type of insurance, it is characteristic that the risk is not whether the individual will die, but when, and the risk increases year by year. From the perspective of insurance companies it can be noted that the chances of loss under the life insurance contract are higher in the second half of the contract than in the first, and so on until the insured dies.

Types of life insurance

Time Insurance - Time insurance as one of the types of life insurance provides temporary protection. It's called time because coverage is for a limited time. The period covered by the insurance, the period for which coverage is provided, can be 1 year, 5 years, 10 years or 20 years. It can be an insurance for the expected time, which is a time insurance for the period for which the insured is expected to live, according to the mortality tables. In the most common form, the time policy is purchased for a certain period of time, and the inscribed value in the policy is eliminated only if the insured dies within that time period. In this type of life insurance it is foreseen that nothing is paid if the insured survives the period of time in the policy. Depending on the user, time policies may include provisions relating to recovery and convertibility.
Lifetime Insurance - In this type of life insurance, the term flat life insurance refers to contracts where the premium is paid throughout the lifetime of the insured (for example, up to the age of 100). It is also called a continuous life-long premium.

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Universal life insurance - The main feature of universal life insurance, which distinguishes it from lifelong, is that the limits, premiums, preparedness value and level of protection can be set aside for contracting to meet the needs of the owner. As one of the types of life insurance, it was introduced in 1979 by the company "Hutton Life", which is a branch of the brokerage firm E.F. Hutton Variable life insurance - Variable life insurance is a lifetime agreement in which the insured has the right to determine how the cash value will be invested and bear the investment risk in the form of fluctuations in the cash value and benefits in case of death. Variable life insurance stems from a variable annuity.

A variable annuity is an attempt to tackle the impact of inflation on pension income by linking the accumulation of pension funds to the performance of ordinary shares. Similar to the variable annuity, variable life insurance is designed as a solution to the problem of the reduced purchasing power of the dollar as a currency followed by inflation. Before presenting it and presenting it as a final product on the insurance market, several models for a variable life insurance policy were presented, but the final model stems from the so-called plan, a concept originally proposed by New York Life. According to the rules and guidelines of this plan, it is stated that the premium is fixed, but the value shown in the policy varies, with a minimum that represents a fair amount of insurance. The cash value of the policy is not guaranteed and is variable along with the performance of the portfolio in which premiums are invested by fuse. This cash-flow, which is fluctuating, provides the means for paying the variable amount of protection in case of death.

Adaptive Life Insurance - The Affordable Life Policy was introduced in 1971 and offered as a solution to the dilemma arising from the changing need of the individual and the possibility of paying life insurance. A customizable life policy lets the buyer, over time, adjusts various policy options such as changing the protection needs and the ability to pay premiums. The insurer may increase or decrease the nominal value shown in the policies to certain limits and increase or decrease the premium over the duration of the policy.

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