

Group Assignment (Life insurance)

Members: 1. Chalisa Songthanasak 5704640225

2. Chanokporn Sophonkiattikun 5704640233

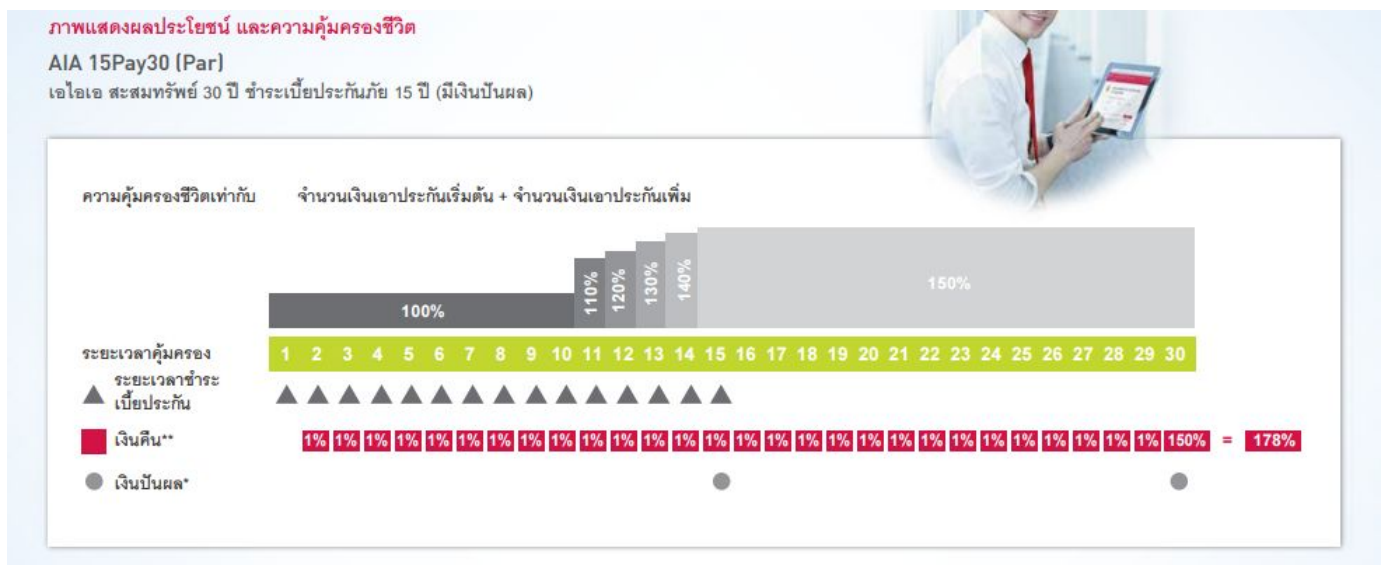
3. Nutchada Parinayawanich 5704641322

4. Salinee Siripongsusilpa 5704641967

5. Suphattra Chatromyen 5704642171

Our group choose Chanokporn, She will graduate from B.E. Thammasat and work in consulting, Finance. Her approximate salary start at 50,000 Baht. She has a good health. Her family members are father, mother and older sister. Currently, we have a choice between whole life insurance and saving insurance from AIA company.

Case 1 : Saving insurance AIA 15pay30



Pros

1. High IRR
2. Can be use as an alternative way to save money

150%

การคำนวณผลประโยชน์และความคุ้มครองชีวิต

ตัวอย่าง : ชาย อายุ 35 ปี เลือกทำประกันชีวิต 1,000,000 บาท

ชำระเบี้ยประกันรายปี 33,580 บาท

หน่วย : บาท

สิ้นปี กรมธรรม์ ที่	เบี้ยประกัน รายปี	เบี้ยประกัน รายปีสะสม	ความคุ้มครองชีวิต		มูลค่าเงินสด
			อัตรา(%)	จำนวนเงิน	
1	33,580	33,580	100%	1,000,000	
2	33,580	67,160	100%	1,000,000	11,000
3	33,580	100,740	100%	1,000,000	32,000
4	33,580	134,320	100%	1,000,000	55,000
5	33,580	167,900	100%	1,000,000	79,000
6	33,580	201,480	100%	1,000,000	107,000
7	33,580	235,060	100%	1,000,000	138,000
8	33,580	268,640	100%	1,000,000	164,000
9	33,580	302,220	100%	1,000,000	191,000
10	33,580	335,800	100%	1,000,000	219,000
11	33,580	369,380	100%	1,000,000	248,000
12	33,580	402,960	100%	1,000,000	279,000
13	33,580	436,540	100%	1,000,000	311,000
14	33,580	470,120	100%	1,000,000	344,000
15	33,580	503,700	100%	1,000,000	378,000
16		503,700	100%	1,000,000	390,000
17		503,700	100%	1,000,000	403,000
18		503,700	100%	1,000,000	415,000
19		503,700	100%	1,000,000	428,000
20		503,700	100%	1,000,000	441,000
21		503,700	100%	1,000,000	455,000
22		503,700	100%	1,000,000	468,000
23		503,700	100%	1,000,000	482,000
24		503,700	100%	1,000,000	496,000
25		503,700	100%	1,000,000	509,000
26		503,700	100%	1,000,000	523,000
27		503,700	100%	1,000,000	537,000
28		503,700	100%	1,000,000	551,000
29		503,700	100%	1,000,000	565,000
30		503,700	100%	1,000,000	579,000
31		503,700	100%	1,000,000	593,000
32		503,700	100%	1,000,000	606,000
33		503,700	100%	1,000,000	619,000
34		503,700	100%	1,000,000	633,000
35		503,700	100%	1,000,000	646,000
36		503,700	100%	1,000,000	659,000
37		503,700	100%	1,000,000	672,000
38		503,700	100%	1,000,000	684,000
39		503,700	100%	1,000,000	697,000
40		503,700	100%	1,000,000	709,000
41		503,700	100%	1,000,000	721,000
42		503,700	100%	1,000,000	732,000
43		503,700	100%	1,000,000	743,000
44		503,700	100%	1,000,000	754,000
45		503,700	100%	1,000,000	764,000
46		503,700	100%	1,000,000	773,000
47		503,700	100%	1,000,000	783,000
48		503,700	100%	1,000,000	793,000
49		503,700	100%	1,000,000	802,000
50		503,700	100%	1,000,000	813,000
51		503,700	100%	1,000,000	824,000
52		503,700	100%	1,000,000	835,000
53		503,700	100%	1,000,000	847,000
54		503,700	100%	1,000,000	859,000
55		503,700	100%	1,000,000	872,000
56		503,700	100%	1,000,000	886,000
57		503,700	100%	1,000,000	902,000
58		503,700	100%	1,000,000	921,000
59		503,700	100%	1,000,000	946,000
60		503,700	100%	1,000,000	981,000
61		503,700	100%	1,000,000	1,034,000
62		503,700	100%	1,000,000	1,118,000
63		503,700	100%	1,000,000	1,257,000
64		503,700	100%	1,000,000	1,500,000

The policyholders who benefit most from purchasing a this type of policy may be those who may have little interest or experience in investing, but who want to secure a permanent death benefit.

Pros

1. Short payment period only 15 years but, cover whole life if you died before 99 your concession will get 1 million Baht.
2. The payment is only 33580 per year which less than 30% of salary per year that is efficiency and effort to pay.
3. There are compensation of opportunity cost 2% per year
4. Tax deduction no more than 1000,000 Baht

5. If you were handicap, insurance will compensate for this situation
6. There are some privilege like discount cost of checking body at private hospital which cooperation with insurance company.
7. If you die you get 100% of agreement but if you maintain to 99 year old you get 150%
8. You can decide to continue your premium after 15 year of agreement

Cons

1. In order to received the whole money back you should maintain your life to 99 year old which is hard.
2. Sometime 2% of payment per year isn't enough for risk lover opportunity cost in the same amount of money.
3. 2% can be change it isn't fixed amount.
4. Low possibility to maintain age to 99 year old (the average Thai life is 70-80 year old)

Conclusion

In my opinion, I will buy saving insurance rather than whole life insurance because of more liquidity and no one left behind such as children. As we have a longer year to live then, we should bring the money to invest to other thing that we will receive high return because we still have time to reinvest when we get loss in invest in securities. Also, around this period of age (23-30 year old) is the period when we should spend for the stability of life for example buying a house, car and utility for life. Therefore, opportunity cost of our money is greater than the whole life insurance give us moreover, This saving insurance will be benefit for us about being a safety net. So, if we invest our money in risky asset, it can make sure that we won't lose all money in investment with a lower risk because government will be back if insurance goes bankrupt in the whole amount of contract as well as this insurance gave us interest greater than saving account.