

E 2367

(Pages : 3)

Reg. No.....

Name.....

UNDER GRADUATE (C.B.C.S.S.) EXAMINATION, OCTOBER 2011

Fifth Semester

Open Course—INSURANCE AND RISK MANAGEMENT

(Offered by Board of studies in Commerce)

Time : Three Hours

Maximum Weight : 25

Answers may be written either in English or in Malayalam.

Section A

This Section consists of four bunches of 4 question each.

Each bunch carries a weight of 1

Answer all questions.

I. Choose the correct answer from the choice given below :

- 1 The policy holder should have _____ in the subject matter of insurance.
 - (a) Difference of opinion.
 - (b) Insurable interest.
 - (c) Economic gain.
 - (d) Written contract.
- 2 Traditionally, risk has been defined as :
 - (a) any situation in which the probability of loss is one.
 - (b) any situation in which the probability of loss is zero.
 - (c) uncertainty concerning the occurrence of loss.
 - (d) the probability of a loss occurring.
- 3 Which of the following types of risks best meets the requirements for being insurable by private insurers ?
 - (a) market risks.
 - (b) property risks.
 - (c) financial risks.
 - (d) political risks.
- 4 Fundamental purposes of the principle of indemnity include which of the following ?
 - (i) To reduce physical hazards.
 - (ii) To prevent the insured from profiting from insurance.
 - (a) I only.
 - (b) II only.
 - (c) both I and II.
 - (d) neither I nor II.

Turn over

II. Fill in the blanks :

- 5 When was IRDA Act Passed in India.
- 6 The period during which a surviving spouse is ineligible for Social Security benefits is referred to as _____.
- 7 The voluntary relinquishment of a legal right is called _____.
- 8 The average clause is operative only in case of a _____.

III. State whether the following statements are True or False :

- 9 The underlying concept of insurance is to transfer the loss suffered by an individual to a willing and capable professional.
- 10 Insurable interest in life insurance needs to be present only at the inception of the contract or policy.
- 11 When two policies are in existence on the same vehicle with identical cover, it is known as reinsurance.
- 12 Bankassurance refers to the strategic alliance between a bank and insurance company to augment sales of insurance policies.

IV Match the following : —

- | | |
|-----------------------|-------------------------|
| 13 Insurance Policy | (a) Price fluctuations. |
| 14 Interest rate risk | (b) IRDA Act 1999. |
| 15 Arbitrage. | (c) Market risk. |
| 16 Annuity | (d) Premium. |
| | (e) General Insurance. |
| | (f) Equal Payments. |

(4 × 1 = 4)

Section B

*Answer any five questions.
Each question carries 1 weight.*

- 17 What is 'Big Insurance' ?
- 18 What do you mean by fidelity guarantee insurance ?
- 19 What do you mean by voyage policy ?
- 20 Define solvency risk.
- 21 What is Contract of adhesion ?

- 22 State the Principle of indemnity.
- 23 What is Value at Risk (Var) ?
- 24 What is Actuarial valuation ?

(5 × 1 = 5)

Section C

*Answer any four questions.
Each question carries 2 weights.
Answer should not exceed half a page.*

- 25 State the economic importance of life insurance.
- 26 Illustrate the role of insurance in a developing country like India.
- 27 Bring out the weakness of general insurance sector.
- 28 What are the provisions relating to licensing of insurance agent under Insurance Act 1938 ?
- 29 Distinguish between reinsurance and double insurance.
- 30 Explain the principle of subrogation and its features.

(4 × 2 = 8)

Section D

*Answer any two questions.
Each question carries 4 weights.
Answer should not exceed 4 pages.*

- 31 Explain the strategies that an insurance company can choose to manage various risks.
- 32 Explain how life insurance is different from other insurance ?
- 33 Define an insurance and briefly describe its main characteristics.

(2 × 4 = 8)