

UNDER GRADUATE (C.B.C.S.S.) EXAMINATION, OCTOBER 2014**Fifth Semester****Open Course—INSURANCE AND RISK MANAGEMENT****(Offered by the Board of Studies in Commerce)****Time : Three Hours****Maximum Weight : 25****Section A***Answer all questions.**This section consists of four bunches of four question each.**Each bunch carries a weight of 1.***I. Choose the correct answer from the choice given below :**

1. The subject matter of insurance is _____.
(a) Risk. (b) Wealth.
(c) Mental satisfaction. (d) Safety.
2. Insurance policy is issued for a lawful consideration, called _____.
(a) Premium. (b) Claim.
(c) Deposit. (d) Investment.
3. The policy holder should have _____ in the subject matter of Insurance.
(a) Difference of opinion. (b) Insurable interest.
(c) Economic gain. (d) Written contract.
4. The average clause is operative only in case of a _____.
(a) Over Insurance. (b) Under insurance.
(c) Double Insurance. (d) Reinsurance.

II. Fill in the blanks :

5. _____ is used when a big risk is being persuaded to afford temporary insurance protection to the insured.
6. _____ is the oldest form of insurance.
7. Under _____ an insured can purchase different policies for the same subject matter.
8. No person can enter into a contract of insurance unless he has _____ in the object or the life of the insured.

Turn over

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

9. All contracts of insurance are contracts of indemnity.
10. Assignment is legally recognised passing of interest in the property from one person to another when a policy covers a specific property.
11. The Central Government may review any member in IRDA who have been adjudicated as insolvents.
12. VaR is the fall in the value of an asset that is likely to be exceeded by a small Probability.

IV. Match the following :—

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| 13. Operational risk | (a) unexpected loss in value caused by occurrence of credit event. |
| 14. Default risk | (b) IRDA Act 1999. |
| 15. Malhotra committee | (c) Risk that does not offer any potential for gain. |
| 16. Sree Kavas JiJohagir committee | (d) Insurance Act 1938. |
| | (e) Fluctuations in profit. |
| | (f) Quality Assurance. |

(4 × 1 = 4)

Section B

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

17. What is floating policy ?
18. What do you mean by exposure mapping ?
19. What do you mean by social insurance ?
20. Define contract.
21. Define product liability policy.
22. State the principle of subrogation.
23. What is alcadory contract ?
24. Define liquidity risk.

(5 × 1 = 5)

Section C

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

25. State the important differences between assurance and insurance.
26. Illustrate the role of insurance in a developing country like India.

27. List out special characteristics of life insurance.
28. Explain various forms of social insurance.
29. Briefly explain the organisational setup of LIC.
30. How does the risk of insolvency interact with other risk faced by an insurance company ?

(4 × 2 = 8)

Section D

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

31. "Life Insurance is a contract of contingency and not a contract of Indemnity." Discuss.
32. Explain various principles of Insurance.
33. Discuss the powers, duties and scope of IRDA.

(2 × 4 = 8)