

CS/BIRM/SEM-5/BIRM-502/2011-12

2011

**INTRODUCTION TO INSURANCE &
INSURANCE INDUSTRY**

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

10X1 = 10

- i) Which of the following would amount to an unenforceable contract ?
- a) Where there is infringement on legality of the object
 - b) Where an agreement is tainted with moral turpitude
 - c) Where a promise has been obtained by coercion
 - d) A time-barred debt.
- ii) In which of the following pair of persons does insurable interest *not* exist ?
- a) husband-wife b) Parent-child
 - c) Employer-employee d) Creditor-debtor.
- iii) In which of the following cases is the principle of indemnity is *not* applicable ?
- a) Health insurance b) Life insurance
 - c) Non-life insurance d) Both (a) and (c).
- iv) Which of the following would lead to lapse of an offer ?
- a) Non-acceptance in the prescribed manner

- b) Non-acceptance within the prescribed time
 - c) Counter-offer being made
 - d) Any of these.
- v) Which of the following persons decides for the acceptance of an insurance proposal ?
- a) Broker b) Underwriter
 - c) Loss adjuster d) Actuary.
- vi) In which part of the policy, the mutual responsibilities of the policyholder and the insurance company are mentioned ?
- a) Preamble b) Operative clause
 - c) Provisio d) Schedule.
- vii) Moral coercion can also be described as an example of
- a) misrepresentation b) undue influence
 - c) mistake d) fraud.
- viii) In which part of the life insurance policy, the intention of the parties to the contract, the insurer and the insured, is contained ?
- a) Operative clause b) Schedule
 - c) Preamble d) Provisio.
- ix) In the insurance context risk means
- a) Possibility of loss or damage
 - b) Loss producing event
 - c) Property covered by insurance
 - d) All of these.
- x) Under the IRDA guidelines which of the following is eligible to become a corporate agent ?
- a) A banking company
 - b) A co-operative society
 - c) A non-government organisation
 - d) All of these.

- xi) The duty to disclose of material information
- a) applies to insured b) applies to agent
 - c) applies to insurer d) all of them.
- xii) When there is a fraudulent breach of Utmost Good Faith the Insurance contract becomes
- a) Unenforceable in a court of law
 - b) Illegal
 - c) Void
 - d) Voidable.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. 3X5 = 15

2. What is static risk ? Why is it insurable ?
3. What are the different methods of providing indemnity ?
4. “The business of insurance is nothing but pooling of risk and resources” — Justify.
5. Examine the role of IRDA to control the insurance industry.
6. Define contribution. When does contribution operate ? 2 + 3

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. 3X15 = 45

7. Discuss the different types of activities that are carried out by an insurance company.
8. Elucidate the typical organisation structure of an insurance company.
9. What do you mean by ‘Insurable interest’ ? Describe the different types of relationships, where insurable interest exist, stating the limits of the same in each case. 4 + 11
10. Discuss the various contents of a life insurance policy document.

11. Write short notes on any *three* of the following : 3X5

a) Recommendations of Malhotra Committee

b) Functions of actuary

c) Proximate cause

d) Warranties

e) Co-insurance.