

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com.(Hons), Winter 2017 – 18 Examination

Semester: 3
Subject Code: 16102202
Subject Name: Insurance Products

Date: 20-12-2017
Time: 10:30AM to 01:00PM
Total Marks: 60

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as directed.**A) Multiple choice type questions. (Each of one mark)****(06)**

1. A cardiac surgeon who performs heart operations wants to insure himself against any case against him for death caused during the operation. What type of risk he is covering?
 - a) Personal
 - b) Legal
 - c) Speculative
 - d) None of the above
2. Which of the following is not a job function of an insurance underwriter?
 - a) Accept the risk
 - b) Accept the risk subject to certain terms
 - c) Reject the risk
 - d) Guide the person in financial planning
3. Which of the following is not a risk manager's job?
 - a) Identify a problem
 - b) Evaluate the effect
 - c) Pay compensation for the loss
 - d) Find solutions to reduce risk
4. John and George have warehouses in the same building. John is a dealer of plastic material and George is a dealer of steel furniture. Both have taken fire insurance for their stocks for Rs 500000/-. The premium charged to both will be
 - a) Same
 - b) George will be charged higher
 - c) John will be charged higher
 - d) none of the above
5. The scope of cover of marine insurance is from
 - a) The suppliers warehouse to the receiver's warehouse
 - b) From the time it is laden on the ship till the time it is offloaded from the ship.
 - c) From Supplier's seaport to the receiver's warehouse
 - d) From the supplier's warehouse to the receiver's seaport.
6. Monica has taken an endowment policy for a term of 10 years for Rs 100000/- Unfortunately she dies after 5 years. How much insurance will her family get?
 - a) Rs 100000/- immediately
 - b) Rs 50000/- immediately
 - c) Rs 100000/- after completion of 10 years
 - d) Rs 50000/- after completion of 10 years.

B) Definitions / One-liners / Terms. (Each of one mark)**(06)**

1. What is moral hazard? Give one example.
2. What is increasing term life insurance?
3. Can a housewife, who has no income, be given term insurance?
4. Give one difference between risk avoidance and risk reduction.
5. What is double endowment policy?
6. What type of hazard is involved when an insurance company takes a policy of a aeroplane pilot?

Q.2 Numerical / Short Note Questions. (Each of 04 mark)**(12)**

- 1 Explain why measuring the probability of risk is difficult.
2. What are the salient features of fire insurance?
3. What is whole life insurance? Explain the various types of whole life insurance.

Q.3 Answer the following. (Any Three)

(18)

1. What is marine insurance? What are the special features of marine insurance?
- 2 Explain briefly the classification of Non-Life Insurance.
3. Differentiate between Endowment policy and Whole life policy.
4. Insurance plays an important role in the prosperity of a nation. Comment.

Q.4 Answer the following. (Any two)

(18)

1. Ram is 30 years old. He has a son who is 2 years of age. Ram wants to save money for his education such that at the age of 22, when his son takes admission for higher education, he has at least 20 lac rupees. What type of policy should he take, for what amount and what should be the term of this policy? Justify your answer.
2. The population of a city is 100000. Out of the total population, 20% are males in the age group of 45 to 55 years. Past data shows that 0.3% males of this age group die due to some hazard. On an average, the economic loss of each death is Rs. 500000/- If an insurance company were to insure the males of this age group, what premium should the company charge to each of the insured person?
3. Explain the various risk identification tools of.