

2112M082

MASTER OF VOCATION
Management Banking and Finance
Subject: Principles and Practice of Insurance
Subject Code: MBF-902
Semester: Third
December 2021
Theory (External): 70 Marks
Time: 03 Hours

Instructions to the Students

1. This Question paper consists of two Sections. All sections are compulsory.
2. Section A comprises 10 questions of objective type in nature. All questions are compulsory. Each question carries 2 marks.
3. Section B comprises 8 essay type questions out of which students need to do any 5. Each question carries 10 marks.
4. Read the questions carefully and write the answers in the answer sheets provided.
5. Do not write anything on the question paper.
6. Wherever necessary, the diagram drawn should be neat and properly labelled

Roll Number

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SECTION -A (OBJECTIVE TYPE QUESTIONS) (10x2=20 Marks)

- A **Assertion:** 'Risk Pooling' is a form of risk management where insurance companies come together to form a pool to provide protection to individual insurance companies against any catastrophic risk.

Reason: It is a statistical method used to predict the likelihood of a future outcome.

Choose the option;

- a) 'Assertion' is true and 'Reason' is the correct explanation.
b) 'Assertion' is true and 'Reason' is the wrong explanation.

- B Match the correct example of the 'terms':

Term	Example
a) Risk	i) Lightning.
b) Uncertainty	ii) Rolling of Dice
c) Hazards	iii) Fall of Economy.
d) Peril	iv) Old building with defective wiring.

- C A cargo ship's base was punctured due to rats and so sea water entered and cargo was damaged. The Merchant files claim under an insurance policy. The insurance company will review the claim under which principle of insurance?
- D List any two difference between 'Insurance' and 'Guarantee'.
- E Which of the following statements is incorrect in respect of brokers?
- Brokers require to undergo training before being licensed
 - Brokers are appointed by insured to take care of their interests
 - Brokers have to pass examinations before being licensed
 - Brokers should be registered companies or firms
 - Brokers are allowed to negotiate with different insurers for the same insured

- F Draw the structural framework of insurance business in India.
- G State any two differences between 'Assignment' and 'Nomination'.
- H List out any four 'events' that triggers 'Survival' claims only.
- I What is 'Underinsurance' and its outcome?
- J In a Marine Cargo policy, a warranty may read "Warranted that the consignments are transported in closed trucks covered by tarpaulins" – in case goods are being moved during monsoons. Comment on the statement.

SECTION -B (ESSAY TYPE QUESTIONS) (5x10=50 Marks)

- What is the structure of a policy? Explain the process of Insurance Documentation while purchasing a policy.
- Discuss the claim settlement process under Fire insurance.
- Explain briefly about a) 'Pradhan Mantri Suraksha Bima
b) Employee's Deposit Linked Insurance
- Brief out the role of IRDA in promoting and supervising the insurance business in India.
- Explain all the principles of insurance.
- Write a short note on:
a) Micro-insurance
b) Commercial Line Insurance