

<b>Name:</b>	 <b>UPES</b> UNIVERSITY WITH A PURPOSE
<b>Enrolment No:</b>	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2019**

**Course: Insurance and Risk Management**  
**Program: B.COM BMI**  
**Course code: FINC1005**

**Semester: 1<sup>st</sup>**  
**Time: 3 Hours**  
**Max. Marks : 100**

**Instructions:** Section 'A' is for 20 marks. In section 'A', attempt all statements in question 1 as instructed, each statement carries 2 mark. Section 'B' is for 20 marks. In section 'B', attempt all (four) questions each question carries 5 marks. Section 'C' is for 30 marks. In section 'C', attempt all (three) questions each question carries 10 marks. Section 'D' is for 30 marks. In section 'D', attempt all questions each question carries 15 marks.

**SECTION A ( 20 Marks)**

Q.1	This type of policy cover the risk liability for the injury or death of member of the public visiting business premises: a. Life Insurance b. Employers Liability c. Public Liability d. Product Liability	<b>CO1</b>
Q.2	This type of Insurance for business provide coverage to protect against loss by fraud and stealing by employees: a. Fidelity Insurance b. Hull insurance c. Cargo Insurance d. Employers Liability	<b>CO2</b>
Q.3	Insurance was developed as a result of existence of: a. Hazard b. Indemnity c. Loss d. Risk	<b>CO1</b>
Q.4	The main purpose of insurance is to : a. Provide compensation b. Provide Security c. Shares of loss of few people among many d. Create Investment Income	<b>CO1</b>
Q.5	A material fact is one : a. Contributes to the description of risk b. Could influence the acceptance of risk c. Must be disclosed by law d. Capacity, Consideration ,Cooperation	<b>CO2</b>
Q.6	The Basis of Risk is: a. Liability b. Uncertainty	<b>CO3</b>

	<p>c. Possibility of loss d. Insurance</p>	
Q.7	<p>A fire destroyed Ethan's store. Investigators determined the fire originated in the garbage dumpster behind the store, and this insurance company indemnified him for his loss. What insurance term describes the fire that caused the destruction of Ethan's store?</p> <p>a) Hazard b) Severity of loss c) Peril d) Captive</p>	<b>CO1</b>
Q.8	<p>Which of the following is an example of a hazard?</p> <p>a) Fire b) Vandalism c) Slippery floor d) Flood</p>	<b>CO2</b>
Q.9	<p>To indemnify means to</p> <p>a) put back in the same financial position just prior to the loss. b) put aside funds to pay for losses reported but not yet paid. c) transfer risk to someone who has better financial resources and can withstand loss.. d) make financial provisions for dealing with potential losses.</p>	<b>CO3</b>
Q10	<p>-----risk are those risk resulting from the changes in the Economy or Environment</p> <p>a. Static b. Quantifiable c. Dynamic' d. Speculative</p>	<b>CO2</b>
<b>SECTION B ( 20 Marks)</b>		
Q2	Explain the definition of risk? How does objective risk differ from subjective risk?	<b>CO2</b>
Q3	Explain how insurance can provide benefits to the Community?	<b>CO2</b>
Q4	Explain why insurance industry is regulated?	<b>CO2</b>
Q5	Describe the shortcomings of State Regulation?	<b>CO2</b>

<b>SECTION-C</b>		<b>( 30 Marks)</b>
Q6	Private Insurers provide social and economic benefits to the society .Explain the following benefits of Insurance to the society <ul style="list-style-type: none"> <li>• Indemnification for loss</li> <li>• Enhancement of credit</li> <li>• Source of fund for capital accumulation</li> </ul>	<b>CO3</b>
Q7	Describe the basic features of mutual insurers and its major types?	<b>CO3</b>
Q8	Explain various principles of Insurance?	<b>CO3</b>
<b>SECTION-D</b>		<b>( 30 Marks)</b>
Q9	A drunken driver ran a red light and smashed into Kristen’s car .The cost to repair the car is Rs 8000 .She has collusion insurance on her car with Rs 500 deductible. <ul style="list-style-type: none"> <li>• Explain how principle of subrogation is relevant in the above case?</li> </ul>	<b>CO4</b>
Q10	Insurance are subject to numerous laws and regulation explain the principle areas regulated?	<b>CO4</b>