

2010

PRINCIPLES OF INSURANCE

FIRST PAPER

Full Marks : 100

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Answer any *five* questions from the following : 5×5=25
- (a) Distinguish between pure risk and speculative risk.
 - (b) What is meant by employer's liability insurance policy?
 - (c) What is underwriting and what are its objectives?
 - (d) What is the relationship between pure premium and gross premium?
 - (e) Explain how the business of insurance works with an example.
 - (f) What principle governs reinsurance?
 - (g) What are the differences between risk management and risk avoidance?
 - (h) What is meant by moral hazard?

2. Answer any *three* questions from the following : 10×3=30

- (a) "Insurance is risk transfer mechanism by which an organisation can change uncertainty for certainty." Explain.
- (b) What is meant by principle of insurable interest? Explain with suitable examples.
- (c) Define risk and its consequences with special reference to insurance.
- (d) What is meant by fidelity guarantee insurance? Describe its main divisions.
- (e) Define actuarial principles and its basic elements.

3. Answer any *three* questions from the following : 15×3=45

- (a) How is rating of insurance product carried out? Explain with example the numerical method of rating in life insurance.
- (b) Describe the factors which influence the assessment of risk in life insurance undertaking.
- (c) What is life insurance? Describe the various plans of life insurance mentioning the different needs it fulfills.

- (d) Discuss the role of insurance as a tool for social security and economic development.
- (e) Briefly describe plans of two companies doing life and/or general insurance business in the private sector in India.
