

EASTERN UNIVERSITY, SRI LANKA

FACULTY OF COMMERCE AND MANAGEMENT

Final Year First Semester Examination in Bachelor of Commerce - 2014/2015 (May 2017)

(Proper/ Repeat)

COM 4013 Insurance and Transport

Answer All Questions

Time:03 Hours

01 Insurance affects everyone and it helps people to accomplish their goals and improve the quality of life.

(i) The insurance industry in many ways contributes to the wellbeing and security of individuals and families and of business in Sri Lanka. Discuss the necessity of insurance.

(05 Marks)

(ii) Describe the nature of insurers and insured in Insurance.

(05 Marks)

(iii) Elaborate the types of Life Insurance in Sri Lanka.

(05 Marks)

(iv) How is life insurance amount estimated?

(05 Marks)

(Total 20 Marks)

02 (i) Define the term of Insurable Interest and explain the Importance of Insurable Interest.

(06 Marks)

(ii) Insurable interest arises in a variety of circumstances, explain how insurable interest will be different under the following situations,

a) Insurance of the Person

b) Insurance of Property (physical things)

- c) Insurance of Liability
- d) Insurance of Legal Rights

(iii) Critically analyze the importance of insurance underwriters.

(08 M)

(06 M)

(Total 20 M)

03 The principles of insurance are important to understand to ensure that your insurance policies are covered on the correct basis.

(i) Discuss the key six principles in insurance.

(06 M)

(ii) What matters should be disclosed by the insurer under the utmost good faith?

(04 M)

(iii) Discuss the most common types of Logistic Insurance.

(06 M)

(iv) Explain the term of Consensus "ad item".

(04 M)

(Total 20 M)

04 (i) Evaluate the need of insurance documentation.

(04 M)

(ii) Analyze the importance of following documents used in insurance.

a) The First Premium Receipt (FPR)

b) Cover Note

c) Renewal Premium Receipt (RPR)

d) Endorsements

(08 M)

(iii) From the following Multiple Choice Questions choose appropriate answer

a) When there is a fraudulent non-disclosure of material facts, the insurance contracts become:

- a. Voidable
- b. Illegal
- c. Unenforceable
- d. Void

b) The legal right to insure means,

- a. Competence to enter into contract
- b. Insurable interest
- c. Utmost good faith
- d. Consideration

c) The principle of indemnity is applied in practice through

- a. Franchise deduction
- b. Deduction & depreciation
- c. Extra premium
- d. Excess clause deduction

d) Methods of providing indemnity are

- a. Cash payment
- b. Repair
- c. Replacement
- d. All

e) Statement A: The proposer need not to disclose facts which considers as not material

Statement B: Facts which are common knowledge which the insurer is expected to need not be disclosed.

- a. Only A is true
- b. Only B is true
- c. Both are true
- d. Neither of two

f) Which of the following principles of law prevents an insured from making a profit out of his loss

- a. Insurable interest
- b. Caveat emptor
- c. Utmost good faith
- d. Indemnity

g) Statement A: The existence of other insurance must be disclosed.

Statement B: Facts of law need not be disclosed.

- a. Only A is true
- b. Only B is true
- c. Both are true
- d. Neither of two

h) Insurable interest can be created

- a. By common law
- b. By statute
- c. By contract
- d. All of the above

(08)

(Total 20)

05 (i) Explain the elements of transportation system.

(04)

(ii) Describe the difference between Coastal Shipping and Overseas shipping.

(04)

(iii) Discuss the importance of effective transportation system in a country.

(06)

(iv) Explain the features of an efficient mode of transport.

(06)

(Total 20)