

29 APR 2015

EASTERN UNIVERSITY, SRI LANKA  
FACULTY OF COMMERCE AND MANAGEMENT

Fourth Year First Semester Examination in Bachelor of Commerce 2012/2013

(Feb. /March 2015) (Proper/Repeat)

COM4013 Insurance and Transport

Answer all questions

Duration: Three hours

1. There have been many attempts to define risk and un-certainty. For a layman both seems the same but it is not so academically. Therefore an Insurer should know the difference between risk and uncertainty.

- i. Define Risk and Risk management. (02 marks)
  - ii. Define uncertainty. (02 marks)
  - iii. Differentiate uncertainty from risk. (03 marks)
  - iv. Based on the meaning of risk, discuss the need for the insurance. (03 marks)
  - v. What are the potential losses caused by risks? (03 marks)
  - vi. Illustrate the basis of classification of risks and brief the different classifications. (03 marks)
  - vii. Describe the function and the benefits of Insurance. (04 marks)
- (Total 20 marks)**

2. 'Insurable interest' in one of the most basic principles of insurance.

- i. What are the other principles of insurance? (05 marks)
- ii. Define insurable interest. (03 marks)
- iii. What is the importance of insurable interest? (02 marks)
- iv. What are the criteria that must be satisfied for the insurable interest to exist? (04 marks)
- v. Describe the circumstances that gives rise to insurable interest under
  - a. Insurance of a person
  - b. Insurance of a property
  - c. Insurance of a liability(06 marks)

**(Total 20 marks)**

3. Whilst an insurance agent is unlikely to have close contact with the internal organization of insurance companies, it is good to understand something of their infrastructure and aware of the various departments and personnel behind the marketing process.
- Name five Insurance companies operating in Batticaloa district. (05 marks)
  - Describe the core functions performed by insurance companies. (15 marks)
- (Total 20 marks)**
4. Transport and Insurance are among the auxiliary services of commerce.
- What is transport Management? (04 marks)
  - Describe the importance of transportation in Commerce. (06 marks)
  - Demand for transport is said to be a derived demand.
    - What do you mean by derived demand for transport? Give an example. (04 marks)
    - List out and describe the factors that determine the demand for transport. (06 marks)
- (Total 20 marks)**
5. Write short notes on the following
- Factors determining the effectiveness of transport.
  - Disadvantages and Advantages of rail transport.
  - Essentials of a transport system.
  - Time and place utility brought about by transport.
- (Total marks 4x5 =20 marks)**