COM 4013 INSURANCE AND TRANSPORT

Answer all questions   **Time: 03 Hours**

01. i. Differentiate between Insurable risks and Non insurable risks.

    (03 Marks)

    ii. 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.

    (04 Marks)

    iii. List four building blocks of an insurance premium. Why are investment earnings included in the calculations?

    (04 Marks)

    iv. Explain how utmost good faith affects to successful insurance contract.

    (04 Marks)

    v. Ratnam insured Rs.6,000,000 for his van. But, the insurance company provided only Rs. 500,000 as a compensation to him. Explain this case pertaining to principles of Insurance.

    (05 Marks)

    (Total 20 Marks)

02. i. Define insurance contract and discuss the essential elements of a valid contract.

    (04 Marks)

    ii. "A cover note is issued to the insured by the insurance company as evidence of the insurance coverage provided". List out key information in a cover note.

    (04 Marks)

    iii. What is the difference between a hazard and a peril? Give examples of each.

    (04 Marks)

    iv. 'Proximate cause is not very essential in case of life insurance contract'. Explain in detail.

    (04 Marks)

v. Explain the various kinds of documents which become necessary at three stages of a proposal.

(04 Marks)

(Total 20 Marks)

03. i. "Life insurance is insurance against dying too soon and endowment insurance is insurance against living too long." Explain.

(04 Marks)

ii. What are the various classes of life insurance risk?

(04 Marks)

iii. Discuss the features of marine insurance policies.

(04 Marks)

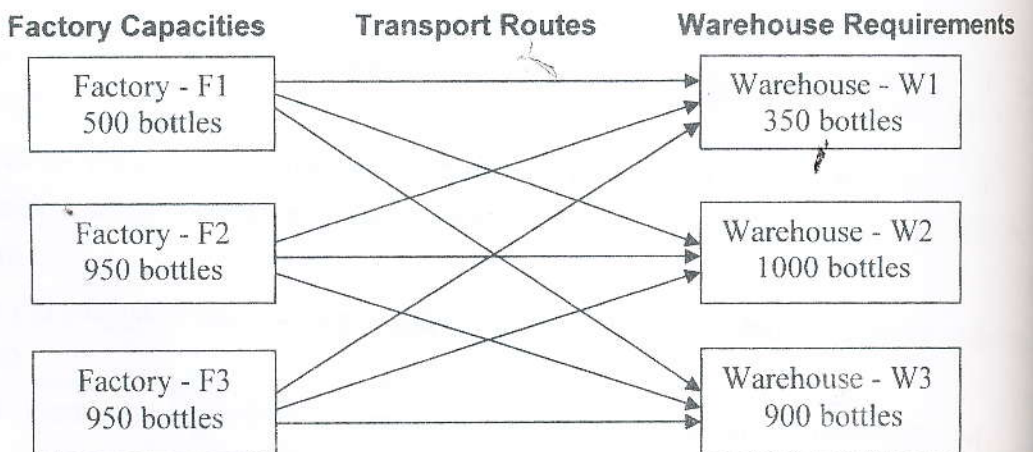iv. Discuss the features of fire insurance contract.

(04 Marks)

v. Explain powers and duties of the Insurance Board of Sri Lanka.

(04 Marks)

(Total 20 Marks)

04. The Supper Jam PLC manufactures and sells high quality jam in Sri Lanka. The company has three factories located in rural areas of the country whereas the three warehouses are located in three major cities of the country. An estimate of the monthly production capacity at each factory location and an estimate of the number of jam bottles that is needed each month at each of the three warehouses are shown in the following figure.

Factory Capacities   **Transport Routes**   **Warehouse Requirements**

Factory - F1
500 bottles

Factory - F2
950 bottles

Factory - F3
950 bottles

Warehouse - W1
350 bottles

Warehouse - W2
1000 bottles

Warehouse - W3
900 bottles

Production cost per jam bottle is identical at each factory. However the transport

costs from each factory to warehouse vary according to the following table. These transport costs per bottle are assumed to be constant regardless of the volume transported.

From	To (Destinations- Warehouses)		
Source (Factory)	W 1	W 2	W3
F 1	Rs. 45	Rs. 40	Rs. 50
F 2	Rs. 10	Rs. 20	Rs. 25
F 3	Rs. 20	Rs. 45	Rs. 30

Required

i. Define the problem and setup the transportation table for the Supper Jam PLC.

(06 Marks)

ii. Develop an initial feasible table using both North West Corner Rule

(06 Marks)

iii. Advise Supper Jam PLC about the optimum route and minimum transport cost for the month (apply MODI method).

(08 Marks)
(Total 20 Marks)

05. i. Briefly explain the documents used in transport.

(04 Marks)

ii. When you choose the right mode of transport for your goods, what are the features that you consider?

(04 Marks)

iii. Discuss the current development of the transport infrastructure in Sri Lanka.

(04 Marks)

iv. Describe the key elements of the transport system.

(04 Marks)

v. Discuss the necessity of insurance certificate for transporting goods.

(04 Marks)
(Total 20 Marks)