



# UNIVERSITY OF THE PUNJAB

Seventh Semester – 2019

Examination: B.S. 4 Years Program

Roll No. in Fig. ....

Roll No. in Words. ....

**PAPER: Insurance & Risk Management**  
**Course Code: COMM-403 Part-I (Compulsory)**

**MAX. TIME: 15 Min.**  
**MAX. MARKS: 10**

.....  
Signature of Supdt.:

**Attempt this Paper on this Question Sheet only.**  
**Please encircle the correct option. Division of marks is given in front of each question.**  
**This Paper will be collected back after expiry of time limit mentioned above.**

**Q.1. Encircle the right answer, cutting and overwriting is not allowed. (1x10=10)**

1. A physical condition that increases the chance of loss is known as \_\_\_\_\_:  
A. Moral hazard  
B. Physical hazard  
C. Legal hazard  
D. Morale hazard
2. A risk that affects the entire economy is called:  
A. Pure risk  
B. Speculative risk  
C. Enterprise risk  
D. Fundamental risk
3. Which one of the following is not the method of handling risk?  
A. Insurance  
B. Non insurance transfer  
C. Active retention  
D. Direct transfer
4. When an individual is restored to his/her financial position prior to the occurrence of loss this state is known as \_\_\_\_\_  
A. Rehabilitation  
B. Indemnification  
C. Identification of loss  
D. Risk transfer
5. \_\_\_\_\_ is the arrangement by which the primary insurer that initially writes the insurance transfers to another insurer.  
A. Reinsurance  
B. Segregating  
C. Co-insurance  
D. All of the above
6. Risk Pooling is an example of:  
A. a Catastrophic Loss Event  
B. diversifying risk  
C. a speculate risk  
D. applying the risk-return trade-off
7. Ratemaking refers to the pricing of insurance. Insurance rates are determined by  
A. Insured  
B. coinsurer  
C. reinsurer  
D. actuaries
8. Sales and marketing in insurance referred to as  
A. Ratemaking  
B. underwriting  
C. production  
D. reinsurance
9. All of the following are claim adjustors except  
A. Agent  
B. company adjustor  
C. dependent.adjustor  
D. public adjustor
10. The principle of indemnity states that insurer should not pay  
A. Actual loss  
B. more than actual loss  
C. less than actual loss  
D. none of above



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Roll No. ....

**PAPER: Insurance & Risk Management**

**Course Code: COMM-403 Part – II**

**MAX. TIME: 2 Hrs. 45 Min.**

**MAX. MARKS: 50**

**ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED**

**Q.2. Give short answers to the following questions.**

**(10x2=20)**

- I. List down the techniques which are used for managing risk.
- II. Define non-insurance transfer.
- III. What are the basic parts of insurance contract?
- IV. What do you mean by endorsement?
- V. List down different classes of risk.
- VI. What is meant by indemnification?
- VII. How do you explain underwriting?
- VIII. Briefly explain the concept of coinsurance.
- IX. Define Risk?
- X. Who is captive insurer?

**Q.3 Write a brief note on insurance company operations.**

**(10)**

**Q.4 Define distinct legal characteristics of insurance contracts.**

**(10)**

**Q.5 What are the steps involved in risk management process. Explain them.**

**(10)**