

POKHARA UNIVERSITY
Faculty of Management

FIN 132 : PRICIPLES OF INSURANCE

Section A
Very Short Answer Questions

Attempt all the questions. Give your answer in few lines. (10 X 2 = 20)

1. Briefly describe different methods of mitigation of risk.
2. State the benefits of insurance to an individual.
3. Distinguish the life insurance with non life insurance.
4. Briefly describe the importance of social insurance.
5. Give brief account of health insurance in Nepal.
6. Why underwriting policy of company should be fair and justifiable?
7. Why claim settlement process of non life is complex to life insurance?
8. Describe the role TPA.
9. Describe the principle of insurable interest with a suitable example.
10. How does bancassurance promote the insurance business?

Section B
Descriptive Answer Questions

Attempt any six questions.

[10 X 6 = 60]

11. Mention different life insurance policies available in Nepal. Discuss two most popular life insurance policies.
12. "Life insurance is long term contractual saving with investment and risk coverage facility." Discuss
13. "General insurance promotes domestic and international trade" Discuss with examples.
14. Critically examine the role of Insurance Board of Nepal in the development of insurance sector in Nepal.
15. What are the major causes of sluggish growth of insurance business in Nepal? And how can they be remedied?
16. Highlight current status and their performance of intermediaries in insurance industry in Nepal.

17. Write note on any two of the followings:

- a. Insurance vs. Gambling
- b. Beema Samiti
- c. Feature of crop and cattle insurance

Section C
Comprehensive Answer Question

18. *Ready the following situation and answer the questions that follow.* [20]

A renowned life insurance company of Nepal is going to review its Life insurance Underwriting Policy. The policy is divided in three parts. Summary of each part is presented in a concise form.

Important points of existing underwriting policy are as follow:

Part 1: Following persons will be charged additional 15 to 30 percent premium on normal rate

- i. Pilot, Armed force, rafting guide, expedition porter and guide,
- ii. Heavy vehicle driver,
- iii. Age under 3
- iv. Drivers who used to alcohol regular basis and who had already warned against the driving fault Motorist, cyclist and horse riders
- v. Athletes

Part 2: Following persons will be taken under consideration for 6 months to 3 years. The proposal will be accepted or rejected and notified to the clients after completion of this period

- i. Having the operation of hydrosol
- ii. Persons affected by Typhoid and pneumonia
- iii. having surgery of glad stone
- iv. Women suffered by anaemia and under treatment
- v. Having surgery of appendicitis

Part 3: Totally discard the life insurance proposal of the following persons:

- i. Age below 5 and above 65
- ii. Severely suffered from heart diseases, cancer, HIV AIDS positive, TB, Bronchitis's, Blood pressure more than 160
- iii. Women once aborted, have 8th months of pregnancy
- iv. Kidney transplanted person
- v. Affected by other severe disease(s)

Question:

- a. Do you think the categorisation in part 1, 2 and 3 seems justifiable? Why?
- b. You are required to review each points of underwriting policy and give your opinion on :
 - i) these clause should be continued as it is, or ii) need to remove or iii) make it more stringent than existing provision.

- c. Do you think the overall performance of insurance companies is largely affected by its underwriting policy? Justify.

THE END OF THE QUESTIONS

NOTE: THESE QUESTIONS ARE PROVIDED JUST AS A MODEL OF QUESTIONS THAT MAY BE ASKED IN THE EXAMINATION. IN NO WAY THEY INDICATE THE UNIT REFERENCE AND PROPORTION BETWEEN NUMERICAL AND THEORETICAL QUESTIONS.