

International Islamic University Chittagong
Department of Business Administration
Program: BBA

Mid-Term Examination, Autumn Semester-2023

Course Title: Principles of Insurance and Takaful, Course Code: FIN-3603

Time: 1 Hours 30 Minutes

Marks: 30

(Answer any three of the following questions. Different parts of same question must be answered serially)

1.	(a) Define the term "Insurance Contract" along with its general and specific features. Outline the subject matter of Insurance and insurance contract.	4	CLO1	L Und																																		
	(b) Compare and contrast between Insurance and wagering or gambling.	2	CLO1	H Eva																																		
	(c) Critically describe the assignment and its type along with example and its application in different main branch of insurance.	4	CLO1	H Ana																																		
2.	(a) As a business graduate you are asked to discuss the relevant reasons behind addressing the reinsurance in the insurance business.	2	CLO2	H Eva																																		
	(b) Briefly discuss- "The principles of insurance has evolved because of extreme necessity to take care of certain peculiar situations in practice of Insurance"	4	CLO2	L Und																																		
	(c) Shadhin insurance company has arranged a excess of loss ratio treaty with reinsurers whereby it bears a loss upto an amount not exceeding 80% of the premium. The reinsurers have agreed to bear any balance so that the ceding company's gross loss ratio is maintained at 80%, not exceeding 90% of the balance. The premium income of Ceding company is 1 crore and total loss over the year in Tk, 90,00,000. How this loss may be shared between insurer and reinsurer under excess of loss ratio treaty re-insurance contract.	4	CLO2	H Ana																																		
3.	(a) Write short notes on: (i) Ex-gratia payment (ii) Waiver of Doctrine	3	CLO1	L Rem																																		
	(b) <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>Policy</th> <th>Property</th> <th>Sum-insured</th> <th>Periods</th> <th>Perils Covered</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>I</td> <td>1000</td> <td>1.1.2022-31.12.2022</td> <td>Fire</td> </tr> <tr> <td>B</td> <td>II</td> <td>1000</td> <td>Do</td> <td>Fire</td> </tr> <tr> <td>C</td> <td>I</td> <td>1000</td> <td>1.1.2022-30.06.2022</td> <td>Fire</td> </tr> <tr> <td>D</td> <td>I</td> <td>1000</td> <td>1.1.2022-31.12.2022</td> <td>Lightening</td> </tr> <tr> <td>E</td> <td>I</td> <td>1000</td> <td>Do</td> <td>Fire</td> </tr> <tr> <td>F</td> <td>I</td> <td>1000</td> <td>Do</td> <td>Fire</td> </tr> </tbody> </table> <p>Loss Tk.600 to property- I by Fire on 29.6.2022 Explain the situation on the basis of principle of contribution</p>	Policy	Property	Sum-insured	Periods	Perils Covered	A	I	1000	1.1.2022-31.12.2022	Fire	B	II	1000	Do	Fire	C	I	1000	1.1.2022-30.06.2022	Fire	D	I	1000	1.1.2022-31.12.2022	Lightening	E	I	1000	Do	Fire	F	I	1000	Do	Fire	4	CLO2
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	(c) According to principle of utmost good faith, elaborate the facts need to be disclosed and not necessarily be disclosed.	3	CLO2	L Rem																																		
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	(a) Compare and contrast between facultative and treaty reinsurance.	3	CLO2	H Eva																																		
	(b) Briefly discuss the rules of proximate cause insurance company follow at the time of policyholders claim settlement.	4	CLO2	L Rem																																		
	(c) Define the term indemnity? What are methods of indemnity that insurance follow to compensate the policyholders?	3	CLO2	L Rem																																		