

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2025
(Second Semester)

Branch - COMMERCE (BANKING AND INSURANCE)

INSURANCE SYSTEM

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	What is the primary function of insurance? a) To provide loans to policyholders b) To minimize the financial impact of risks c) To avoid risks in the business d) To increase the financial burden on policyholders	K1	CO1
	2	Risk can be defined as a) The probability of achieving a certain financial outcome b) The possibility of loss or gain c) The uncertainty of financial outcomes d) The guarantee of achieving a positive financial result	K2	CO1
2	3	The term used to refer to the payment made by a policyholder to an insurance company for coverage is a) Sum insured b) Premium c) Deductible d) Policyholder's contribution	K1	CO2
	4	The principle that requires both the insurer and the insured to act honestly and disclose all relevant facts is known as a) Principle of indemnity b) Principle of insurable interest c) Principle of utmost good faith d) Principle of subrogation	K2	CO2
3	5	The global insurance industry is primarily divided into two main categories. What are these categories? a) Life and Health b) Life and General c) General and Property d) Life and Non-life	K1	CO3
	6	The Life Insurance Corporation of India (LIC) was established in a) 1945 b) 1956 c) 1962 d) 1950	K2	CO3
4	7	Which of the following is NOT a function of insurance organizations? a) Risk pooling b) Risk transfer c) Financial reporting d) Direct trading of commodities	K1	CO4
	8	An insurance agent is primarily responsible for a) Claim settlement and disputes b) Selling insurance policies and collecting premiums on behalf of insurers c) Underwriting insurance policies d) Setting up the insurance company's financial goals	K2	CO4
5	9	A strategy for handling risks by shifting them to another party through policies or agreements involves a) Risk retention b) Risk financing c) Risk transfer d) Risk avoidance	K1	CO5
	10	A company self-insures its property, choosing to cover all potential damages or losses rather than purchase an insurance policy. This is a form of a) Risk transfer b) Risk financing c) Risk reduction d) Risk retention	K2	CO5

Cont...

SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Explain the classification of risks.	K2	CO1
	(OR)			
	11.b.	Illustrate the differences between risk and hazard.		
2	12.a.	Identify the fundamental principles of insurance.	K3	CO2
	(OR)			
	12.b.	List the various factors that influence the demand for insurance.		
3	13.a.	Identify the significance of LIC's IPO for the Indian insurance industry.	K3	CO3
	(OR)			
	13.b.	Explain the challenges faced by the global insurance industry.		
4	14.a.	Examine the Third Party Administrators.	K4	CO4
	(OR)			
	14.b.	List out the role of loss assessors in the insurance claim process.		
5	15.a.	Explain the role of risk management tools.	K5	CO5
	(OR)			
	15.b.	Justify the concept of risk avoidance in the context of insurance.		

SECTION - C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Classify the different types of insurance with examples.	K3	CO1
2	17	Differentiate between insurance and assurance. Explain how these two concepts differ in various terms.	K4	CO2
3	18	Analyze the impact of privatization and liberalization on the Indian insurance industry.	K4	CO3
4	19	Assess the functions and importance of the insurance industry in economic and social development.	K5	CO4
5	20	Elaborate the various techniques employed by insurance companies to assess and manage risk effectively.	K6	CO5

Z-Z-Z

END