

SECTION A

ESSAY (100 MARKS)

INSTRUCTION:

This section consists of **FOUR (4)** essay questions. Answer **ALL** questions.

QUESTION 1

- a) Risk is a situation which cannot be controlled or perfectly foreseen. Discuss **FOUR (4)** basic categories of risk with examples. (16 marks)
- b) Briefly explain **THREE (3)** types of probability in measuring risk. (9 marks)

QUESTION 2

- a) Explain the Principle of Indemnity and the Principle of Contribution (8 marks)
- b) Explain how Principle of Subrogation applies in insurance business. (8 marks)
- c) Briefly explain the concepts of Takaful in insurance business operation in Malaysia. (9 marks)

POLITEKNIK
Jabatan Pengajian Politeknik

EXAMINATION AND EVALUATION DIVISION
DEPARTMENT OF POLYTECHNIC EDUCATION
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION
JUNE 2012 SESSION

P5125 : INSURANCE PRINCIPLES AND PRACTICE

DATE : 19 NOVEMBER 2012 (MONDAY)
DURATION : 2 HOURS (11.15 AM – 1.15 PM)

This paper consists of **THREE (3)** pages including the front page.
Section A: Essay (4 questions – answer all)

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BY THE CHIEF INVIGILATOR

QUESTION 3:

Underwriting refers to the process of assessing the eligibility of a customer to receive insurance company products.

- a) Explain on how underwriting process in insurance works?
(11 marks)
- b) Explain on rate making types exercising for property and liability insurance?
(9 marks)
- d) Reinsurance is insurance that is purchased by an insurance company.
Differentiate between facultative to treaty reinsurance?
(5 marks)

QUESTION 4

- a) Define :
i) Contract
ii) Insurance Contract
(4 marks)
- b) Explain **SIX (6)** essential elements of a valid contract.
(18 marks)
- c) Consumers have **EIGHT (8)** basic rights. List down **THREE (3)** of basic rights.
(3 marks)