

SECTION A

ESSAY (100 marks)

INSTRUCTION:

This section consists of **FOUR (4)** essay questions. Write your answers in the answer booklet.

QUESTION 1

- a) Define insurance.

[CLO 1: C1]

(2 Marks)

- b) Explain **THREE (3)** importance of insurance to individual and business entities.

[CLO 1:C1]

(9 Marks)

- c) Explain primary functions of insurance.

[CLO 1:C1]

(2 Marks)

- d) Describe **THREE (3)** secondary functions of insurance.

[CLO 1:C2]

(6 Marks)

- e) Explain the risks covered in the following classes of insurance

- i. Life Insurance
- ii. General Insurance

[CLO 1:C2]

(6 Marks)

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

COMMERCE DEPARTMENT

FINAL EXAMINATION

JUNE 2012 SESSION

PB502 - INSURANCE & TAKAFUL: PRINCIPLES & PRACTICE

DATE: 23 NOVEMBER 2012 (FRIDAY)
DURATION: 2 HOURS (8:30 AM - 10:30AM)

This paper consists of **FIVE (5)** pages including the front page.
Section A: Essay (4 Questions - Answer All)

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THE CHIEF INVIGILATOR

(The CLO stated is for reference only)

QUESTION 3

a) Explain on Fire insurance concerning to:

- i. Scope of cover
- ii. Exclusions coverage
- iii. Basis of rating

[CLO 2: C2]

[9 marks]

b) Describe on these general insurance products below:

- i. Liability insurance
- ii. Theft insurance

[CLO 2: C2]

[10 marks]

c) Explain on Critical illness insurance under medical and health insurance products.

[CLO 2: C2]

[6 marks]

QUESTION 2

a) Section 150 of the Insurance Act 1996 emphasis that it is the duty of the proposer to disclose all important facts regarding the risk to be insured. State **TWO (2)** circumstances of facts that a proposer shall disclose to the insurer.

[CLO 3:C1]

(4 marks)

b) Define the following principles in relation to insurance contracts :

- i. Insurable interest
- ii. Indemnity
- iii. Contribution
- iv. Proximate cause

[CLO 3: C1]

(12 marks)

c) The principle of subrogation provides that an insurer who has indemnified an insured for a loss may exercise the insured's rights to claim from the third party in respect of the loss paid. Describe **THREE (3)** ways of how subrogation may arise.

[CLO 3: C3]

(9 marks)

QUESTION 4

- a) Forms and documents make an insurance contract legitimate and enforceable. The Malaysian court readily accepts any form of insurance documents as first-hand evidence rather than a verbal one. Kindly summarize each of below document which are used in insurance industry.
- i. Proposal Form
 - ii. Cover Notes
 - iii. Policy Forms
 - iv. Renewal Notice
 - v. Certificate Of Insurance

[CLO 2:C1]

(10 marks)

- b) Proposal forms normally contain a few general questions, irrespective of the class of insurance. List down **FIVE (5)** general questions which are normally found in Proposal Forms.

[CLO 2: C1]

(5 marks)

- c) En. Remy Ishak was involved in an accident on his way to his mother's house. Summarize **FIVE (5)** procedures to be followed by En. Remy's insurance agent to compensate him.

[CLO 2: C2]

(10 marks)