

SECTION A

ESSAY (100 marks)

INSTRUCTION:

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

QUESTION 1

- a) Define the concept of risk. [CLO 1: C1]
(2 marks)
- b) Distinguish between **TWO (2)** major categories of risk. Give examples for each category. [CLO 1 : C2]
(8 marks)
- c) Describe the risk management process using an appropriate diagram. [CLO 1: C2]
(15 marks)

POLITEKNIK
Jabatan Pengajian Politeknik

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

COMMERCE DEPARTMENT

FINAL EXAMINATION

JUNE 2012 SESSION

**PP502: FUNDAMENTALS OF MARINE AND AVIATION
INSURANCE**

DATE: 23 NOVEMBER 2012(FRIDAY)

DURATION: 2 HOURS (2.30 PM - 4.30 PM)

This paper consists of **FOUR(4)** pages including the front page.

Essay (4 questions – answer all)

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THE CHIEF INVIGILATOR**

(The CLO stated is for reference only)

QUESTION 4

“Honesty in the insurance industry plays a central role in continued success and growth. According to the Insurance Journal, a single dishonest act by an insurance agent can spell doom for his business career and taint his reputation for years to come. Insurance agents and agencies must look at the value of selling clients effective policies that may not net as large a return over selling them unnecessary coverage for short-term financial gains. An insurance agent must decide whether he wants to dishonestly chase the dollar or treat his clients with honesty and respect.”

According to the above statement, discuss **FIVE (5)** methods to reduce the problem stated.

[CLO 3: C3]

(25 marks)

QUESTION 2

- a) Insurance can be defined as pooling fortuitous losses by transfer of such risks to insurers, who agree to indemnify insured for such losses. Insurance concept is closely related to the concepts of “Law of large numbers” and “Common pool”.

Interpret both concepts clearly.

[CLO 1: C2]

(10 marks)

- b) Insurers only insure the pure risk. Certain requirements need to be fulfilled before certain risks can be insured.

- i. Identify basic principles of insurance

[CLO 1: C2]

(6 marks)

- ii. Explain briefly **THREE (3)** basic principles of insurance that you have been identified.

[CLO 1: C2]

(9 marks)

QUESTION 3

- a) Describe **THREE (3)** types of Marine Insurance Policies coverage.

[CLO 2: C2]

(9 marks)

- b) Explain **FOUR (4)** underwriting factors for Aviation Insurance.

[CLO 2: C4]

(16 marks)