International Islamic University Chittagong
Department of Business Administration
Program: BBA
Mid-Term Examination, SpringSemester-2022
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) "Insurance is a method of reducing risk".Justify the statement. Discuss the various method of eliminating risk. 4

(b) When and why "Chamber of Assurance" and "Court of Arbitration" were established? 3

(c) Distinguish Insurance from Wagering. 3

2. (a) Summarize the doctrines that keep business free from wagering. Can anyone insured anything he sees around? Why or Why not? 3

(b) Compare and contrast between 4

- Facultative reinsurance VS treaty reinsurance
- Perils VS hazards

(c) XYZ insurance company has a 15-lines surplus treaty re-insurance agreement. The retention of XYZ insurance company is tk. 1 million. A risk of tk.20 million has been proposed. Assume that the required facultative arrangement could be made. 3

i) How the risk would be distributed under above arrangement?
ii) Under the above arrangement how a loss of tk.2 million would be shared?

3. (a) When breaches of duty occur? What are the consequences of breach of duty? 3

(b) 4

Policy	Property	Sum-insured	Periods	Perils Covered
A	I	1000	1.1.2021-31.12.2021	Fire
B	II	1000	Do	Fire
C	I	1000	1.1.2021-30.06.2021	Fire
D	I	1000	1.1.2021-31.12.2021	Lightening
E	I	1000	Do	Fire
F	I	1000	Do	Fire

Loss Tk.600 to property- I by Fire on 2.8.2016
Explain the situation on the basis of principle of contribution

c) A man scratch his leg by falling from the ladder. He was taken to hospital, but he contacted Cholera from the next bed patient and dies. 3

i. Detect the principle is followed in above example? Define it
ii. Outline the efficient cause and remote cause here?

4. (a) What is principle of utmost good faith? What is material fact? **3**

(b)A jute mill company propose XYZ insurance company to Tk 1,00,00,000 insurance. The retention is Tk 10,00,000 for the jute mill company. The company has no standing treaty. The final closure of the business looks as follows. 4

Company	**Percentage of acceptance**
A	20
B	15
C	15
E	10
G	10
H	10
J	10

i. Demonstrate the policy company may have selected? Define it.
ii. Solve the term mathematically.

(c) Define the term representation? What are methods of indemnity that insurance follow to compensate the policyholders? **3**