



Answer the following questions:

Q1: What are the functions of insurance? (5 Points)

Q2: What does the principle of contribution mean? (5 Points)

Q3: Bring out the main characteristics of insurance. Why one should have insurance cover? (5 Points)

Q4: What is insurance? (5 points)

Course No: BGMS3207
Course Title: Insurance Management
Date: 16/08/2011
No. of Questions: (13)
Time: 2 Hours
Using Calculator (No)

University of Palestine



Final Exam. (I)
Summer Semester
2010/2011
Total Grade: (80)

Instructor Name: Mr. Abdel FATAH
AFIFI
Student No.: _____
Student Name: _____
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Dep. / Specialist: _____
Using Dictionary (No)

Q5: What are the principle of insurance? (5 Points)

Q6: Differntiate between co insurance an reinsurance? (5 Points)

**Q7: What the difference between Insurance brokers and insurance Consultants?
(5 Points)**

**Q8: What are the stages of new product creation that insurance companies
typically follow? (5Points)**

**Q9: What are the various component of distribution channel in an insurance
company ? Explain one? (5 Points)**

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Q10: What are the objectives of underwriting? (5 Points)

Q11: Who are the parties to an insurance contract? (5 points)

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Q12: When a proposal for insurance is received, the underwriter has four possible courses of action. What are they? (5 Points)

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Q13: Select T for True , or F for False, belongs to suitable answer: (consider first statement as sample) (20 Points)

1	Certainty: Insurance provides certainty of payment for risk of loss.	T
2	There are uncertainty of happening of time and amount of loss.	
3	The principle of insurance interest is relevant to life insurance only and it is not relevant to general insurance.	
4	The principle of subrogation refers to the rights that an insurer acquires vis-à-vis the insured when the insurer has paid him an indemnity.	
5	The Principle of contribution tells us how the liability is to be met when the insured has taken insurance with more than one insurer.	
6	The mechanism of insurance involves a contractual agreement in which the insurer agrees to provide financial protection against a specified set of risks for a price called the premium. It is tangible product.	
7	The principle of insurance interest is a must for an insurance contract to have validity.	
8	Insurance is designed to provide financial compensation in the foreseen situations or at least the timing of the event is certain.	
9	The principle of indemnity determines the extent of insurer's liability in the case of loss.	
10	Actuaries mathematically evaluate the likelihood of events and quantify the contingent outcomes in order to maximize losses, both emotional and financial, associated with uncertain undesirable events.	
11	The Principle of Utmost Good Faith is relevant to both life and general insurance.	
12	A life insurance policy : pays the sum insured including accumulated bonuses, if any. But will not be paid on the death of the policyholder or maturity of the policy.	
13	The Principle of Utmost Good Faith is the duty of the insured and the insurer to disclose all relevant facts.	
14	The principle of proximate cause is the rule that determines how to	

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	proceed with processing a claim lodged by an insured, when a loss could apparently be traced to more than one event, some of which are not covered by the insurance contract.	
15	The customer of insurance could see or feel the product he or she is buying.	
16	The mechanism of insurance involves a contractual agreement in which the insurer agrees to provide financial protection against a specified set of risks for a price called the premium. It is an intangible product.	
17	An actuary is a business professional who deals with the financial impact of risk and certainty.	
18	Underwriting involves the selection of policyholders before evaluating all hazards, establishing prices and then determining the terms and conditions of the insurance policy.	
19	The customer of insurance could not see or feel the product he or she is buying.	
20	The insurer transfers the exposure to loss to the insured called purchasing an insurance policy.	

Good Luck