

STRUCTURES / ESSAY (100 marks)

Instruction: This section consists of **SIX(6)** structures questions.

Answer only **FOUR(4)** questions.

QUESTION 1

- (a) State any **TWO (2)** reasons on the unsuccessful operation of Malaysian life insurance company in early 1960's. (2 marks)
- (b) Differentiate between Peril and Hazard and provide an example for each. (3 marks)
- (c) Elaborate any **TWO (2)** categories of risk. (8 marks)
- (d) Explain the concept of Law of Large Number. (4 marks)
- (e) Describe any **TWO (2)** risk control technique and **TWO (2)** risk financing techniques in dealing with risks. (8 marks)

QUESTION 2

- (a) Explain the following as regards to the principles of utmost good faith: (10 marks)
- i. material fact (3 marks)
 - ii. the time should an insured disclose a material fact to the insurer
- (b) Illustrate an example of the following: (6 marks)
- i. subrogation arising out of tort
 - ii. subrogation arising out of statue
- (c) Examine the following case and decide on the insurer's liability: (6 marks)

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

COMMERCE DEPARTMENT

FINAL EXAMINATION

DECEMBER 2011 SESSION

PN101: FUNDAMENTAL OF INSURANCE

DATE: 3 MAY 2012 (THURSDAY)
DURATION: 2 HOURS (2.30 PM - 4.30 PM)

This is a paper consists of **FOUR (4)** pages including the front page.
Essay (6 questions - answer 4 questions only)

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THE CHIEF INVIGILATOR

QUESTION 5

- (a) In every proposal form design by an insurer, there is an insertion of Section 149(1) of the Insurance Act 1996. Explain the consequences if proposer breach this particular section. (8 marks)
- (b) Interpret the content of declaration clause which inserted in every proposal form. (8 marks)
- (c) What are the contents of operative clause in policy document? State ALL. (4 marks)
- (d) Renewals notice is widely use by general insurer. Explain the significant of this particular document to them. (5 marks)

QUESTION 6

- (a) Explain clearly what an underwriter will do after they identified and evaluated the hazard with the proposed risk. (5 marks)
- (b) Illustrate any FIVE (5) underwriting measures for risk with abnormal hazard. (10 marks)
- (c) Mr. Xin was involved in a car accident yesterday. The estimated loss of his car is RM15,800.00. Explain to Mr. Xin the actions to be taken in order to get an indemnity from the insurance company under his comprehensive private car insurance policy. (10 marks)

QUESTION 3

- (a) Recommended an appropriate policy for Mr. Yang who owned a Mercedes Benz S class. State your reasons. (4 marks)
- (b) Differentiate **THREE (3)** characteristics between general insurance and life insurance product. (6 marks)
- (c) Describe any **FIVE (5)** perils insured under the Houseowner Insurance Policy. (5 marks)
- (d) Distinguish the features of **TWO (2)** intermediaries operating actively in the insurance market. (10 marks)

QUESTION 4

- (a) Recognize **THREE (3)** actions can be taken by the Bank Negara Malaysia (BNM) if they are satisfied that an insurer is not conducting their business in accordance with the provision of the Acts? (3 marks)
- (b) Explain any **TWO (2)** objectives of government regulations. (4 marks)
- (c) Describe roles of any **THREE (3)** insurance professional. (3 marks)
- (d) Elaborate the concept of reinsurance. (5 marks)
- (e) Describe the methods of reinsurance and state any **TWO (2)** advantages of it. (10 marks)