



Time Allowed: 3 Hours

Maximum Marks: 100

Date: November 22, 2022

**An Introduction to Insurance
AIBP (Specialization)**

Roll No:

Instructions:

- i. Attempt ALL questions;
- ii. Answers must be neat, relevant and brief;
- iii. In marking the question paper, the examiners take into account clarity of exposition, logic of arguments, presentation and language;
- iv. Read the instructions printed inside the top cover of answer script CAREFULLY before attempting the paper;
- v. DO NOT write your Name, Access No or Roll no. etc. anywhere inside the answer script(s);
- vi. Candidates are advised not to mark any of the objective answer on the Question Paper, otherwise their paper will be cancelled;
- vii. Question Paper must be returned to invigilator before leaving the examination hall.

SECTION B: SUBJECTIVE

Attempt ALL Questions.

(40 Marks)

Q2.

- A.** Differentiate between “Pure Risk” and “Speculative Risk”. Given one example for each type to elaborate your answer. **(4 Marks)**
- B.** A firm applies for insurance cover of the luxury vehicle used by its Managing Director. The insurance company knows that such types of vehicles are imported only few in numbers in Pakistan. As an underwriter for the insurance company how will you cover the vehicle? Support your answer with valid argument(s). **(6 Marks)**

Q3.

Principle of indemnity is applied on motor and fire insurance. If a motor or fire insurance policy ignore this principle, for example a replacement clause is available in such policies, this principle no longer applies.

What are possible consequences of ignoring the principle of indemnity and instead issuing a valued or replacement contract for motor or fire insurance? **(6 Marks)**



Q4.

- A.** A contract is an agreement embodying set of promises that are enforceable at law, or for breach of which the law provides a remedy. These promises must have been made under certain conditions before they can be enforced by law. Please specify the conditions for a contract to be enforceable by law. **(4 Marks)**
- B.** What classes of Insurance/ Takaful can a Life Insurance/ Family Takaful Operator offer under Insurance Ordinance 2000? **(4 Marks)**

Q5.

- A.** Briefly describe role of the following in the Insurance industry. **(8 Marks)**
- i. General Insurance Company
 - ii. Insurance Agent
 - iii. Insurance Broker
 - iv. Reinsurer
- B.** Basic principle of Insurance on which a claim is paid or avoided is Proximate Cause. If a policy covers fire but exclude theft, in a scenario where the insured asset catches fire and theft occurs in the ensuing chaos due to fire. In the context of Proximate Cause explain the following: **(8 Marks)**
- i. Single cause
 - ii. Concurrent cases
 - iii. Successive causes

X ——— END OF PAPER ——— X