



Time Allowed: 3 Hours

Maximum Marks: 100

Date: December 19, 2023

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

Roll No:

Instructions:

- i. Attempt ALL questions;
- ii. Answers must be neat, relevant and brief;
- iii. In checking the answers, the examiner takes 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.
- viii. Ensure that you shade your choice on the Optical Mark Reader sheet correctly. Only **ONE** circle must be shaded as shown below:

Correct way



Incorrect ways



SECTION B: SUBJECTIVE

Attempt ALL Questions.

(40 Marks)

Q1.

- A.** Specify the risks a person faces while deciding to own a house on mortgage for 20 years' term? **(04 Marks)**
- B.** Give two examples of each type of the following uninsurable risks. **(06 Marks)**
- i. Market Risk
 - ii. Political Risk
 - iii. Production Risk

Q2.

- A.** The reinsurance treaties known as pro rata treaties are of two most common types, surplus treaties and quota share treaties. Please describe both types of treaties. **(06 Marks)**
- B.** Underwriters often faces insurance applications where the risk of probability of loss is more than expected due to dishonest, fraudulent attitude of the insurance applicant. What is this attitude known as? Give an example of such attitude. **(04 Marks)**



Q3.

- A.** Sum Covered (Insured) in a fire policy is determined either of the two values namely Market Value and Reinstatement value. A policy is issued with sum covered based on reinstatement value of the property. A fire damages the property. The items destroyed were installed new 3 years back with a cost of PKR1,000,000. Depreciation charged is at 10% of the cost. What is meant by replacement value sum covered. Also calculate the value of claim under a replacement value sum covered fire policy? **(04 Marks)**
- B.** In Pakistan, banks usually cover their employees along with families under Health Insurance/ Takaful cover. Specify five items which are covered under a usual health insurance plan. **(06 Marks)**

Q4.

- A.** A cashier is stealing cash from his company in course of his duty on regular basis. He applies for life insurance. When the fact of theft was discovered by the company, the cashier died of brain hemorrhage due to extreme stress from his situation. As an insurance claim manager, what will be your decision? Please support your decision with valid argument(s) from principles of insurance and law. **(06 Marks)**
- B.** What benefits and negative impacts a bank can have by offering Bancassurance/Banca Takaful products to its customer? **(04 Marks)**

X ——— END OF PAPER ——— X