**D 70919**

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Name.................................

Reg. No..............................

# FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2014

## (UG–CCSS)

### Core Course

### BC 5B 09—BASICS OF BANKING AND INSURANCE

Time : Three Hours                                                                      Maximum Weightage : 30

## Part A

*This part consists of* **three** *bunches of questions carrying equal weightage of 1.*
*Each bunch consists of four objective type questions.*
*Answer* **all** *questions.*

I.  1 According to the principle of _____, the insurer undertakes to put the insured, in the event of loss, in the same position that he occupied immediately before the happening of the event insured against.

   (a) Utmost good faith.                    (b) Mitigation of loss.

   (c) Causa proxima.                         (d) Indemnity.

   2 In insurance, the passing of beneficial rights from one party to another is called :

   (a) Assignment.                            (b) Average clause.

   (c) Abandonment.                           (d) Salvage.

   3 According to the principle of _____, risk coverage is available to the insured party, provided the loss has occurred directly from such events as specified in the insurance policy.

   (a) Loss mitigation.                       (b) *Causa proxima.*

   (c) Good faith.                            (d) Reinsurance.

   4 The _____ is given the monopoly of note issue.

   (a) Central Bank.                          (b) State Bank of India.

   (c) Finance Minister.                      (d) Central Government.

                                                          (4 x ¼ = 1 weightage)

II. Fill in the blanks :

   5 The _____ is entrusted with the responsibility of maintaining the stability of the monetary unit and of controlling the currency and credit system of the country.

   6 Bank rate is the rate at which the _____ rediscounts certain specified bills.

   7 _____ is a formal and enforceable stamped document signed and issued by the insurance company embodying the terms of the contract between the parties.

**Turn over**

8 —————— insurance is a contract between insurer and insured, whereby the insurer undertakes to indemnify the insured in a manner and to the interest thereby agreed, against marines losses incident to the marine adventure.

(4 **x ¼ =** 1 **weightage**)

III. State whether the following statements are True *or* False :

9 The main functions of the Central Bank are the acceptance of deposits and making of advances.

10 Whole life policy is one which matures only at the death whenever it may occur.

11 A bank overdraft occurs when money is withdrawn from a bank account and the available balance goes below zero.

12 A time policy is a policy which specified the agreed value of the subject-matter insured.

(4 x $\frac{1}{4}$ = 1 **weightage**)

### Part B

*Answer any* **nine** *questions in* **one** *or* **two** *sentences each.*
*Each question carries a* **weightage** *of* 1.

13 What is a current account **?**

14 What is a term deposit **?**

15 What do you mean by voyage policy **?**

16 What do you understand by insurable interest **?**

17 What you mean by general utility services of a commercial bank **?**

18 What is a valued policy **?**

19 What is "mitigation of loss" **?**

20 What is marine insurance **?**

21 What do you mean by selective credit controls **?**

(9 **x 1 = 9 weightage**)

### Part C

*Answer any* **five** *questions.*
*Answers not to exceed* **one** *page each.*
*Each question carries a* **weightage** *of* 2.

22 Explain the salient features of term deposits.

23 "The Central Bank is the lender of the last resort." Discuss.

24 Give a brief account of innovations in Customer Services in banks.

25 What are the different types of loans granted by Commercial banks **?**

26 What risk does a banker incur in opening an account with trustees and executors **?** What precautions will you take, as a banker in such a case **?**

27 Enumerate various types of bank customers.

28 Explain the important features of life insurance contract.

**(5 x 2 = 10 weightage)**

## Part D

*Answer any* **two** *questions.*
*Each question carries a weightage of* 4.

29 Discuss the major functions of the Central Bank of a Country.

30 What are the essential information that a standard marine insurance policy should contain ? Explain different classes of marine insurance policies.

31 What precautions should a banker generally take while opening an account in the name of a minor ?

**(2 x 4 = 8 weightage)**