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

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

FIFTH SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2012

(UG-CCSS)

Commerce

BC 5B 09 – BASICS OF BANKING AND INSURANCE

(2010 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Part A

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

1. The rate at which RBI rediscounts the bills of commercial banks is called as :

    (a) Bank Rate.

    (b) Prime Lending Rate.

    (c) Repo Rate.

    (d) BPLR.

2. One of the most important functions of a _____ bank is the issue of currency notes.

    (a) Apex.

    (b) Central.

    (c) World.

    (d) Regional.

3. Life insurance provides a sum of money called _____ upon the death of the insured person in return for small period payments called Premium.

    (a) Salvage value.

    (b) Premium.

    (c) Policy amount.

    (d) Death benefit.

4. A specialist in the mathematics of insurance who calculates, rates, reserves, dividends and other statistics is called :

    (a) Insured.

    (b) Actuary.

    (c) Agent.

    (d) Insured.

(4 × ¼ = 1 weightage)

II. Fill in the blanks :

5. _____ is a method of controlling and regulating the purposes for which credit is granted by commercial banks.

Turn over

6. _____ implies persuasion and request made by the central bank to commercial bank follow the general monetary policy laid down by the former.

7. _____ acts as the banker to the Central and State Governments in the country.

8. The price for the risk undertaken by the insurer is called _____.

(4 × ¼ = 1 weight

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

9. The insurance policy is formal and enforceable stamped document signed and issued by insurance company embodying the terms of the contract between the parties.

10. Where the contract is to insure the subject matter 'at and from' or from one place to anot or others is called a time policy.

11. The person who effects an insurance, or issues instructions for effecting it, must have insurable interest in the subject-matter.

12. Term deposits are those deposits, which are kept for a specified fixed period with a bank are not payable on demand.

(4 × ¼ = 1 weighta

Part B

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

13. Define Insurance.

14. Bring out the meaning of 'utmost good faith' in Life insurance contract.

15. What do you mean by insurable interest?

16. What do you understand by a secured loan?

17. What is bank overdraft?

18. What do you mean by doctrine of subrogation?

19. What is fire insurance?

20. What do you understand by surrender value?

21. What are the two important schools of thought regarding the principle of note issue by Central Bank?

(9 × 1 = 9 weightag

Part C

Answer any **five** *questions.*

Answer not to exceed **one page** *each.*

Each question carries a weightage of 2.

22. Distinguish between Fire insurance and Life insurance.

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

24. Write a short note on innovations in Customer Services in banks.

25. What are the fundamental principles of insurance?

26. To which points should a banker pay attention while opening an account in the name of a partnership firm?

27. Who are the different types of bank customers?

28. Describe the main kinds of insurance and examine briefly the nature of risks protected by each kind of insurance.

$(5 \times 2 = 10 \text{ weightage})$

Part D

Answer any **two** *questions.*

Each question carries a weightage of 4.

29. Discuss the essential features of fire insurance contract.

30. Discuss the role of banks in the economic growth of a country.

31. Briefly discuss the functions of Reserve Bank of India.

$(2 \times 4 = 8 \text{ weightage})$