

CHAPTER-4

Very Short Answer Questions

1. These are the type of economic activities that are intangible and require an interaction between the producer and the consumers.
2. It is a physical product capable of being delivered to the purchaser and involves transfer of ownership from seller to customer.
3. Different customers have different demands and expectations therefore services have to be performed exclusively each time. Identify the related feature of services.
4. A movie ticket can be stored but the experience of watching the movie can be gained only by viewing it. Identify the related feature of services.
5. Name any two types of business services.
6. Name the two types of cheque that can be drawn.
7. Name the two parties involved in the contract of insurance.
8. What is the agreement of insurance contract in writing known as?
9. According to the principle of utmost good faith, when does the contract of insurance become voidable at the discretion of the insurer?
10. Radha purchased an insurance policy for her mobile phone. She was adequately compensated by the company for the mobile phone, when it was stolen a week after its purchase. Later on, the mobile phone was recovered from one of domestic help by the police. Radha was then denied the possession of the mobile and it was handed over to the insurance company by the police. Identify the related principle of insurance.
11. This principle emphasizes that the insured must behave with great prudence and not be careless just because there is an insurance cover.
12. Name any two types of general insurance.
13. Name any two types of life insurance policies.
14. What are the two conditions that must be satisfied for a claim for loss by fire?
15. Is the insurance liable to compensate when fire is the proximate cause of loss or damage?
16. When should the interest of insurer be present in case of marine insurance policy?
17. These accounts have been specially designed for encouraging saving by individuals. Name it.
18. In this type of account a fixed amount of money is to be deposited at fixed intervals for a fixed duration of time.
19. The main objective of this type of bank account is to enable the businessmen to conduct their business transactions smoothly.
20. This account is a combination of saving account and term deposit account.
21. These are also known as time deposit accounts.
22. Name any two types of Postal Services.
23. Name any two types of telecom services.
24. Name the satellite based media services provided by cellular companies.
25. What does 'goods' refer to?
26. How would you define the term 'services'?
27. List any two features of services.
28. Define the term banking.

29. What is a cheque facility?
30. Define the term e-banking.
31. Define the term insurance.
32. Why are communication services considered important for business?
33. What do you understand by the term 'warehousing'?
34. Give the meaning of 'transportation'.

Short Answer Questions:-

1. Describe briefly different types of services.
2. Describe briefly bank draft, bankers cheque, bank overdraft and cash credit as types of banking services.
3. Write a short note on real time gross settlement as a type of banking service.
4. Write a short note on on national electronic fund transfer.
5. State the benefits of e-banking to the customers.
6. Benefits of a certain benefits to the banks. List any three of them.
7. Discuss the various functions of insurance.
8. An insurance contract is a 'contract of uberrimae fidei'. Explain the statement.
9. According to this principle, the insurance stands in the place of injured after settling the claims of the insured. Identify and explain the relevant principle of insurance.
10. Describe the principle of insurable interest.
11. Identify and explain the principle of insurance which is not applicable to Life Insurance.
12. What does the 'principle of proximate cause' suggest?
13. Explain in brief, the principle of contribution. ALL Describe briefly, the principle of mitigation.
14. State the principles of insurance which are applicable to Life Insurance.
15. State the main elements of fire insurance.
16. Outline the main elements of marine insurance.
17. Write a short note on 'health insurance'.
18. Describe in brief, the any four types of life insurance policies.
19. Explain in brief any three types of marine insurance policies.

Long Answer Questions _

1. Distinguish between goods and services.
2. What are the five basic features of services? Explain with the help of suitable examples.
3. Describe briefly the different types of bank accounts.
4. Describe briefly the various principles of insurance.
5. Explain briefly the different types of insurance.
6. Briefly outline the various types of banking services.
7. Describe briefly the various types of Postal Services.
8. Explain in brief the different types of telecom services.

Case Study Based Questions

1. Bhavna has started a beauty saloon in a popular market in Kanpur. She has employed seven people to ensure smooth running of her business. As a part of orientation training of her new staff, she emphasizes on the following aspects:
 - (a) Each one of them is expected to work consciously on creating a desired service so that the customer undergoes a favourable experience at the salon.
 - (b) The various necessary equipments and things are available in the saloon, but the services have to be performed as and when the customer ask for it.
 - (c) The services have to be offered in accordance with the different demands and expectations of different customers.
 - (d) The staff should make deliberate effort to seek participation of the customer in the service delivery process. Identify the different features of of services been described in the above lines.
2. Roop visits her bank to transfer Rs.50,000 electronically into her husband's account. At the bank she fills up the Real Time Gross Settlement (RTGS) form and presents it along with the necessary cash to the bank employee at the counter for immediate action. But to her surprise, the bank employee informs her that in this case, she cannot avail RTGS facility. But there is an alternate electronic bank transfer method available to her. In context of the above case:
 - (a) Why do you think, the bank refused to transfer funds on behalf of Roop through RTGS facility?
 - (b) What is the alternate electronic bank transfer method being referred to in the above lines? Explain.
3. Anil purchased a new office in Bengaluru, and decided to take a double insurance policy for it. He got his office insured with Company A for Rs.2 crores and with Company B for Rs.3 crores. Due to negligence of the security guards , a theft occurred in his office, and many laptops and other electronic gadgets were stolen. The amount of loss was estimated to be Rs.50 lakh . Anil has decided to file for a claim with both the insurance companies for Rs.50 lakh each.

In context of the above case:

 - (a) How do you think he will be compensated for the loss in this case by the two insurance companies?
 - (b) Calculate the relative share of each of the two companies in settling the claims of Anil.
 - (c) Incase Company A decides to pay Rs.50 lakh to Anil, how much amount of the claim will be due from Company B?
 - (d) Identify the related principle of insurance applicable in the given case.
4. Amit took a fire insurance policy for his factory situated in Faridabad. One day when he was at a PVR cinema hall in the evening, he received a call from the security guard of the factory. The security guard informed him that, a fire has broke out in the factory and it is spreading very fast. Since, Amit was enjoying the movie very much, he did not want to leave the theatre at that very time. Also, he thought that the loss will be well compensated by the insurance company, so he need not bother about anything. When he visited his factory, later on, he saw that everything has been burnt to ashes. He filed a

claim for the loss with the insurance company. The surveyer who came from the insurance company to assess the amount of loss remarked, "if sincere efforts were made to put off the fire immediately, the quantum of loss would have been minimal." In context of the above case: Identify and explain the principle of insurance which has been violated.

5. Anita Bhat bought a place in shopping complex in Chandigarh to start a fashion boutique. She decided to take an insurance policy for the shop. At the time of taking the policy, she did not disclose to the insurer that the electric wiring of that shop was worn out and needed to be replaced immediately to avoid any kind of eventualities. A week after taking the insurance policy, unfortunately a fire broke out in her shop, due to short circuit and huge losses occurred, Identify and explain the principle of insurance being violated in the above case.
6. When Ketan started working as an insurance agent in a popular insurance company, he asked his friend Dhananjay who is in shipping business to take a group insurance policy for all your employees working in the shipping company. In response to his suggestion, Dhananjay raised a query stating that, "what happens if any of my employees covered under the group insurance policy leave the company?" In context of the above the case:
 - (a) Do you think the group insurance policy will be applicable to an employee after he leaves the shipping company? Identify the related principle of insurance.
 - (b) State the relevance of this principle, with reference to life Insurance, fire insurance and marine insurance.
7. Tarun owns a training school of performing arts in Jaipur. On the suggestion of a friend, he took an insurance policy for the school. A few months later, a fire broke out in one portion of the school due to burst of a gas cylinder in the kitchen. The total amount of loss was estimated to be Rs. 40,000 which included a few musical instruments that was partly burned. As per Tarun's estimation, Rs.7000 could be realised by selling off these instruments. Tarun filled an insurance claim with the company and received a cheque of Rs. 40,000 in due course of time. But, the insurance company refused to let him take the money which was realised from selling the party damage musical instruments. Identify and explain the related principles of insurance been described in the above lines.