Seat No.: _____ Enrolment No.______

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA. Sem-III Regular Examination January 2011

Subject code: 839905 **Subject Name: Banking and Insurance**

Date: 10 /01 /2011 **Time: 10.30 am – 01.00 pm**

Total Marks: 70

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1	**(a)**	Suppose you are manager of a bank, what precautions would you take at the time of opening of new account and operation in the following types of accounts:	
		i. Hindu Undivided Family	**03**
		ii. Club / Association	**02**
		iii. Trust	**02**
	(b)	Explain the following terms:	
		i. Insurable Risk	**03**
		ii. Money Laundering	**02**
		iii. Electronic Clearing System	**02**

Q.2 **(a)** Read the following case and answer: Is it a case of non-disclosure of material facts by the insured? If yes, what made the Court to decide the case in favour of the insured? **07**

"Mr. X took a policy in February 2008. He died within two years, in August 2009. The insurer investigated the claim and found that he had consulted a doctor, and had taken medicine on various occasions in 2006, 2007 and 2008. In the proposal for the question: Have you within the past five years consulted any medical man for any ailment not necessarily confining to your house? The response gien was 'NO'.

The insurer repudiated the claim alleging that the inssured had deliberately suppressed facts about his illness which was a material fact. When the issue was taken to court, the insurer could prove that the insured had been taking medicines and injections but not that he was suffering from any particular disease.

The doctor who gave evidence about the medicines taken also stated 'the diseased was usually of neurasthenic type, that his condition was almost normal. Occasionally took medicines from him and used to make much fuss about even small ailments, and he would be quite upset over such small ailments.'

The judgment was in favour of the claiment."

Hyperchondria: an abnormal condition characterized by a depressed emotional state and imaginary ill health, referable to the physical condition of the body or one of its parts.

(b) What is 'Nomination Facilty'? Give salient features of the nomination facility extended by the banks for deposit accounts. What difficulties does the legal hier may face in claiming the balance in the deceased customer's account in absence of nomination? **07**

OR

	(b)	How does Reserve Bank of India monitor flow of money supply in economy by altering CRR, SLR and Repo rates?	**07**
Q.3	**(a)**	What is priority sector? Which are the sectors considered as priority sector for bank lending? What are the targets fixed by RBI for Priority Sector Lending?	**07**
	(b)	What is 'Banker's Lien'? How is it different than the 'General Lien? What is 'Right of Set Off'? Explain the situations where a banker can exercise this right.	**07**
		OR	
Q.3	**(a)**	What is 'Right of Appropriation'? When is the 'Clayton's Rule' applied? What are the consequences if precautions are not taken to adhere to the provisions of Clayton's Rule?	**07**
	(b)	Enlist important recommendations of Narsimham Committee Report – I for the financial system of India. Do you observe implementation of these recommendations in banking sector?	**07**
Q.4	**(a)**	The need for good service in life insurance is not over emphasised. Elaborate. How can quality be ensured in customer service?	**07**
	(b)	There is strong need for regulation in insurance. Discuss. Elucidate the provisions to protect the interests of the policy holders.	**07**
		OR	
Q.4	**(a)**	What are the conditions to be fulfilled by the claimant in a maturity claim, and death claim?	**07**
	(b)	Why does selling have a special place in life insurance marketing? Describe the stages in the traditional way of selling process.	**07**
Q.5	**(a)**	Whar are insurable risks? How does insurance work as a risk transfer mechanism?	**07**
	(b)	What is 'Annuity'? How the insurers include different options to make annuity plan offers attractive?	**07**
		OR	
Q.5	**(a)**	How do you feel about the impact of Insurance on the country's economy and on the lives of individuals?	**07**
	(b)	What is material fact? Why has it to be disclosed to the insurer?	**07**

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