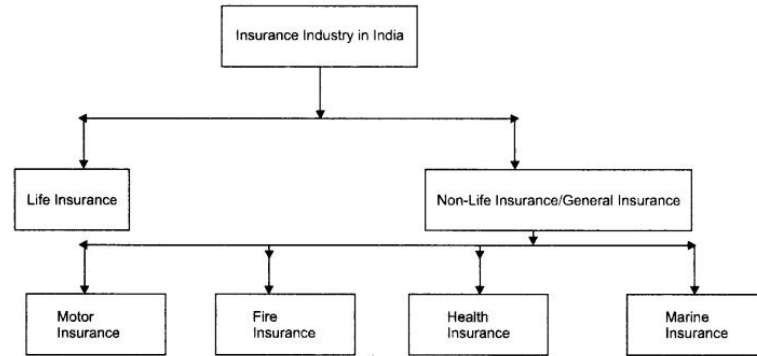




Question 4. Describe various types of insurance and exercise the nature of risks protected by each type of insurance.

Answer: There are many types of insurance. Some of them are shown with the help of diagram given below:



Type of Insurance	Meaning	Type of Risk Covered
Life Insurance	Life Insurance is a contract, under which the insurer in consideration of a premium, agrees to pay a specified amount on the death of the assured, or on the expiry of a certain fixed period, whichever is earlier.	It provides protection to the family at the premature death or gives adequate amount at old age when earning capacity is reduced.

Fire Insurance	Fire Insurance is a contract whereby the insurer, in consideration of the premium paid, undertakes to compensate the insured for any loss that may result due to the occurrence of fire.	Protects the goods against the risk of fire.
Marine Insurance	Marine Insurance is a contract of insurance under which the insurer undertakes to indemnify the insured in the manner and to the extent thereby agreed against marine losses.	Protects the goods against the risk of loss in sea voyage.
Health Insurance	Health Insurance policy is a contract between an insurer and an individual or group, in which the insurer agrees to provide specified health insurance at an agreed upon price (the premium).	Protects against unseen health problems.
Motor Vehicle Insurance	It is a contract whereby the insurer agrees to indemnify the insured, in consideration of a fixed premium, for a loss caused by theft, fire, accident, earthquake etc.	It protects the value of motor vehicles against risk of theft, accident and fire etc. It also covers the owner's liability to compensate who are killed or insured through negligence of the motorist.
Burglary Insurance	It is a contract whereby the insurer agrees to indemnify the insured, in consideration of a fixed premium, of loss due to theft, burglary, house breaking and acts of similar nature.	It covers the risk of loss due to theft, burglary, house breaking and acts of similar nature.

Cattle Insurance	It is a contract whereby a sum of money is secured to the assured in the event of death of animals like bulls, buffaloes, cows and heifers.	It covers risk of death of cattle due to accident, disease or pregnancy.
Crop Insurance	It is a contract to provide financial support to farmers in case of crop failure due to drought or flood.	It covers all risks of loss or damages to the crop.
Sports Insurance	It assures a comprehensive cover available to amateur sportsmen covering their sporting equipment, personal effects, legal liability and personal accident risks.	It is available to following sports: angling, badminton, cricket, golf, lawn tennis, squash, use of sporting gun etc.

Question 5. Explain in detail the warehousing services.

Answer: Primary warehousing services include the following:

1. Consolidation: Warehouse receives and consolidates goods from different production stations and dispatches it to customer on a single transportation shipment.
2. Break the Bulk: Warehouse breaks the bulk received according to the requirements of the client.
3. Stock Piling: The next function of warehousing is the seasonal storage of goods to select business.

Secondary Functions of a Warehouse

1. Protection of goods: A warehouse provides protection to goods from loss or damage due to heat, dust, wind and moisture, etc. It makes special arrangements for different products according to their nature. It cuts down losses due to spoilage and wastage during storage.
2. Risk Bearing: Warehouses take over the risks incidental to storage of goods. Once goods are handed over to the warehousekeeper for storage, the responsibility of these goods passes on to the warehousekeeper. Thus, the risk of loss or damage to goods in storage is borne by the warehousekeeper. Since it is bound to return the goods in good condition, the warehouse becomes responsible for any loss, theft or damage etc., thus, it takes all precautions to prevent any mishap.
3. Financing: When goods are deposited in any warehouse, the depositor gets a receipt, which acts as a proof about the deposit of goods. The warehouses can also issue a document in favour of the owner of the goods, which is called warehouse-keeper's warrant. This warrant is a document of title and can be transferred by simple endorsement and delivery. So while the goods are in custody of the warehousekeeper, the businessmen can obtain loans from banks and other financial institutions keeping this warrant as security. In some cases, warehouses also give advances of money to the depositors for a short period keeping their goods as security.
4. Processing: Certain commodities are not consumed in the form they are produced. Processing is required to make them consumable. For example, paddy is polished, timber is seasoned, and fruits are ripened, etc. Sometimes warehouses also undertake these activities on behalf of the owners.
5. Grading and branding: On request warehouses also perform the functions of grading and branding of goods on behalf of the manufacturer, wholesaler or the importer of goods. It also provides facilities for mixing, blending and packaging of goods for the convenience of handling and sale.

***** END *****