INDIAN SCHOOL AL WADI AL KABIR

Class: XI	**Department: Commerce**	
Worksheet No: 1	**Topic: BUSINESS SERVICES**	

1. Give two examples of Personal Services.

   Tourism, Recreational Services (any other relevant Examples)

2. An NGO providing services of mobile school for slum dwellers. How will you categorize this service?

   Social Service

3. Is ATM card a debit card or credit card?

   Debit Card.

4. Which bank account provides the facility to withdraw more than what is deposited by the account holder?

   Current Account

5. Enlist different types of accounts through which the banks accept deposit from the public

   Savings Account, Fixed Deposit Account, Recurring Deposit Account, Current Account and Multiple Option Deposit Account.

6. Name the bank that controls and coordinates currency and credit policy of any country

   Central bank

7. If you want to invest a lumpsum amount for a longer period of time at a maximum rate of interest, which type of account will you open?

   Fixed Deposit Account

8. Name the account in which there is no limit on deposits and withdrawals by the customer

   Current Account

9. All contract of insurance, including life insurance is a contract of indemnity. Is the statement true or false?

False

10. Mention some uncertainties which can cause damage or losses of property and lives.

    Fire, burglary, death etc.

11. What do you mean by insurable interest?

    It refers to the pecuniary interest in the subject matter of the contract of insurance.

12. Name the principle of insurance which implies that the insurer is liable to compensate loss caused by the insured perils only

    Proximate cause

13. What are the two conditions which must be satisfied before a claim for loss by fire?

    (a) There must be actual loss and

    (b) Fire must be accidental and non – intentional.

14. Name any two private sector and two public sector insurance companies in India

    Private Sector : TATA, AIG life, Bajaj Allianz etc

    Public Sector : LIC, GIC

15. Which principle states that it is the duty of insured to take reasonable steps to minimize the loss or damage to insured party?

    Principle of Mitigation.

16. Insured must disclose the relevant facts related to the subject matter. Identify the principle highlighted here.

    Principle of Utmost Good Faith.

17. Why is Life Insurance not a contract of Indemnity?

    Because loss of human life is not measurable in terms of money.

18. Ram has taken fire insurance policy for his factory unfortunately because of short circuit his factory catches fire. Ram did not call the fire brigade and was not even having fire extinguishers in his factory. He can claim for compensation from insurance company. Is this statement true or false?

    False

19. For how many years a fire and a marine insurance policy is taken?

    Fire insurance – For one year

Marine insurance – For one Voyage

20. Identify the type of insurance which is a safeguard against medical expenses

Health Insurance

21. Fill in the blanks

a) --------Banking------------------- is a type of business services which performs services like buying and selling of shares and debentures on instructions and other personal services like payment of insurance premium, collection of dividends
b) --------Current------------ account is meant for business men.
c) ----------Life Insurance----------------- is not a contract of indemnity.
d) -----------E-Banking----------------- services are helpful to business for establishing links with the outside world viz., suppliers, customers, competitors etc.
e) ------------Warehousing----------- is a process of holding and conservation of goods till they are dispatched to the customers.

22. Choose the correct answer:

i)Identify the type of services provided by banking, insurance, transportation, warehousing and communication.

a. Business services
b. Personal services
c. Social services

ii)Google pay, Pay TM are examples of

a. Prepaid card
b. Bhim
c. Mobile wallet

iii)In the event of loss, the insurer undertakes to put the insured, in the in the same position that he occupied immediately before the happening of the event insured against.

a) Utmost good faith
b) Mitigation
c) Indemnity

iv)It is a payment on behalf of a payer that is guaranteed by the issuing bank.

a) Over draft
b) Bank Draft
c) Cheque

v)It is a special kind of term deposit offered by banks which help people with regular incomes to deposit a fixed amount every month into their account and earn interest at the rate applicable to fixed deposits

a) Fixed deposit
b) Recurring deposit
c) Multiple option deposit.

23.State weather the following information is True or false. If false ,state the correct answer.

a. Recurring deposit account is a type of saving Bank A/c in which deposit in excess of a particular limit gets automatically transferred into Fixed Deposit. and the account holder will get more rate of interest.
False . The answer is Multiple Option Deposit Account
b. Insurance is a contract or agreement under which one party undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified sum of money.
True
c. Cash credit is usually given to the current account holder where in there is a temporary arrangement in the form of a permission granted to the customers to withdraw more than the amount standing to his/her credit.
False. The answer is Bank Overdraft
d. The contract of fire insurance is not a contract of strict indemnity.
False. Only life insurance is not a contract of indemnity
e. Utmost good faith is a contract of insurance is a contract of uberrimae fidei.
True

24.Explain the following briefly:

a. Subrogation
It refers to the right of the insurer to stand in the place of the insured, after settlement of a claim. After the insured is compensated for the loss or damage to the property insured by him/her the right of ownership of such property passes on to the insurer. This is because the insured should not be allowed to make any profit, by selling the damaged property or in the case of lost property being recovered.

b. Bank draft
A bank draft is a payment on behalf of a payer that is guaranteed by the issuing bank.

c. Multiple option deposit
It is a combination of savings account and fixed deposit account which provide specific options to the depositors. It is a type of saving Bank A/c in which deposit in excess of a particular limit gets automatically transferred into Fixed Deposit. and the account holder will get more rate of interest.

d. Bank over draft

A temporary arrangement in the form of a permission granted to the customers to withdraw more than the amount standing to his/her credit.

e. **Fire insurance**

Fire insurance is a contract whereby the insurer, in consideration of the premium paid, undertakes to make good any loss or damage caused by fire up to the amount and period specified in the policy. It is for a period of one year after which it is to be renewed from time to time.

A claim for loss by fire must satisfy the following two conditions:

1. There must be an actual loss and
2. Fire must be accidental and non – intentional.

25. In order to be competitive, business enterprises are becoming more and more dependent on specialised business services. Business enterprises look towards services for availability of funds; It also looks for getting their plant, machinery, goods, etc., insured; and to keep in touch with their vendors, suppliers and customers. From the above given information, identify any explain in detail the types of business services.

Banking Services: A banking company in India is one which performs business of banking which means accepting deposits, for the purpose of lending and investment. These deposits of money from the public is repayable on demand and withdrawn by cheques, draft, order etc….

Insurance: It is a contract or agreement under which one party undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium

6. A banking company in India is one which transacts the business of banking which means accepting, for the purpose of lending and investment of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheques, draft, order or otherwise.
In the light of above given information, explain:

a) Types of accounts offered by bank
b) Types of banking services

Types of accounts offered by bank

Current Account: Current Accounts are basically meant for businessmen .These deposits are the most liquid deposits and there are no limits for number of transactions or the amount of transactions in a given period. Most of the current accounts are opened in the names of firm / company.

Savings account : Savings accounts are for encouraging savings by individuals. Banks pay rate of interest as decided by RBI on these deposits. Withdrawal from these accounts has some restrictions in relation to the amount of transaction as well as number of transaction in a given period.

Fixed Deposit Accounts: Fixed accounts are time deposits with higher rate of interest as compared to the savings accounts. Here the depositors are supposed to continue such Fixed Deposits for the length of time for which the depositor decides to keep the money with the bank.

Recurring deposit accounts: It is suitable for people who do not have lump sum amount of savings, but are ready to save a small amount every month. It is a special kind of term deposit offered by banks which help people with regular incomes to deposit a fixed amount every month into their recurring deposit account and earn interest at the rate applicable to fixed deposits.

Multiple option deposit account : It is a combination of savings account and fixed deposit account which provide specific options to the depositors. It is a type of saving Bank A/c in which deposit in excess of a particular limit gets automatically transferred into Fixed Deposit. and the account holder will get more rate of interest.

Types of banking services

Bank Draft- A bank draft is a payment on behalf of a payer that is guaranteed by the issuing bank.

Bank Overdraft: A temporary arrangement in the form of a permission granted to the customers to withdraw more than the amount standing to his/her credit.

Cash credit-The bank allows the borrower to borrow up to a specified limit. The amount is credited to the account of the borrower. The customer can withdraw this amount as and when he requires. Interest is charged on the amount actually withdrawn.

E-Banking: E-banking is a service provided by banks, that allows a customer to conduct banking transactions, such as managing savings, checking accounts, applying for loans or paying bills over the internet using a personal computer or mobile phones.

27. Soumya is a techno savvy person and uses different types of digital payment methods to make payments for purchases. She uses Aadhaar card to carry out financial transactions on a Micro-ATM by furnishing just their Aadhaar number and verifying it with the help of their fingerprint/iris scan so that she need not have to mention their bank account details to carry out those transactions. She went to a

departmental store to made payment using her debit card at the checkout counter. She uses Google pay to pay her taxi fare. She got Amazon gift card as birthday gift from her parents which she used it to buy a Bluetooth speaker from Amazon.

Identify the types of digital payment used to make different purchases.

Aadhar enabled payment system(AEPS)- Aadhaar Enabled Payment System allows people to carry out financial transactions on a Micro-ATM by furnishing just their Aadhaar number and verifying it with the help of their fingerprint/iris scan. People do not have to mention their bank account details to carry out these transactions. With the help of this payment system, people can send funds from one bank account to another simply through their Aadhaar numbers.

Point of sale- It is the time and place where a retail transaction is completed. At the point of sale, the merchant calculates the amount owed by the customer, prepares an invoice for the customer and indicates the options for the customer to make payment. It is also the point at which a customer makes a payment to the merchant in exchange for goods or after provision of a service.

Mobile Wallets -You can use mobile wallets directly on your smartphone for shopping online, making payments to merchants, sending money to friends & family, examples: pay TM ,google pay Jio Money etc…

Prepaid cards: Prepaid cards are simply a plastic alternative to carrying money around and are often called everyday cards. Gift cards, meal card ,multi wallet card etc are some of the examples.

28.Mr. Naresh bought a fire insurance for his warehouse by giving false information about the goods stored in the warehouse. It is not the warehouse that is insured, but it is the pecuniary interest of the insured in them, which is insured. He thought that in the event of loss, the insurer will compensate him and put him in the in the same position that he occupied immediately before the happening of the event insured against. Since the warehouse was insured, he did not take adequate steps to minimize loss when the warehouse caught fire during last summer. He took double insurance therefore it is the right of an insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for the loss payment.

From the information given above, identify the different types of insurance principles discussed by quoting the line from the above given paragraph.

Mr. Naresh bought a fire insurance for his warehouse by giving false

information about the goods stored in the warehouse.

<u>Utmost good faith</u>: A contract of insurance is a contract of uberrimae fidei i.e., a contract found on utmost good faith. Both the insurer and the insured should display good faith towards each other in regard to the contract. It is the duty of the insured to voluntarily make full, accurate disclosure of all facts, material to the risk being proposed and the insurer to make clear all the terms and conditions in the insurance contract.

It is not the warehouse that is insured, but it is the pecuniary interest of the insured in them, which is insured

<u>Insurable Interest</u>: Insurable interest means some pecuniary interest in the subject matter of the insurance contract. The insured must have an interest in the preservation of the thing or life insured, so that he/she will not suffer financially on the happening of the event against which he/she is insured. In case of insurance of property, insurable interest of the insured in the subject matter of the insurance must exist at the time of happening of the event. In order to name insurable interest however, it is not necessary that one should be the owner of the property. For example, a trustee holding property on behalf of others has an insurable interest in the property

He thought that in the event of loss, the insurer will compensate him and put him in the in the same position that he occupied immediately before the happening of the event insured against

<u>Indemnity</u>: According to it, 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. In other words the insurer undertakes to compensate the insured for the loss caused to him/her due to damage or destruction of property insured. The compensation payable and the loss suffered are to be measured in terms of money. The principle of indemnity is not applicable to life insurance

Since the warehouse was insured, he did not take adequate steps to minimize loss when the ware house caught fire during last summer

<u>Mitigation</u>: This principle states that it is the duty of the insured to take reasonable steps to minimise the loss or damage to the insured property. Suppose goods kept in a store house catch fire then the owner of the goods should try to recover the goods and save them from fire to minimise the loss or damage. The insured must behave with great prudence and not be careless just because there is an insurance cover. If reasonable care is not taken like any prudent person then the claim from the insurance company may be lost.

He took double insurance therefore it is the right of an insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for the loss payment.

Contribution: As per this principle it is the right of an insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for the loss of payment. It implies, that in case of double insurance, the insurers are to share the losses in proportion to the amount assured by each of them. In case there is a loss, when there is more than one policy on the same property, the insured will have no right to recover more than the full amount of his actual loss. If the full amount is recovered from one insurer the right to obtain further payment from the other insurer will cease.

29.What are the different types of insurance?

LIFE INSURANCE: Life insurance may be defined as a contract in which the insurer in consideration of a certain premium, either in a lump sum or by other periodical payments, agrees to pay to the assured, or to the person for whose benefit the policy is taken, the assured sum of money, on the happening of a specified event contingent on the human life or at the expiry of certain period. The agreement or contract which contains all the terms and conditions is put in writing and such document is called the policy. The person whose life is insured is called the assured. The insurance company is the insurer and the consideration paid by the assured is the premium. The premium can be paid periodically in instalments. This insurance provides protection to the family at the premature death or gives adequate amount at old age when earning capacities are reduced. The insurance is not only a protection but is a sort of investment because a certain sum is returnable to the insured at the time of death or at the expiry of a certain period. Life insurance also encourages savings as the amount of premium has to be paid regularly. It thus, provides a sense of security to the insured and his dependents.

FIRE INSURANCE : Fire insurance is a contract whereby the insurer, in consideration of the premium paid, undertakes to make good any loss or damage caused by fire up to the amount and period specified in the policy. It is for a period of one year after which it is to be renewed from time to time.

A claim for loss by fire must satisfy the following two conditions:

3. There must be an actual loss and
4. Fire must be accidental and non – intentional.

MARINE INSURANCE: A marine insurance contract is an agreement whereby the insurer undertakes to indemnify the insured in the manner and to the extent thereby agreed against marine losses. Marine insurance provides protection against loss by marine perils or perils of the sea. Marine perils are collision of ship with the rock, or ship attacked by the enemies, fire and captured by pirates and actions of the captains and crew of the ship. These perils cause damage, destruction or disappearance of the ship and cargo and non-payment of freight. Marine insurance insures ship hull, cargo and freight.

HEALTH INSURANCE : An 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.

Health insurance usually provides either direct payment or reimbursement for expenses associated with the illness and injuries.

30.Explain different types fundamental principles of insurance.

Proximate cause: According to this principle, an insurance policy is designed to provide compensation only for such losses as are caused by the perils which are stated in the policy. When the loss is the result of two or more causes, the proximate cause means the direct, the most dominant and most effective cause of which the loss is the natural consequence. In case of loss arising out of any mishap, the most proximate cause of the mishap should be taken into consideration

Subrogation: It refers to the right of the insurer to stand in the place of the insured, after settlement of a claim. After the insured is compensated for the loss or damage to the property insured by him/her the right of ownership of such property passes on to the insurer. This is because the insured should not be allowed to make any profit, by selling the damaged property or in the case of lost property being recovered.

(Other principles please refer to 28th Answer)

31. The person whose life is insured is called the **assured.**

32. In case there is a loss, when there is more than one policy on the same property, the insured will have no right to recover more than the full amount of his actual loss. Identify the principle of insurance and explain.

A. Contribution

As per this principle it is the right of an insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for the loss of payment.

33. Suppose goods kept in a store house catch fire then the owner of the goods should try to recover the goods and save them from fire to minimise the loss or damage. The insured must behave with great prudence and not be careless just because there is an insurance cover. Identify the principle of insurance and explain.

A. Mitigation

This principle states that it is the duty of the insured to take reasonable steps to minimise the loss or damage to the insured property.