

Motor Insurance (OD +TP) INS-305

All the caselets are compulsory. Each contains 10 marks.

Caselets -1

A car running at a very high speed, lost control and collided with a road side tree on the left flank of the road on the Mathura highway close to Palwal and then ricocheted and rammed against a goods carrying vehicle coming from the opposite direction. It was a fatal accident. Many people died and injured. An occupant of the car called Sudesh died as his head was hit by the goods carrying vehicle. The driver of the car, Munawar died the moment the car hit the tree.

Three coolies, Anwar, Masood and Hari were grievously injured. Hari died by the time he was taken to a nearby hospital in Palwal. Anwar and Masood, though grievously injured, survived due to immediate treatment, they received. Brajlal, the driver of the goods carrying vehicle sustained grievous injury. He was first shifted to Palwal hospital but after three days, he was shifted to a Delhi hospital. He battled for 20 days but unfortunately succumbed to his injury on the 21st day. Munish travelling in the goods carrying vehicle as a passenger also died in the accident.

Rohit was standing on the paddy field; adjacent to the highway, near the place of accident was hit by a door of the car which flung out of the car as a result of the accident. Rohit was hit in the head and was in critical condition for many days but finally survived. His bike also parked in the paddy field was hit by the door and was damaged.

The car was insured for liability risk alone, whereas the Goods carrying vehicle was comprehensively insured.

Answer the below mentioned questions with reference to MV Act, 1988 and Motor Vehicles (Amendment) Act, 2019 respectively. Answer the questions with adequate reference to various provisions of the above two Acts.

Question 1- Munawar died as his head was hit by the tree. Would he be considered third party in this case?

Question 2- Would Brajlal be considered third party for the goods carrying vehicle?

Question 3- Would Munish be considered third party for the goods carrying vehicle?

Question 4 – Would Anwar, Masood and Hari be compensated for their injuries /death by the owner or insurer of the goods carrier?

Question 5- Would Rohit be compensated by the owner or insurer of the car, for his injury, though he was standing in the paddy field at the material time of accident?

Question 6- What would be the limit of compensation in case of death according to both the above acts?

Caselets- 2

A three year old Dezi car (1997 model) insured with IDV 5, 42,000/- with ABC Company met with an accident near Rohtas. The car collided against a road divider and then turned turtled as the driver tried to negotiate a sharp turn. Various parts were damaged. Both the front doors, bonnet, fenders, bumper, radiator were damaged badly. The insurer compensated the loss worth Rs78,000/-. The insured Hari Prasad even then had to shell out Rs.15000/- towards depreciation of parts. One door was repaired and refitted with dent beating and painting. On painting also, depreciation was charged. The same vehicle after the above accident met with a grievous accident. The vehicle was declared total loss. To his amusement, Hari Prasad found no depreciation was deducted. He was unable to understand the reason behind the two modes of settlement.

Q- As a consultant, how would you advise your client to deal with this problem of huge depreciation outgo? You have to also make the client understand various conditions attached in the options you suggest. Also clear Hari Prasad's doubt as to why no depreciation is charged in case of total loss.

Caselets - 3

Raman purchased a car by taking loan from ABC bank. The total cost of the vehicle was Rs.7 lac. He took a loan of 3 lac. He got his new vehicle insured on 3rd July, 2019, the day he purchased the car with XYZ Company. He took the possession of the vehicle on 5th July, 2019. In the meantime, the banker ABC also insured the vehicle with MNO Company on 4th July, 2019. Raman came to know about the policy taken by his banker on 20th August, 2019. He wants to cancel either of two policies taken on his same vehicle by different insurers on 20th August, 2019. The premium charged without tax is Rs.5600/- in case of the first policy and Rs.5400/- in case of the second policy. In both the cases, the liability premium was Rs.2000/- respectively.

Q-1 which of the two policies can be cancelled? How would the premium be adjusted? Calculate the same.

Q-2 Can the earlier policy be cancelled? In what circumstances, the earlier policy can be cancelled? How would the premium be adjusted? Calculate the same.

Q-3 A claim was reported on 18th August. Can any of the two policies be cancelled? If so, explain the procedure of such cancellation.

