

PGDM (IBM), 2019-21

Liability Insurance

INS-401

Trimester-IV, End-Term Examination: September 2020

Time allowed: 2 Hrs 30 Mins
Max Marks: 50

Roll No:-----

Instruction: Students are required to write Roll No on every page of the question paper, Writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of the Admit Card should be followed meticulously.

Please attempt all 3 questions

Section A

30 Marks

A-1 (a) M C Mehta VS Union of India 1986 case reinforced the principle of Strict Liability and held the Company officials personally responsible for compensation payment. What is the significance of this case vis a vis Public Liability issues in India? **CILO 2 10**

OR

A-1 (b) Negligence is defined as the breach of a duty caused by the omission to do something which a reasonable man, guided upon those considerations which ordinarily regulate the conduct of human affairs, would do, or the doing something which a prudent and reasonable man would not do. Elaborate upon the premise with suitable case studies. **10**

A-2 (a) The Liability policy triggers when a bodily injury or property damage occurs. How can one argue this statement? Cite examples to argue your case. **CILO 1 10**

OR

A-2 (b) The POSI has come of age when we discuss the prospectus insurance. Please draft a suitable cover for the IPO being planned out for the Life Insurance Corporation of India. **10**

PTO

A-3 (a) Trade credit insurance is a financial management tool that safeguards your company against losses sustained arising from the non-payment of trade related debts. It is also a tool to help you manage your risks. As a prudent underwriter, please explain your predicaments when you discuss the Trade Credit Insurance policies. 10

OR

A-3 (a) Mr. Banshi Prasad is one of the directors in XYZ Ltd. One of the shareholders of XYZ company recently filed a complaint against Banshi Prasad for taking a decision that were detrimental to the long term prospects of XYZ Ltd. The decision related to the announcement of a project just before XYZ Ltd was going public for additional capital. Can Insurers help out XYZ Ltd on these allegations ? Please cite relevant details with examples.

CILO 4 10

Section B

Compulsory Questions. Each question carries 10 marks.

2*10 =20

CILO 2,3,4.

B-1 The facts of the case - the duty of Ramesh Driver is to drive the Owners' car. After coming back from a long leave, Ramesh could not join the duty and asked Satiraman, a peon in the office to drive the owner for a day.

In the course of the day, while driving the owner back to home, Satiraman meets with an accident, and dies.

The WC Commissioner held that the injury to the workman arose by accident out of and in the course of employment.

(a) What is the meaning of "in the course of employment" ? 3

(b) Should the claim be paid in the above case ? Why ? 3

(c) What is the significance of Mangala Ben v. Dalip Motwani, 1998 LLR 656 case here ? 4

PTO

B-2 Please compute the losses under a Products Recall Policy with the following details:

INR in Million

Sum Insured - 50 Million

Losses under the following heads:

- Communications: 2
- Advertisements 4
- Cost of shipping: 7
- Product Recall Expense Liability 10
- Consultants Cost 0.75
- Additional Space at Warehouse 1
- Actual Cost of disposal 17
- Hiring of additional manpower 2.75
- Medical Expenses of Victims 3
- Loss of Consortium 2.50

10 marks
