

PGDM-IBM, 2020-22
Sub.: Insurance Laws and Regulations
Paper Code: INS-102
Trimester-I, End Term Examinations: October-2020

Time Allowed: 2½ hrs.

Roll No.: _____

Marks: 50

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 Admit Card should be followed meticulously.

Sections	No. Of Questions to attempt	Marks	Total Marks
A	Minimum 3 question with internal choices and CILO (Course Intended Learning Outcome) covered Or Maximum 6 questions with internal choices and CILO covered (as an example)	3*10 6*5	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

Section A

A1. (a) You are working as a Training Manager in an insurance company. You are being deputed to instruct the salient points of the Law of Contract (as applicable to Insurance) to the new executive joinees. **You want to start with briefing them comprehensively on the major principles underlying the Law of Contract. What will you be telling the trainees?** (CILO-1) **[10]**

Or

A1. (b) You as a company trainer have been assigned to instruct a batch of new joinee executives **about the legal basis for lawsuits covering tort law regulations, strict liability and contractual liability. What will you be briefng them?** (CILO-1) **[10]**

A2. (a) You are a senior Insurance company executive. A group of professionals who are planning to start a TPA service want to offer their services to your company. As you want to test the proposed company on their procedural soundness, you are directing them to narrate the Code of Conduct that they as a TPA would follow in their company. **What are the seven or eight Principles in the Code of Conduct of TPAs that you would like to hear from them in their presentation?** (CILO-2) **[10]**

Or

A2. (b) You as a young officer in a life insurance company who has been given the task of briefing a new group of agent trainees on **the procedures involved in the death claim settlement (early as well as regular) in a life Insurance company. What will you be telling them?** (CILO-2)

[10]

A3. (a) You are given the responsibility of briefing young executives in the claims department in your company on **the procedures that a District Forum of Consumer Disputes Redressal adopts once it receives a complaint** (CILO-3)

[10]

Or

A3. (b) You have been asked to explain to a group of new joiners in your Insurance Company **the constitution and powers of Insurance Ombudsman and how It functions. What will you be telling them?** (CILO-3)

[10]

Section B

Compulsory Case Studies I & II:-

Total Marks: [20]

Case-I

Insurance firm told to pay Rs 13 lakh for deficiency in service

District consumer disputes redressal forum-I, Chandigarh, has held United India insurance company of deficiency in its services and directed it to pay a compensation of Rs 13,29,794 to the complainant.

According to the complaint, Sameer Gupta, resident of Sector 18 and owner of an industrial unit, had got a burglary insurance policy from the United India Insurance for a sum assured of Rs 60 lakh. The policy was valid from March 31, 2009 to March 30, 2010; and it covered the risk of stock, raw material, semi finished and finished goods and also the machinery and the plant.

"On March 23, 2010, a major theft was held at the factory of Sameer in Industrial Area, Phase-I in Chandigarh. A police case was registered and after evaluation it was found that the stock of zinc raw material, worth Rs. 13-14 lakh was stolen," said the complainant's lawyer.

He added, "We had submitted untraced report with the insurance company. The insurance company was also informed about the exact details of the loss. Besides, we submitted all the requisite documents to the surveyor, who assured expeditious settlement of the claim but the

company started delaying the matter." They later repudiated the claim on various frivolous grounds and therefore we approached the forum.

During the arguments, the insurance company's lawyer stated that the investigation has revealed that there was no use of force for entering the factory premises and the door was opened by one of the employees. There was a condition of the policy that the claim is only payable, when there is an application of force for entering the premises with a purpose of theft. However, after listening to the arguments, the forum held the insurance company guilty of being deficient in services and directed it to pay a compensation of Rs 13,29,794 to the complainant. (CILO-2 & 3)

Answer the following questions: - [10]

Q1. What was the substance of the complaint by Sameer Gupta? [5]

Q2. Why did the District Forum permit the payment of the compensation under the claim? [5]

[5]

Case-II

Insurance firm fined Rs 2 lakh

The Delhi State Consumer Commission has ordered an insurance company to pay over Rs 2 lakh as damages to a man injured in a road mishap involving his Honda City car, dismissing the firm's contention that it was a case of drunken driving. A bench of Justice Barkat Ali Zaidi and member Kanwal Inder, while upholding the Delhi district consumer forum's order, ordered New India Assurance Company to pay a total compensation of Rs 2,14,528 to vehicle owner Ravi Narang.

Narang had met with the accident on national highway near Gurgaon in 2004. The mishap had resulted in injuries to him, besides damages to the car. The company (Honda) workshop had estimated a loss of over Rs 7 lakh as damages, while Narang had claimed a loss of Rs 3.32 lakh from the insurance company.

The consumer commission asked the insurance firm to pay damages to Narang dismissing its appeal, which contended that he was drunk while driving the car. The bench noted that none of the purported medical reports of the complainant, placed on record by the insurance firm, contained the name of the injured person or patient. "Therefore how can it be said that they relate to the complainant. No affidavit has been filed by the doctor to prove these reports in evidence," the bench said. "For these reasons, it can be safely said that these documents do not help in any manner to substantiate the contention of the appellant

(insurance company) that the complainant was driving the vehicle at the time of accident in a drunken state and his case therefore falls under the Exception Clause of the Insurance Agreement," it said.

The company had contended that the 'Exclusion Clause' of the insurance policy stipulated that if the owner of the vehicle is driving vehicle in a drunken state, he is not entitled for insurance claim. (CILO-2 & 3)

Answer the following questions: - [10]

Q1. What deficiency do you note in the way in which the insurance company had produced the evidence to prove its case? [5]

Q2. Do you think whether there is any need to modify the existing "Exclusion Clause" and if so, in what manner? [5]
