

**PGDM (IBM), 2020-22**  
**Property-I (Fire & Consequential Loss)**  
**INS-206**  
**Trimester-II, End-Term Examination: January 2021**

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.

Section A

**Attempt all 3 questions. Each question carries 10 marks.**

**3\*10 =30**

A-1 The Fire Triangle is a way of expressing our dis satisfaction about the reasons for Fire. Please discuss the same with the features of a Fire Insurance Policy.

OR

CILO 1

A-1 We categorise the exclusions under the SFSP policy under 4 heads. Elaborate with examples for each category.

A-2 The financiers interest in the property is protected by the Insurers. Please explain how this is done. Are there any other such clauses available for the Fire Insurance Policy ?

OR

CILO 3

A-2. Identify the Loss Prevention Measures with case studies and discuss the benefits of Fire Safety measures.

A-3 What is the concept of Exclusions in Fire Insurance? What is the relevance of these exclusions, please discuss with examples?

OR

CILO 2

A-3 How do we define "Fire" for the purposes of Fire Insurance? What are the sources of Ignition ?

**P.T.O**

Section B

**Compulsory Question**

CILO 1,2,3,4 20 marks

B-1 Please compute the premium for the following risk.

10 marks

S No	Description	Sum Insured
1	Factory Building	10,00,000
2	Plant & Machinery	75,00,000
3	Furniture and Fixtures	5,00,000
4	Raw Material	30,00,000
5	Goods in Progress	30,00,000

The client wants an SFSP policy including STFI with a cover for EQ.

No claims in the last 3 years, excellent housekeeping and maintenance. Risk inspection and follow up done every year. Sprinklers spread across the factory, and sand buckets are there.

The property is in Jharia, Dhanbad, Jharkhand. The EQ zone is III.

Due to non-availability of hand held FEA, the client is not entitled to a discount of 5%, though a Tariff discount of 25% could be allowed if the Underwriter is convinced about the risk being "good risk".

**Earthquake rates to be charged**

For Earthquake, the rates have been adopted zone wise and Industrial and non-industrial wise which is as under. The Zones are classified as per the current zones in the erstwhile tariff.

Zone	IV	III	II	I
Dwellings other than Co-operative Housing Society	0.05	0.05	0.05	0.05
Non-Industrial - Co-operative Housing Society, Hotels, Shops as per Section-III of erstwhile Tariff	0.05	0.10	0.15	0.25
Industrial – including Standalone Storage outside the manufacturing units, Utilities outside the manufacturing units.	0.05	0.10	0.25	0.50

The AIFT premium rate for the SFSP risk is 1.35%.

- 1) Calculate the premium. 7 marks
- 2) Can we design any other incentive for the client, please elaborate? 3 marks

B-2 The above client also wants an FLOP cover for 15,00,000 with an indemnity period of 6 months. The discounting structure remains same.

- a) What is the basis rate and the premium? 7 marks
- b) During the indemnity period, there was a loss of revenues on account of the heating of the ground due to underground coal burning. How much claim is payable? 3 marks

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