

PGDM & PGDM (IB), 2020-22
Insurance & Risk Management
DM-361/IB-361
Trimester – III, End-Term Examination: April 2021

Time allowed: 2 Hrs 30 Min

Roll No: _____

Max Marks: 50

Instruction: Students are required to write Roll No on every page of the Answer Sheet. All other instructions on the question paper / notifications 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 Or 6*5	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

Section A

Q-1 A

(10 marks)

A brand new car, only five days old valued at 10 Lakhs was involved in an accident and killed a person. Abhisekh, the owner, of the vehicle doesn't want to keep the vehicle as he considers it inauspicious. However, when he sells his car, he only gets 8 Lakhs. Abhisekh prefers a claim, demanding a loss of market value of 2 Lakhs. He cites this accident as the proximate cause to justify his claim. Abhisekh is very certain that the claim was payable as per the policy issued to him.

Is Abhisekh right in his interpretation of the policy terms and exclusions? As a claims manager, how would you deal with this claim? **(CILO2)**

Or

Q-1B) A theft claim took place in a warehouse during the process of riot and strike. Roshan, the owner of the godown has taken a fire cover for this godown. As a consultant, advise Roshan about the admissibility of this claim. **(CILO2)**

Q-2 – (CILO-1)

- a) Describe the various perils covered in Fire policy (5 marks)
- b) Describe the various exclusions covered in Fire policy. (5marks)

Or

Q-2 - (CILO-1)

- a) Describe the various perils of Private Motor Insurance policy with examples (5marks)
- b) Describe the various exclusions and exceptions of Private Motor Insurance policy(5 marks)

Q-3 - (CILO-3)

Austin who took over his business from his father wants a claims-made policy that with “Full Prior Acts” coverage. He considers it advantageous for various reasons. For coverage to apply, the claim must be made after the policy inception and during the policy period, regardless of when the incident occurred. However, such a policy still does not cover incidents that are known at policy inception and could give rise to a claim in the future. These must be disclosed on the application and are not covered.

However, the insurance company wishes to offer “Prior Acts” coverage instead of “Full Prior Acts.”

- (a) Mention the plausible reason behind Austin trying to get Full Prior Act policy? Clearly stipulate the implications of this coverage with an example. (5 marks)
- (b) Explain the reason behind the insurer insisting on Prior Act Coverage? Examine the implications of this cover with an examples. (5 marks)

Or

Q-3 - (CILO-3)

- (a) ‘An uncertain future outcome that can either improve or worsen your position’. Describe the concept of ‘Risk’ in light of the above definition. (5 marks)

Or

- (b) ‘There has been a distinct departure from traditional risk identification process that highlighted loss exposures having negative risks. Today’s organizations look at risks with positive potentials as well’. As a risk consultant, how would you help an organization to imbibe and adopt positive potentials of risks. (5 marks)

Section B

Compulsory Case Study

CASE - (CILO3)

An insured took a Product liability policy with retroactive date 01.01 2015. The sum insureds per event and aggregate were \$20,000/- and \$60,000/- respectively.

A claim was reported on 18 July, 2020 about a loss of o \$ 20,000/- which took place sometime around November 2016. Meanwhile, the insured increased the sum insured in 2017 and chose \$45,000/- and \$75,000/- for per event sum insured and aggregate sum insured respectively.

a) Expound with examples, the manner in which the above claim will be assessed in case of Full Prior Act policy? What would be the amount paid? Advise your underwriter the appropriate steps that should be taken at the time of enhancement of the sum insured. (5 marks)

b) Describe the manner in which, this claim be assessed in case of Prior Act policy? (5 marks)

Q-2 (CILO3)

Messy a trader wants to send his consignment from Barcelona to Madrid on a CFR basis. The consignment is worth USD 56000/-

a) From which point, the seller would arrange the freight, insurance etc. and his rationale behind doing the same? (5 marks)

b) Who is supposed to bear the loss or damage to the goods? – Clearly mention the different points at which the risks get transferred from the seller to buyer? (5marks)
