

PGDM- (IBM), 2021-23
Liability Insurance
INS 406
Trimester – IV, End-Term Examination: September 2022

Roll No: _____

Time allowed: 2 Hrs
Max Marks: 40

Instruction: Students are required to write Roll No on every page of the Answer Sheet. All other instructions on the question paper / admit card should be followed meticulously.

Section A

Please attempt all 4 questions

Max Marks 20
(4*5=20)

CO 1

1 a. A Liability policy triggers when a bodily injury or property damage occurs. How can one argue this statement? Cite examples and case studies to argue your case.

5

OR

CO 1

1 b. There are certain commonalities that we see between the cases of Ryland Vs Fletcher and the case of Shri Ram Foods and Fertilisers Industries. The two cases belong to 2 different geographies. Your interpretations.

5

CO 2

2 a. The watch manufacturing company XYZ received a complaint that probably due to faulty battery in the watch, the watch did not function correctly. The watch company is very ethical and would like to ensure that the clients do not suffer difficulties. Will you suggest a Product Recall exercise? If yes, what are the necessary steps, expenses that you would need to account for? If no, how do you propose to remove the grievances of the clients?

5

OR

CO 2

2 b. The “Multimodal Transport Operators policy is a boon to the frequent shippers.” Give your opinion with relevant cases and examples.

5

CO 3

3 a. “In a D & O policy, the probability of a claim being paid hinges on the correct interpretation of the words “wrongful act”. Cite cases and examples of interpretation of the words.

5

OR

CO 3

3 b. The facts of N. L. Malhari Vs. Post Master General Bangalore in Karnataka High Court are in the public domain. What are the facts of the case and how do we relate this to the real life situations? Cases and examples should be quoted for clarity.

5

PTO.....2

4 a. "The Cyber-crimes have increased exponentially and one of the reasons is the increase in the usage of the mobile phones". What are cyber-crimes and how should we tackle the same? CO 3,4
5

OR

4 b. "The PLI Act was introduced in India to outsource the Governments' responsibility." Do you agree? Cite relevant cases and examples in support of your statement. CO 3,4
5

Section B

Compulsory Questions. Each question carries 10 marks. 2*10 =20 CO 3,4

B-1

A plastics manufacturing company wants a Public Liability Act only cover for a limit of liability at Rs. 10 crores. The AOA: AOY stands at 2:1. The company has had 3 claims pertaining to Fire, and Burglary in the last 2 years and 1 Marine claim pending for settlement. It has 200 employees working on the factory floor and 20 in the admin role. The turnover is Rs. 100 crores and there are only 2 locations, both on the banks of a river. There are fire extinguishing appliances spread across the factory. The Broker has suggested a premium rate of 0.925 per mille, with an option of loading the premium for adverse claims.

- (a) Will you load the premium --- Yes / No and why 2
(a) Compute the premium with loaded / unloaded premium rate with explanation. 4
(b) A claim of Rs.25 crores has been reported. How is the claim apportioned? 4

B-2

CO 3,4

Go Digit Insurance Company is coming out with a red herring prospectus followed by an IPO.

A) Begin with an explanation of the POSI insurance.

B) You are the Insurance Consultant for this project. To explain better, draft a letter to the CEO of Go Digit, explaining your proposition including the various steps to be taken and the benefits of those steps being explained. If a peril is being left uncovered, explain it to the CEO, as to why is it being done.

3+7
