

PGDM (Insurance Business) 2014-16

Sub.: Insurance Laws

(Code-INS-102)

Trimester I., End-Term Examination, September, 2014

Time: 2½ hrs.

Maximum Marks: 50

Instruction: Students are required to write roll number on every page of the question paper. Writing anything except the roll number will be treated as Unfair Means. In case of rough work to be done, students may use answer sheet.

Roll No.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section-A

[Note: Answer 3 out of the 5 Questions below. Each Question carries 5 marks and word limit per question is 200. [15]

- A1. 'Judiciary in India is independent and powerful'. Discuss the statement mentioning the jurisdictions of courts at different levels.
- A2. Explain whether insurance has the elements of a valid contract. How does it compare with a wagering contract?
- A3. Why is Ombudsman said to be a 'quasi-judicial authority'? What are his functions and powers?
- A4. What are the provisions of Sec. 64VB of Insurance Act 1938 relating to payment of premium?
- A5. Differentiate between the functions of a direct broker and a reinsurance broker as per IRDA regulations.

Section-B

[Note: Answer 2 out of the 3 Questions below. Each Question carries 10 marks and word limit per question is 500. [20]

- B1. a) What is assignment and what are its kinds? How is assignment done?
b) What are the license fees, capital and the corporate structure required for a T.P.A.?
- B2. a) Briefly describe the 3 tier system for redressing consumer disputes. Explain their Composition and jurisdictions.
b) What kind of conduct is required by IRDA in respect of an insurance agent?

Contd.2/-

B3. Write short notes on any five of the following-

- (i) Judicial precedent
- (ii) Prohibition of rebates
- (iii) Doctrine of Reasonable Expectation
- (iv) Rights of consumers
- (v) Burden of Proof
- (vi) Effect of Acknowledgment on limitation suit
- (vii) *Ad-valorem* stamp duty

Section-C

Case Study Compulsory

Marks: 15

A. Amit, your brilliant schoolmate chose to pursue technical studies after school and graduated in Mechanical Engineering. He comes to know that you have successfully completed your professional studies and are working in a good managerial position in the insurance industry. He writes to you seeking your guidance in respect of a professional career for himself. He says he would not aspire to be employed but rather be a free lancer with work that involves a lot of field activity and making use of his technical skills. He does not want to restrict his progress and earnings. Can you guide him towards a suitable career in relation to insurance industry? Give him elaborate details on various aspects of what he will be required to do for entering it and also what will be the duties and responsibilities of him. (9)

B. Rajesh Yadav, a resident of Pinjore was the owner and possessor of a Daewoo Cielo Car of 1997 model. The car was insured by National Insurance Company for a sum of Rs 1,40,000 in the name of T.K. Bansal, Chandigarh. Yadav, who had purchased the car from Bansal, had applied for transfer of insurance in his name through a letter dated December 23, 2002, which was reportedly received by the insurance company.

In a complaint Yadav alleged that the insurance company did not transfer the policy in his name till April 20, 2003. Meanwhile, the vehicle met with an accident on December 31, 2002, on the Kalka-Shimla Road and reportedly suffered a damage to the tune of Rs 1,45,583/-.

When Yadav contacted the insurance company to pay the amount for the damages caused to his car, the company denied the claim stating that the company was not liable to pay the amount as the complainant was not insured on the date of loss.

After listening to both counsels, the Forum concluded that the insurance company was not right in repudiating the claim as the complainant had already filed application for transfer of insurance on December 23.

The Forum directed the company to pay a compensation of Rs 59,242/- to Rajesh Yadav for the damages. It also granted Rs 2,500/- as costs of litigation to Yadav.

Questions-

- i) On what plea did the insurance company refuse the claim?
- ii) Why did the Forum order in favour of Yadav?
- iii) Why costs of litigation (at Rs.2500/-) were allowed to complainant?
- iv) What is your critical comment on this case?

(6)