

PGDM (Insurance Business) 2016-18

Adv. Insurance Laws (Elective)

INS-404-D

Trimester – IV, End-Term Examination, September, 2017

Time allowed: 2½ Hours

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**. In case of rough work please use answer sheet.

Note :- Please be relevant and brief in your answers.

- Section C is compulsory.

- Do not write anything on this question paper except your roll no.

Section-A

There are 5 questions in this section. Attempt any 3 questions. Each question carries 5 marks.

- A-1. What are mutual insurance companies? Explain the difference between stock company and a mutual company?
- A-2. The tribunal held that there was no consensus ad idem to the original contract, and that it was therefore not enforceable. Explain the above statement with relevance to 'Consensus ad idem'
- A-3. You are an insurance broker. Your agency agreement with one of your insurers has just been terminated by mutual agreement. Explain the legal implications of the New business quotations that have been provided to potential clients and which are within the 30 day validation period
- A-4. You are a claims officer of an insurer who has provided household combined insurance for domestic property which comprises buildings and contents cover. The owner moves out of the property and rents it to a close friend. Subsequently, a fire claim has been notified. Also, the property is occupied by the tenant on an unfurnished contract basis. The insurer finds out that the property owner has never disclosed the change of occupancy to the insurer. Explain with justification the impact of insurable interest on the claim made by the property owner.
- A-5. An employee is injured in the factory whilst undertaking his employment but the injury is not recorded because it is not deemed serious. Two months later the employee is medically signed off work as a consequence of the injury. The employee makes a claim, for his injury, against Ahmed who then notifies his insurer. Explain with justification the effects of the failure to record the injury and the late notification to the insurer of the injury. Refer to one relevant case

Cont./2-

Section-B

[Note: Answer 2 out of the 3 Questions below. Each Question carries 10 marks.]

- B1. Distinguish between the express terms of a contract and implied terms. In what ways may implied terms become part of a contract?
- B2. Sandra, a sales representative for the Abstruse Book Company (ABC), calls at Annie's house and invites her to sign a form, saying that it will give her free entry to a competition in which she could win £10,000. This is true; but the form also contains an agreement to purchase a 21 volume History of the Roman Empire, with payment of £1,500 in advance. Annie, who is elderly and uneducated, has mislaid her spectacles and signs the form without reading it. When ABC demand £1,500 for the books, Annie refuses to pay. Is she entitled to do so? Give reasons for your answer.
- B3. Outline the main provisions of the Contracts (Rights of Third Parties) Act 1999, and state their general effect. What effect, if any, does this legislation have on insurance?

Section-C

Case Study

15 Marks

Garry Low, a wealthy businessman, wishes to arrange the following insurance policies in his own name. In each case discuss whether the contract is likely to be valid under English law. Where appropriate, quote case law in support of your answer.

- a. A policy covering a jewelled Rolex watch, worth £50,000, that Garry bought in Hong Kong and brought into the UK without paying the import taxes that were due. (3 marks)
- b. A policy on the life of Tony Bent, MP, a business associate and powerful political ally of Garry. Bent, who is a potential future Prime Minister, is in favour of slashing the tax burden on very rich people. (3 marks)
- c. A policy on the life of Garry's uncle Stanley, aged 75, who has promised to give Garry £1m on his (Stanley's) 80th birthday provided Garry stops complaining about how poor he is. (3 marks)
- d. A policy on his country mansion 'Lowlands', worth £15m. Garry has recently transferred ownership of the house to a private company, Lowlife Securities, in which he is the principal shareholder. (3 marks)
- e. A policy on the life of Daniel Liebfraumilch, a celebrated but elderly architect whom Garry has engaged to remodel 'Lowlands' under a one-year contract. (3 marks)
- f. A life insurance policy on the life of Garry's mother, Barbara, who looks after the house for him. Garry pays his mother a monthly allowance in recognition of this. (3 marks)