

PGDM (Insurance Business) 2015-17

Advance Insurance Laws
INS -404C

Trimester – IV, End-Term Examination, September, 2016

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. (Min. 150 words)

- A-1. How does a partnership firm differs from a limited company ? List any five such points.
- A-2. Distinguish between a warranty and a condition in the general law of contract. Supplement it with some example from insurance domain.
- A-3. What are the main limitation periods in the law of torts ? Why is it required ?
- A-4. What is meant when it is said the duty of good faith in insurance is reciprocal ? How does the law define a material fact in business insurance ?
- A-5. What are the two main methods for calculating the ratio of contribution ? Explain with suitable example.

Section-B

[Note: Answer 2 out of the 3 Questions below. Each Question carries 10 marks. (Min. 250 words)

[2x10=20]

- B-1. What are the things/ matters which can make a contract defective ? Explain them with suitable examples.
- B-2. What are the duties, right and authority of an agent ? Explain these with suitable examples drawn preferably from insurance domain.
- B-3. What is subrogation ? Why does the law allow subrogation ? What are the three main sources of subrogation rights ?

P.T.O.

Mark owns and operates a factory for which he has a commercial combined insurance policy. One of the areas within the factory is currently being used for the storage of stolen goods. The following events occur:

- A fire, resulting in damage to the building, is caused by rubbish stacked against an outside wall of the building. There is a warranty on the policy requiring rubbish to be kept at least 15 meters away from the building. Mark makes a claim, to the insurer, for the fire.
- 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 Mark who then notifies his insurer.

(a) Explain with justification why the cover might be prejudiced due to the rubbish being kept against an outside wall of the building. Refer to **one** relevant case. (5)

(b) 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. (5)

(c) Explain the effect of the storage of stolen goods on **each** of the **two** insurance claims. (5)
