

PGDM (Insurance Business), 2015-17  
Motor Insurance-I (Own Damage)  
INS-201

Trimester-II, End-Term Examination: December-2015

Time allowed: 2 Hrs. 30 Min.

Max Marks: 50

Roll NO.: \_\_\_\_\_

Section-A

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

- A1. (a) Insurable interest in Motor Insurance has to be there at the time of entering into the contract and throughout the policy period. Substantiate the statement with examples.  
(b) Arbitration clause in a motor claim dispute is a condition precedent to any legal action initiated by the insured. Explain the arbitration clause.
- A2. (a) IDV is an important aspect in a wider coverage than Act insurance. What is its relevance in motor insurance?  
(b) In case of an accident, the insured is not supposed to leave the vehicle unattended. How Protection and Removal clause help the insured to meet that condition of motor insurance?
- A3. Motor insurance has been categorized as package insurance and Act insurance. What is the difference between them? List down the perils covered by the package policy of a private car.
- A4. Lot many add-ons are there in the Motor insurance market. As Business Development manager which add-ons (at least 5) would you offer to customers and why?
- A5. Differentiate between:  
(a) Geographical area and Geographical Zone  
(b) Deductible and depreciation in claims

Section-B

[Answer 2 out of the 3 questions below. Each question carries 10 marks and word limit is 500]

- B1. Every Insurer has its own underwriting strategy to do a business, which is percolated by it in form of underwriting guidelines to accept a particular class of business. What are the underwriting factors in Motor insurance? Please explain.
- B2. Conditions in the insurance contract (policy) regulate its operation. Explain the importance of any 05 conditions of a motor policy
- B3. There are different kinds of losses under motor insurance package policy. It is important to understand the difference among them and know special features of each type of loss. Explain the same with examples.

Contd.-2-

Case Study Compulsory

Max Marks: (15)

Section-C

- (a) Motor package policy of Honda Amaze, 1198cc with seating capacity of 5, registered in Delhi, belonging to Mr. Gaurav was to be renewed from 29.11.2015 for another 12 months. The car was purchased by Mr. Gaurav on 29.11.2014 with HP to SBI and insured comprehensively with addons- Zero depreciation and Engine protection for a period 29.11.2014 to 28.11.2015. The insured is having a driving license and installed an anti theft device in the car and did not lodge any claim in the policy. He desired to get liability cover for paid driver; PA cover for self for Rs.2 lacs and for other passengers Rs.1 lac each. If the invoice value of such a vehicle is Rs.575500 and insurer offered a discount on OD basic premium, calculate the Total premium for renewal of the policy and IMTs applicable. (7.5)

Given: OD tariff: OD PREM:

ZONE A			
AGE OF CAR	not>1000CC	>1000<1500CC	>1500CC
NOT EXCEEDING 5YRS	3.1275% ON IDV	3.283% ON IDV	3.440% ON IDV

ZONE B			
	not>1000CC	>1000<1500CC	>1500CC
NOT EXCEEDING 5YRS	3.039% ON IDV	3.191% ON IDV	3.343% ON IDV

Add ons:0.855% for Zero depreciation and 0.137% on IDV for Engine Protector

TP basic: Rs.1598

- (b) A Hundai car met with an accident on 20.09.2015 due to failure of brakes to the vehicle. As per policy the details vehicle were: IDV for Rs. 300,000; cc-1086; insurance coverage- package policy for 20.06.2015 to 19.06.2016 with 25% NCB. The vehicle was purchased by the insured on 20.06.2013. The surveyor submitted his assessment based on the Estimate of Dealer Workshop as under- (7.5)

Total Replacement of parts- Rs.60,000 which includes:

- Rubber parts- 12,000;
- Glass parts- 5500;
- Fiber parts- 6500
- Metal parts- 32000 including brakes for Rs. 2000;
- Engine oil, coolant – 4,000

Repairs- dismantling, assembly, denting, painting, etc.- Rs.27,000; Negotiated by surveyor and agreed to Rs.20,000 by workshop. Find out the liability of the insurance Company.

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