

PGDM (IBM), 2017-19

Liability Insurance I

INS-402

Trimester-IV, End-Term Examination: September 2018

Time allowed: 2 Hrs 30 Mins

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**. All other instructions on the reverse of the Admit Card should be followed meticulously..

Section A

There are 5 questions in this section. Attempt any 3 questions. Each question carries 5 marks. 3*5 =15

A-1 Applying the Rylands v Fletcher rule in the Indian context, cite the relevant case study.

A-2 Define "service" as per the Consumer Protection Act 1986..

A-3 What is the purpose of the Public Liability Act (PLI)?

A-4 Enumerate at least 5 changes brought about by the amendment in the Companies Act in December 2013..

A-5 Identify the main covers under a CGL policy ?

Section B

Answer 2 out of the 3 questions below. Each question carries 10 marks. 2*10 =20

B-1 a) The Laxmibai Atmaram Vs Bombay Port Trust, (1954) case brought out an interesting aspect of the WC policy. What was it ?

b) What are the exclusions under the Professional Indemnity Policy ?

B-2 a) What is Risk Evaluation ? How does a HAZOP analysis help ?

b) What are the rating parameters for a Products Recall Policy ?

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- B-3 a) What is the scope of cover under the Directors' & Officers Liability Policy ?
b) What is the relevance of a proposal form for Carriers' Legal Liability Policy ?

Section C

Compulsory Question

15 marks

C-1 M/S Ganga Industries was insured under the provisions of the Public Liability Insurance Act policy. The paid up capital of the Company was 15 crores, and the turnover was 50 crores. They manufactured pesticides and M/S Ganga Industries had to pay a premium rate of 1.50 per mille (flat rate). The rate for add on covers is 0.15 per mille each, and the add on covers being sought were- pollution extension, Industrial Seepage and Unlimited Public Liability.

The limits of liability were based on an AOA: AOY limit of 1:1 at 15 crores.

A claim was reported which was assessed for 17.50 crores.

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| a) How much premium did the Company pay in totality ? | 5 |
| b) How much claim would the Insurer pay ? | 2 |
| c) Who pays the balance amount of claim ? | 3 |

C-2 Explain, with examples, the difference between Indemnity Liability and Statutory Liability policies. 5
