

**PGDM-IBM, 2017-19**  
**Advance Insurance Law**  
**INS-405**

**Trimester – IV, End-Term Examination: September 2018**

Time allowed: 2 Hrs 30 Min  
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 Admit Card should be followed meticulously.

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
		<b>Total Marks</b>	<b>50</b>

**Section-A**

- A1. What are the essentials for the formation of a valid contract? Explain briefly what is meant by anticipatory breach of contract
- A2. Distinguish between assault and battery in the tort of trespass to the person, giving an example of each in support of your answer.
- A3. What is a warranty in insurance and how does it differ from a warranty in a non insurance contract? Can insurers avoid a claim for breach of warranty but allow the policy to continue?
- A4. What is contra proferentem rule? Do insurance policies cover losses caused by negligence?
- A5. 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

**Section-B**

B1. Distinguish briefly between independent perils and interdependent perils. A valid claim is assessed to have arisen as a result of interdependent perils. State how a claims settlement would be effected by the operation of an insured peril with:

- (i) An uninsured peril.
- (ii) An excluded peril.

B2. Lisa has an 'all risks' insurance policy which has a condition requiring her 'to take reasonable care to prevent loss'. She parks her car in the car park of a motorway service station and leaves her jewellery, valued at £25,000, in a secured box in the boot of her locked car. She returns five minutes later and discovers that her car along with its contents, have been stolen. Lisa's motor insurers settle her claim for the theft of the car but her 'all risks' insurers decline to reimburse her for the loss of the jewellery, stating that she had failed to comply with the policy condition. Advise Lisa as to her legal position, using the leading case of **Sofi vs Prudential assurance Company Ltd !1993)** support your answer

B3. Describe the circumstances and the principles of law illustrated by one of the following cases:

- (iii) Leyland shipping Company vs Norwich Union Fire Insurance (1918)  
OR
- (II) Donoghue vs Stevenson (1932)

### Section-C

#### Case Study Compulsory:-

Mr. Harrison is a farmer who owns greenhouses. He has a property insurance policy which includes storm cover for his greenhouses. During a storm, two of his greenhouses collapse. The insurer appoints a loss adjuster who reports that both greenhouses are a total loss. The loss adjuster also advises that:

- a. One of the damaged greenhouses had its foundations weakened, during the storm, by storm water flowing from a neighbour's adjacent field. This storm water contributed to the collapse of that particular greenhouse.
- b. The other damaged greenhouse collapsed in part due to a defective design, with a specific exclusion on the property insurance policy relating to defective design.

Explain how the insurer would deal with the following:

- (i) The claim filed by Mr. Harrison for damage to the greenhouse which had its foundations weakened. Refer to one relevant case. (5)
- (ii) The claim for damage filed by Mr. Harrison to the greenhouse which had defective design. Refer to one relevant case (5)
- (iii) The role of Loss adjuster and Loss assessor (5)

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