

**PGDM (Insurance Business) 2014-16**

**Paper Code: INS-301**

**Subject: Property-I (Fire & Consequential Loss)**

**Trimester-III, End-Term examination: April 2015**

**Time: 2 Hrs. 30 Min.**

**Max Marks: 50**

**Roll No.:** \_\_\_\_\_

**Part-A**

**Attempt any three questions. All question carry equal marks. 5x3**

- A1. What is escalation clause? Explain its utility with an example.
- A2. What are standing charges, give examples? Give reasons if they are insurable.
- A3. The stocks of a business person keep on fluctuating in his different godowns, what kind of policies would you suggest to him and why?
- A4. How would you calculate the sum insured for FLOP policy keeping in view appropriate compensation may be received even if an accident takes place on the last day of the policy? What type of adjustments is necessary?
- A5. To meet the demand of Industrial sector for comprehensive insurance coverage, an All risks policy was launched w.e.f. 1<sup>st</sup> July, 1997. What are its salient features and exclusions provided under this policy?

**Part-B**

**Attempt any two questions. All question carry equal marks. 10x2**

- B1. Briefly explain the following add ons:
- Leakage and Contamination cover
  - Temporary removal of stocks clause
  - Removal of debris clause
  - Loss of Rent clause
- B2. a) An industrialist wish to get fire insurance coverage to his 03 year old factory with book value of Rs.55 crores for Building, P&M, FFF, office equipments and Stocks. If you have to advise him, what kind of value and policy should he take for each item and why? Explain with examples. (6)
- b) What are the primary duties of a surveyor in case of a loss assigned to him for survey? (4)



- B3. If you conduct a Fire risk inspection, what information with reasons, would you verify during the inspection of an Industry to submit a purposeful report to Insurance Company underwriter for risk assessment?

**Compulsory : Case Study**

**Marks : 15**

**Part- C**

- a) Insured has his stocks in a warehouse covered under a declaration policy for the period 1.1.2013 to 31.12.2014. The provisional sum insured under the policy was Rs. 200 crores. A fire loss was reported on 20<sup>th</sup> May 2014. Client's last two declaration for the month of February and March were : 150 crores and 175 crores respectively. (3)

On checking insured's records the surveyor had following observations:

1. Actual stock value as on date of loss was 250 crores
2. The stocks position ( highest value of the month ) in February and March was 175 crores and 190 crores respectively
3. The loss was assessed at 25 crores

Whether under insurance would be applied and if yes, how?

- b) XYZ Co., a Chemical manufacturing company wish to take STFSP policy with add on coverage of EQ(Z4) & Terrorism; removal of debris for Rs. 5 lacs and spoilage of material damage for Rs. 20 crores. While the details of sum insured are given bellow, the tariff rate chargeable is 3.0%. The client is entitled for a discount of 50% for good features. Calculate the policy rate and premium chargeable. (8)

S No.	Description	Sum insured (INR)
1	Factory Building	200,000,000
2	Plant & Machinery & Accessories	1,100,000,000
3	Furniture & Fixtures	14,500,000
4	LAB Equipments	7,500,000
5	Stock in Process	200,000,000
6	RM, FG and other stocks	350,000,000

Policy is subject to Deductibles:

- AOG and Non-AOG perils 5% of claim amount subject to minimum of Rs. 5,00,000 for each and every claim.
- Terrorism: 0.5% Total sum insured sub to a min of INR 1,00,000/- and max of INR 10 Crores.

- c) Above XYZ Co. was also interested to have a FLOP policy for a sum insured of Rs.60 crores with a indemnity period of 6 months and same discount allowed. Calculate the basis rate and premium for the policy.

(4)

End-Term Examination, April - 2016

Max Marks: 60

Roll No. \_\_\_\_\_

Students are required to write Roll No on every page of the question paper except the Roll No will be treated as Unfair Means. In case of any discrepancy, the Roll No will be treated as Unfair Means.

#### Section - A

Answer any 7 questions in this section. Attempt any 7 questions. Each question carries the Word Limit is 250 words. [14]

1. What is Health Insurance? Explain the Principle of Indemnity?

2. Explain the concept of Health Insurance. It is not the part of the contract of judging and using a risk. Discuss giving reasons and examples.

3. What is the coverage under Kharishya Arogya insurance Policy? Does it benefit a young person?

4. Explain the concept of Health Insurance. Is it a stand-alone policy or a rider?

5. What is High Deductible Insurance? Is it the same as Top-up cover? How does it differ from Co-payment? Explain.

#### Section - B

Answer 2 out of the 3 Questions below. Each Question carries 10 marks. Word Limit is 250. [20]

1. What are the factors affecting mortality? Should the underwriter insist on medical report with each proposal? Discuss all the underwriting decisions which the underwriter could take in favour of a proposal.

2. What are the standard exclusions in a Hospital indemnity policy? How does a Group Mediclaim differ from an individual policy? Discuss elaborately.

3. Explain how Customer Delight is important for the growth of Health Insurance industry, giving parameters of customer service. What are the measures available to a customer for seeking redressal of his grievances?

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