

PGDM (Insurance Business, 2016-18)  
Property-I, (Fire & Consequential Loss)

Code:- INS-301

Trimester – III, End-Term Examination, March 2017

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.

**Part-A**

Attempt any 3 questions. Each question carries 5 marks. No answer should have more than Two Hundred Fifty words.

A.1. Explain the term Fire under St. Fire and Sp. Peril Policy.

A.2. Does Principle of Utmost Good Faith and Condition of Alteration relate to each other? Pl. specify.

A.3. What are the duties of the Insured in the event of a loss as per the Fire Policy Condition?

A.4. "Deterioration of Stocks in cold storage premises due to accidental Power failure consequent to damage at the premises of Power Station due to an insured peril." Explain this statement. Is there anything else which is covered under "DOS" Add on. What is that cover, pl. elaborate.

A.5. Explain any two of the following:-

- Condition of Average
- Condition of Reinstatement of Sum Insured
- Condition of Contribution

Contd/-2-

**Part-B**

Attempt any 2 questions. Each question carries 10 marks. No answer should have more than Five Hundred words.

B.1:

1. Mr. Ramesh is a sole proprietor, running his trading establishment of Rice from last 10 Years. He had taken a St. Fire and Sp. Perils Policy with OIC of India. He had insured his stock of Rice on Declaration Basis. The details are as under:-

Policy Period: 01.01.2016 to 31.12.2016

Provisional Sum Insured: Rs. 5,00,00,000/-

Rate of Premium: 2.85 Per Mille

Declarations for the entire Year is as under:-

January	50000000
February	46000000
March	48000000
April	Not Declared
May	49000000
June	52000000
July	44000000
August	Nil
September	Not Declared
October	42000000
November	54000000
December	49500000

You need to calculate the Provisional Premium, Actual Premium and Refund if there be any.

Will there be any difference in the calculations if insured declared Rs. 5,00,00,000/- instead of Nil Declaration for the Month of August 2016. Pl. compute the same.

Contd/-3-

2. A steel manufacturer would like to value its machineries and Plant on New Replacement Value and Depreciated Value. He would like to see the pros and cons of both method of valuation. To achieve this, he would like to find out both values and the premium. By doing so, it would be easy for him to determine which option he would prefer to fix his Sum Insured. Below is the data of his plant:-

Year of capitalisation	Value of machinery capitalised	Index as on year of capitalisation	Index as on 01.01. 2017
<b>2010</b>	100,000,000.00	100	125
<b>2011</b>	20,000,000.00	105	142
<b>2013</b>	10,000,000.00	110	108
<b>2014</b>	325,000,000.00	110	125
<b>2015</b>	550,000,000.00	117	125
<b>2016</b>	80,000,000.00	122	125

Pl. note the following:-

Valuation date 01.01.2017

Dep. Per Year 5%

Rate of Pemium 3.97 Per Mille

Find out the New Replacement Value, Depreciated Value and Premium from both Valuation Methods.

B.2.

1. A two year old Diesel generator Set insured under fire policy for INR 8,00,000. It suffered a fire loss in which the following parts were affected and the cost of replacement of those parts were as under :

Cylinder head : INR 2,00,000 (25% dep/yr)

Crankshaft: INR 5,00,000 (10% dep/yr)

Piston assembly : INR 1,00,000 (25% dep/yr)

In addition to this the labour charges incurred were INR 50,000. The salvage value of the damaged parts were INR 10,000. Loss assessor also observed that the new replacement value of the same model of DG set was INR 10,00,000 on the date of loss .

Calculate the final loss payable after considering all factors.

Contd/-4-

2 Insured had taken SFSP with FLOP coverage. A fire occurred and the details of FLOP losses are as follows:-

Policy Period	01.04.2016 to 31.03.2017
Sum Insured	20,00,000/-
Indemnity Period	6 Months
Date of Loss	01.10.2016
Period of Interruption	01.10.2016 to 31.01.2017

Financial Year Data as on 31.03.2016 is as follows:-

Turnover	1,00,00,000/-
Net Profit	5,00,000/-
Standing Charges	20,00,000/-

Turnover for the Period 01.10.2016 to 31.01.2017            10,00,000/-

Insured had incurred ICOW of Rs. 12,500/- per Month and earned a T/o of Rs. 5,00,000/-

Turnover for the Period 01.10.2015 to 31.01.2016            20,00,000/-

Annual Turnover    1,20,00,000/-

Calculate the amount of loss Payable.

B3. Write short note on any four of the following:-

- Cancellation Condition
- Reinstatement Condition
- Spontaneous Combustion
- Debris Removal Clause
- Architects and Surveyor Clause

**Part-C**

**Case Study: Compulsory question.**

**Carries 15 marks.**

**10 + 5 marks**

**Case 1**

The objective of Risk Inspection Report to an Insurer is to provide the underwriter with a complete picture of the risk so that an underwriter is able to determine about the terms, conditions and rate of the risk. You need to mention 10 aspects of the Risk Inspection Report. You are a Risk Engineer and you had your Industry visit in Paswara Papers Ltd., Meerut, U.P. Being a Risk Engineer, as it is your live experience of Visit and Inspection of the site, you need to prepare the comprehensive Risk Inspection Report of Paswara papers Ltd. covering all the aspects of Risk Inspection Report.

**Case 2**

On receipt of claim intimation, the first and foremost part of the Claim is to verify the 4 important aspects... You are required to mention those aspects. Further what is the Claim procedure as per IRDAI to be followed by all Companies.