

PUSASQF205
Non - Life Insurance - Principles, Products and Practices

Time: 2 hours
Total Marks: 60 marks

Note:

- 1) The candidate has option to either attempt question 4A or question 4B. Rest all questions are mandatory.
- 2) Numbers to the right indicate full marks.
- 3) The candidates should only write the option alphabet for answers in case of the MCQ based questions.
- 4) Use of approved scientific calculator is allowed.

Q1.)

15 Marks

- 1) Risk means
 - a. Fear of loss
 - b. A cause of loss
 - c. Measurable Uncertainty
 - d. Unpredictability
- 2) To which of the following assets a reinstatement policy is not applicable?
 - a. building
 - b. land
 - c. furniture
 - d. plant& machinery
- 3) Excess in a fire policy implies
 - a. a discount
 - b. a malus
 - c. a deductible
 - d. a bonus
- 4) The marine insurance has its origin in
 - a. England
 - b. USA
 - c. India
 - d. France
- 5) A cover note is valid only for
 - a. 15 days
 - b. 25 days
 - c. 60 days
 - d. 90 days
- 6) Assessment of motor losses are done by the
 - a. underwriter
 - b. agent
 - c. surveyor
 - d. ombudsman

- 7) A marine cargo insurance policy is a
- open policy
 - valued policy
 - unvalued policy
 - indemnity policy
- 8) For items of high sentimental value, a burglary policy can be issued as a
- floater policy
 - declaration policy
 - valued policy
 - open policy
- 9) Fire floater and declaration policies are issued to those companies whose turnover is
- very high
 - very low
 - huge and fluctuating values
 - permanent values
- 10) Miscellaneous insurance policies cover losses concerning
- person
 - property
 - liabilities
 - all the above

Q2.

- A)** **5 Marks**
What are the most common add-ons in Motor Insurance?
- B)** **5 Marks**
What are the major exclusions in a medical insurance policy?
- C)** **5 Marks**
What is reinsurance? Explain the types of reinsurance.

Q3.

- A)** **5 Marks**
Reliance General Insurance Company Ltd. delivers a travel policy to Mr. Ajay on June 15 for a trip starting on June 20. However, the insured paid the premium on June 18 and unfortunately before that on June 17 the flight got cancelled. The company later denied its responsibility on the basis of the fact that the premium was overdue at the time of loss. Discuss.
- B)** **5 Marks**
Mr. Suresh died a natural death due to old age. His family members try to recover some amount from insurance company for his personal accident policy. Will his family members be getting any amount from the insurance company?

C)

5 Marks

Mr. Ranjit Singh had engaged a driver for his car, who had negligently driven the vehicle and caused damage to a third party. Is Mr. Ranjit responsible in the above situation?

Q4. Attempt Q4A. or Q4B.

4A).

15 Marks

Mr. Shetty, owner of an inn, took out an FIP with Helping Insurance co. A fire took place and his inn was destroyed. The assured included in his claim the sum which he had to pay by way of rent, the cost of hiring alternative accommodation, and loss caused by customers not frequenting the inn during the period of repair.

- i. Define Fire Insurance.(3)
- ii. Justify his claim. (6)
- iii. What are the general exclusions in a standard fire policy? (6)

4B).

Three friends Akshay, Akash, and Akshat teamed up to start a lobster export business. Akshay owned a ship which was used in the business for fishing as well as for transporting the processed lobsters to foreign shores. They insured their ship, the cargo, freight, profits and commission, for a total of Rs.80 lakhs. Expecting to obtain enormous profits on their cargo, it was overvalued by the insured.

A few months later, the ship sank in mid-ocean as it had a hole. Consequently the cargo was also lost. The insured approached the insurance company to file a claim for compensation for the lost cargo. However, the insurance company refused payment of the entire claim amount. It only made partial payment of the claim stating that the cargo was insured for an amount more than its actual market value. Moreover, investigation by the insurance company survey or revealed that the insured had intentions to sink the ship. The vessel was retrieved by the insurance company and was offered for sale as salvage. The insured approached the court to prevent the sale of the ship.

Questions

- i. Describe the various types of cover in Marine Insurance. (5)
- ii. Was the insurance company violating the insurance contract by refusing payment to the insured? Justify your answer. (6)
- iii. Discuss the duty of an insurer pertaining to salvage. (4)