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PRESIDENCY UNIVERSITY BENGALURU

**SET - A**

SCHOOL OF LAW

**END TERM EXAMINATION – MAY/JUNE 2024**

**Semester :** Semester VI - 2021

**Course Code :** LAW4017

**Course Name :** Insurance Law

**Program :** BA LLB Honors

**Date :** June 20, 2024

**Time :** 01.00pm to 04.00pm

**Max Marks :** 100

**Weightage :** 50%

# Instructions:

1. *Read all questions carefully and answer accordingly.*
2. *Question paper consists of 3 parts.*
3. *Scientific and non-programmable calculator are permitted.*
4. *Do not write any information on the question paper other than Roll Number.*

**PART A**

**ANSWER ANY FOUR QUESTIONS 4Q X 5M = 20 MARKS**

1. Differentiate between a contract of insurance and a contract of guarantee, highlighting the key distinctions.

(CO1) [Knowledge]

1. Evaluate the applicability of the principle of indemnity in a contract of fire insurance with the help of case laws. Examine how life insurance contracts are an exception to the principles of indemnity.

(CO2) [Knowledge]

1. State the salient features of the Insurance Act, 1938, and its significance in regulating the insurance industry in India.

(CO3) [Knowledge]

1. Explain the different types of life insurance policies and the factors that influence their formation.

(CO4) [Knowledge]

1. Define the term "general insurance" and list the various types of general insurance policies.

(CO5) [Knowledge]

1. Define the term "motor vehicle insurance" and state the legal requirements for obtaining such insurance in India.

(CO5) [Knowledge]

**PART B**

**ANSWER ANY FOUR QUESTIONS 4Q X 10M = 40 MARKS**

1. Discuss the role of reinsurance in spreading risk across multiple insurers and its impact on the insurance industry.

(CO1) [Application]

1. Critically analyze the impact of insurable interest requirements on the insurance industry and on policy holders.

(CO2) [Application]

1. Analyze the legal framework governing insurance agents and insurance intermediaries. Examine the role of IRDA in regulating the working of agents and intermediaries.

(CO3) [Application]

1. Analyze the scope of "insurable interest" in the context of life insurance policies and its impact on claim settlements.

(CO4) [Application]

1. Blue waves Shippers Ltd., a reputed shipping company based in Mumbai, entered into a contract with Cargo Insure Ltd., a ~~prominent~~ marine insurance company, to insure a consignment of high-value machinery being transported from Shanghai, China to Kolkata, India, on board the vessel MV Oceanic. During the voyage, the MV Oceanic encountered rough weather conditions in the Bay of Bengal due to a cyclonic storm. Despite the captain's best efforts to navigate safely, the vessel was struck by a massive rogue wave, causing significant damage to the hull and flooding in the cargo hold. As a result, the consignment of machinery sustained substantial water damage, rendering it unusable. The claim of insurance filed by Blue wave Shippers Ltd. was repudiated by the insurer on the grounds of inherent vice of the machinery itself, which is not covered under the marine insurance policy. Determine the applicability of the Marine Insurance Act and analyze the perils of the sea covered under marine insurance.
2. Examine the scope of warranties in a contract of fire insurance

(CO5) [Application] (CO5) [Application]

**PART C**

**ANSWER ANY TWO QUESTIONS 2Q X 20M = 40 MARKS**

1. Blackbeard owned a ship insured by Calipso's company for $500,000. During a voyage, the ship was severely damaged in a storm and required repairs costing $300,000. Blackbeard filed an insurance claim expecting the full $500,000 payout to cover the repair costs and make some profit. However, Sparrow's company emphasized the principle of indemnity, which stipulates that insurance contracts provide restitution for actual losses, not gain. They assessed the ship's market value before the incident as $400,000 and paid Blackbeard that amount as indemnification for his loss. Analyse.

(CO2,CO3,CO1) [Analysis]

1. Amit Sharma purchases a life insurance policy for 1 crore rupees from Mumbai Mutual Life (MML). MML then reinsures 50 lakhs of the risk with Delhi Reassurance Company (DRC). Later, Amit decides to move to Canada and cancels his policy with MML. Soon after, Amit tragically dies in a skiing accident. MML claims the 50 lakh rupees from DRC, but DRC refuses payment. They argue that since Amit left India, MML no longer has an insurable interest in his life as the policy's purpose is no longer valid. Decide.

(CO4,CO2,CO3) [Analysis]

1. Madame Malkin obtained fire insurance for her textile factory from Diagon Alley Assurance. During the application, she failed to disclose prior instances of small fires at the premises, considering them immaterial. A year later, a major fire caused significant damage. The insurer rejected Malkin's claim, citing breach of duty of utmost good faith by non-disclosure of material facts. Decide.

(CO5) [Analysis]