

## NATIONAL LAW UNIVERSITY, JODHPUR

End Term Examination August-December, 2025

Semester: MBA I Semester

Subject: Law of Contract and Insurance Laws

Time: Three Hours

Marks: 100

**Instructions:**

1. Attempt any FIVE questions. All questions carry equal marks.
2. No interaction or communication between candidates is permitted during the examination.
3. Candidates must follow examination protocol and maintain proper discipline throughout examination.
4. No queries or clarifications will be entertained during the examination.

**Q.1).** Rahul aged 17, owned a motorcycle that he often used in his village. One day he agreed to sell the motorcycle to his neighbour Rohan for Rs 50,000. Rohan paid Rs 30,000 in advance and promised to pay the balance within a week. Before the payment could be completed Rahul met with an accident and his father, who was his natural guardian refused to hand over the motorcycle claiming the contract was void because Rahul was a minor. A few months later, Rohan demanded either delivery of the motorcycle or refund of the advance amount. Rahul refused stating that he being a minor is not legally bound by any contract. Meanwhile, Rohan also discovered that the motorcycle had already been sold by Rahul's father to another buyer.

Discuss whether the agreement between Rahul and Rohan was valid, void or voidable along with relevant provisions of the Indian Contract Act, 1872 also analyse whether Rohan can recover the Rs 30,000 he paid to Rahul. [20 Marks]

**Q.2).** In January 2020 Asha entered into a contract with the Rajasthan Tourism Board to operate a luxury heritage resort for a period of three years. The agreement required Asha to pay a fixed monthly licence fee of Rs 10 lakh to the Board irrespective of the number of guests. In March 2020, a nationwide lockdown was imposed due to the COVID-19 pandemic and all hotels and resorts were ordered to remain closed by government notification for several months. As a result, Asha suffered heavy financial losses and was unable to operate the resort or pay the monthly licence fee. The Tourism Board terminated the contract in August 2020 and demanded the entire licence fee for the lockdown period. Asha argued that the contract had become void

due to frustration since performance was impossible and beyond her control. A year later after the restrictions were lifted Asha sought to revive the contract claiming that the circumstances were only temporary and that she was ready to resume operations. The Board however refused insisting that the contract had already been discharged.

Analyse whether the lockdown or government order made the performance of the contract impossible. Further, discuss along with relevant provisions and case laws whether Asha can invoke the doctrine of frustration to avoid liability for non-payment of licence fees. **[20 Marks]**

**Q.3).** What do you understand by the doctrine of utmost good faith (*uberrimae fidei*) as the foundation of insurance contracts? Discuss in detail the duties and obligations of both the insurer and the insured arising from this doctrine and analyse the legal consequences of its breach. **[20 Marks]**

**Q.4).** Explain the meaning and legal importance of the concept of Insurable Interest in insurance law. Discuss the requirement of insurable interest in life insurance contracts, including the time at which it must exist. **[20 Marks]**

**Q.5).** Explain the various types of insurance coverages available under motor vehicle insurance including third-party policy. Discuss along with the concept of no-fault liability under the Motor Vehicles Act, 1988. **[20 Marks]**

**Q.6).** Examine the concepts of Insurable Interest and Proximate Cause in the context of Fire Insurance. Discuss their legal requirements and relevance in determining liability. **[20 Marks]**