

INSTRUCTIONS:

1. Answer any five questions. All questions carry equal marks.
2. Support your answer with relevant statutory provisions, judicial decisions, and reasons wherever necessary.
3. Due credit will be given to brevity, coherence and style of presentation.
4. No request for clarification regarding the questions will be entertained during the examination.

1. X Company has taken a fire insurance policy insuring their industrial establishment at Bhopal for an amount of Rs. 6 Crore with B Insurance Company. B Insurance Company entered into an agreement of Re-Insurance for 33 % of the total amount insured with C Insurance Company as B Insurance Company was not interested to bear the full burden of the risk. X Company has also taken another insurance policy from D Insurance Company for the same subject matter for an amount of Rs. 4 Crore. After some time a fire broke out in the industrial establishment and total damage of Rs. 5 Crore was caused to the establishment. X Company claimed the following amounts against Insurance companies:

- (i) Rs. 2.5 Crore from B Insurance Company;
- (ii) Rs. 1.5 Crore from C Insurance Company; and
- (iii) Rs. 1 Crore from D Insurance Company.

Discuss the liability of B Insurance Company, C Insurance Company and D Insurance Company against the respective Insured amounts in the aforesaid circumstances. (Marks 20)

2. X agreed to sell a stock of 1,000 cotton bales to Y on 1.1.2022. X also received full price for the stock on 5.1.2022 but could not deliver the goods due to transporters' strike in the locality. X intimated to Y that he shall deliver the stock to Y on 10.01.2022 and Y also agreed with X. On date 7.01.2022, a fire broke out in the godown of X which destroyed 5,000 cotton bales stored by X (including 1000 cotton bales which were already sold out to Y). A Fire insurance policy was in existence on the date of incident wherein X had insured the stock with the insurer against the risk of fire. When X filed a claim for indemnification, the insurer refused to accept the claim on the ground that "no insurable interest was present in X on the date of incident in regard to 1,000 cotton bales belonging to Y". Please advise X in the light of decided cases. (Marks 20)

3. An army officer obtained life insurance policy from XYZ insurance company. He was accidentally run over by a passing train and killed while visiting sentries when he was posted along the railway lines during the war. The reason of accident was found to be darkness due to blackout. The policy excluded death or injury "directly or indirectly caused by war etc." Nominee of army officer claimed the amount of insurance policy from XYZ

insurance company. Whether the claim should be accepted? Discuss.
(Marks 20)

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4. "Life Insurance Policies are not contracts of indemnity rather a special kind of insurance which entails the feature of social security." Discuss. Also explain various conditions and privileges attached with Life Insurance policies. (Marks 20)
5. Describe the meaning of 'Fire' in context of Fire Insurance. What is the effect of Manipulated fire on the claim of insured? Discuss. (Marks 20)
6. Discuss the concepts of (a) Warranties and (b) Loss and Abandonment under the Marine Insurance Act, 1963. (Marks 20)