

M.Com. (Val.) Sem.-2 Examination

MV 501 (Th)

Principles of Insurance & Loss Assessment

Time : 2-30 Hours]

May-2025

[Max. Marks : 70

Instructions :

- All the Five Questions are compulsory.
- Options are given with questions itself.

Q-1 M/s Arihant Chemicals had taken a Std. Fire & Special peril Policy for their Ceramic Plant at Kadi GIDC for a period between 01 July 2024 to 31 June 2025 on Reinstatement Value basis. Details of subject matter of Insurance are as under: 14 Marks

Sr. No.	Asset Description	Sum Insured
1	Building	Rs. 3,00,00,000
2	Plant & Machinery	Rs. 3,60,00,000
3	Furniture & Fixtures	Rs. 1,00,00,000
4	Electrical Installation	Rs. 1,40,00,000
5	Stocks	Rs. 4,00,00,000

On August 25, 2024, there was Fire at facility & company reported the loss to Insurance company. Insurance Company appointed the Surveyor Mr. Dhruv immediately & he visited the affected premise on August 26, 2024 for survey & loss assessment & submitted his report on November 25, 2024. Following is extract of Survey Report:

- Fire affected building was repaired & cost of repairing was Rs. 20,00,000/-. Reinstatement Value of building as on date of loss was Rs. 2,50,00,000/-
- Fire affected plant & machinery was repaired & cost of repairing was Rs. 70,00,000/-. Reinstatement Value of plant & machinery as on date of loss was Rs. 4,00,00,000/-
- Fire affected Furniture & Fixtures were repaired / replaced & cost of repairing / replacement was Rs. 40,00,000/-. Reinstatement Value of Furniture & Fixtures as on date of loss were Rs. 90,00,000/-
- Fire affected Electrical Installation were repaired / replaced & cost of repairing / replacement was Rs. 25,00,000/-. Reinstatement Value of Electrical Installation as on date of loss were Rs. 1,50,00,000/-

(P.T.O)

E. Entire stock available at premise was burnt & Market Value of Stocks as on date of loss was Rs. 3,00,00,000/-

Note : Cost of Repairing / Replacement of all the assets are Net of Salvage.

It may be noted that Insured had submitted the claim bill along with supporting Invoices & payment proof amounting INR 1,50,000/- towards debris removal & also submitted the claim bill along with supporting Invoices & payment proof amounting INR 90,000/- towards loss minimisation expenses.

What is amount of Claim, M/s Arihant Chemicals will get from Insurance company? Pl. compute the loss on Reinstatement Value basis.

OR

Q-1 What are special types of covers available under Std. fire & special peril policy? 14 Marks

Q-2 Explain the various type of claim documents required for settlement of claim & also for obtaining the General Insurance cover? 14 Marks

OR

Q-2 Explain the various Add-on Covers available under Std. Fire & Special Peril Policy. 14 Marks

Q-3 Explain the Code of Conduct, Duties & Responsibilities for Insurance Brokers & Insurance Agents. 14 Marks

OR

Q-3 What are Principles of General Insurance? Pl. explain each principle with example? 14 Marks

Q-4 (A) What is Risk Management Process? Explain the various steps of Risk Management Process. 7 Marks

Q-4 (B) What is Insurance? What is purpose of Insurance & How Insurance works? 7 Marks

OR

Q-4 (A) Explain the following aspects of claim. 7 Marks

- a. Subrogation
- b. Loss Minimisation
- c. Loss of profit policy

Q-4 (B) Explain the corollary of principle of indemnity i.e. Subrogation & condition of contribution with example. 7 Marks

Q-5 Choose the correct answer (one mark each) 14 Marks

1. An event or incident that may cause a loss or give rise to some loss is called.....
 - a. Peril
 - b. Risk
 - c. Hazard
 - d. Threat
2. is the potential of loss or uncertainty of outcome.
 - a. Peril
 - b. Risk
 - c. Hazard
 - d. Threat
3. Uncertainty is at the very core of the concept of itself.
 - a. Peril
 - b. Risk
 - c. Hazard
 - d. Threat
4. What is subject matter of Insurance?
 - a. Peril
 - b. Risk
 - c. Hazard
 - d. Threat
5. Factors, which may influence the outcome (i.e. a condition that increases the chances of loss), are referred to as
 - a. Peril
 - b. Risk
 - c. Hazard
 - d. Threat
6. From following, what is not the essence of Insurance?
 - a. Share Losses
 - b. Substitute certainty with uncertainty
 - c. Safeguard against Striking of Perils
 - d. Making Profit
7. Political upheaval or government suddenly loosing voting of confidence will be classified as which type of risk?
 - a. Dynamic Risk
 - b. Static Risk
 - c. Particular Risk
 - d. Financial Risk
8. Which type of Risk can be covered under contract of Insurance?
 - a. Dynamic Risk
 - b. Static Risk
 - c. Pure Risk
 - d. Speculative Risk
9. Insurance may described as method or a technique which provides for collection of amount of premium from many individuals and firms out of which losses suffered by the few are paid.
 - a. Small
 - b. Huge

- c. Medium
 - d. Reasonable
10. Insurance removes the fear, worry and anxiety associated with this futureand thus encourages free investment of capital in business enterprises and promotes efficient use of existing resources.
- a. Peril
 - b. Risk
 - c. Hazard
 - d. Uncertainty
11. Before assessing of a risk, insurers arrange survey and inspection of the property to be insured, by qualified engineers and other experts. The object of these surveys is not only to assess the risk for rating purposes but also to suggest and recommend to the insured, various improvements in which can lower the premium payments.
- a. Perils
 - b. Risks
 - c. Hazards
 - d. Threats
12. A house was burnt & weakened by fire. After many days, there was a storm and it brought down the house completely. In this case, what will be considered the Proximate Cause?
- a. Fire
 - b. Storm
 - c. Both of the above
 - d. None of the above
13. Which one of the following principle is a corollary of the principle of indemnity?
- a. Principle of Subrogation.
 - b. Principle of Insurable Interest.
 - c. Principle of Utmost Good Faith
 - d. Principle of Proximate Cause.
14. Which principle of insurance gives legal validity to Insurance Contracts?
- a. Principle of Subrogation.
 - b. Principle of Insurable Interest.
 - c. Principle of Utmost Good Faith
 - d. Principle of Proximate Cause.
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