

NATIONAL LAW UNIVERSITY, DELHI
B.A.LL.B.(HONS.), V YEAR, X SEMESTER (Batch 2012)
Special Repeat Examinations, July-2017

Paper 10.1: Law of Insurance

Time: 3.00 Hours

Total Marks: 70

Instructions:

1. Read the questions carefully and answer. No clarification shall be sought on the question paper.
2. Do not write anything on the Question Paper except your Roll No.
3. **Printed material and handwritten notes are allowed.**

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- Q.1 Distinguish between: **(4X5=20 Marks)**
- a) Insurance by Cover Note and Coupon Insurance.
 - b) Warranties and collateral promise.
 - c) Nominee of a life policy and beneficiary of a life policy.
 - d) Moral hazard and peril.
 - e) Indemnity and reinstatement.
- Q.2 (a) How does the insurable interest of a cardiologist in the life of her infant daughter differ from the insurable interest which the hospital, where she is employed, has in the concerned doctor's life. **(5 Marks)**
- (b) Discuss the existence or non-existence of insurable interest in the following, cases with reasons, and its extent:
- i. A partner in a media consultancy in the life of another partner.
 - ii. A colleague in the life of another colleague.
 - iii. A divorced wife in the life of her ex-husband. **(3X5=15 Marks)**
- Q.3 Distinguish between:
- (a) Subrogation and abandonment.
 - (b) Renewal of life policies and revival of life policies. **(2X5=10 Marks)**
- Q.4 Determine in the following who is legally entitled to policy monies:
- (a) A life insurance policy is taken by X which names his nephew as the nominee. Subsequently X marries and on his death, his wife lays a claim on the policy monies, making the insurance company and X's nephew defendants.
 - (b) X takes a life insurance policy for the benefit of his son Y. On being angry at his son for failing his engineering exam he sends a letter to the insurance company seeking the removal of his name as a beneficiary of the policy and its substitution with his daughter. One month after sending the letter he suffers a massive heart attack and dies. Both Y and X's daughter lay claim on the policy monies. **(5X2=10 Marks)**
- Q.5 Determine as to whether the insurers could avoid liability in the following cases:
- (a) X has an insurance policy on goods in his godown and life insurance policy on self. In breach of godown license terms imposed by the government, he stores gas cylinders in the warehouse. One hot summer day, when he was resting in his godown, waiting for customers, the gas cylinders caught fire gutting not just the property but also causing X's death. X's estate makes a claim on both the policies.
 - (b) X has a shop where he stores designer furniture as a part of his trade. He has taken a fire insurance policy for the warehouse and goods stored in it and also have a personal accident insurance policy which has an exception clause where the insurer is not liable if the accident is caused due to heart attack. One evening as he was smoking in the godown after a big fight back home he suffered a massive heart attack which caused the cigarette lighter to fall on some of the furniture pieces causing a fire which not only gutted the warehouse and the furniture in it, but also caused the death of X. X's estate makes a claim on the insurers of both policies. **(5X2=10 Marks)**