23799-30793-42562

BRAINWARE UNIVERSITY

Term End Examination 2025-2026
Programme – LL.B.-2021/LL.B.-2023/LL.B.-2024
Course Name – Insurance Law
Course Code - LLB404A
(Semester IV)

Full Marks : 60 **Time : 2:30 Hours**

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A
(Multiple Choice Type Question) 1 x 15=15

1. *Choose the correct alternative from the following :*

(i) Select the purpose of Life insurance:

a) As an avenue for long-term investment
b) As a medium for getting income tax benefits from savings
c) As a governmental programme for reducing poverty
d) None of these

(ii) Which relationship automatically implies an insurable interest in life insurance?

a) Distant cousins
b) Siblings
c) Spouse and spouse
d) Neighbors

(iii) In property insurance, when must insurable interest exist?

a) Only at the inception of the policy.
b) Only at the time of the claim.
c) Both at the inception of the policy and at the time of the claim.
d) At any time during the policy period.

(iv) In an insurance contract, the 'risk' element refers to what?

a) The financial risk associated with the premium payments
b) The potential for loss or damage that the policy is intended to cover
c) The likelihood that the insurer will fail to pay the claim
d) The insured's capacity to bear the risk

(v) Which of the following statements best defines insurance?

a) A contract that involves the transfer of property
b) A contract that protects an individual or business against loss or damage
c) A process where the government compensates an individual for loss
d) A contract for covering medical expenses only

(vi) In insurance, a wager refers to which of the following?

a) A speculative contract where both parties win or lose based on chance
b) A contract where the outcome is based on an uncertain event
c) A contract for transferring risk between two parties
d) A contract that guarantees financial compensation

(vii) Which of the following is NOT an example of the principle of "Utmost Good Faith"?
a) The insured disclosing all health conditions when purchasing life insurance
b) The insured failing to disclose prior claims in property insurance
c) The insurer withholding information about exclusions from the policyholder
d) The insurer accurately describing the terms of the policy

(viii) What does the principle of "Subrogation" in insurance mean?
a) The insurer cannot be sued by the policyholder for an unfair claim decision
b) After paying a claim, the insurer acquires the right to recover from the third party responsible for the loss
c) The insurer can pay the policyholder more than the actual loss
d) The policyholder cannot transfer their insurance to another party

(ix) Which of the following is an essential element of a valid insurance contract?
a) Clear intention to insure the property
b) Only the insurer's written consent
c) Transfer of property to the insurer
d) The policyholder's promise to pay premiums only on claims

(x) What was the primary purpose of establishing LIC?
a) To regulate private life insurance companies
b) To provide a platform for investment in life insurance policies
c) To nationalize the life insurance business and provide insurance services to the masses
d) To promote foreign insurance companies in India

(xi) Which of the following statements about LIC is true?
a) LIC only provides term insurance policies
b) LIC is the largest life insurer in India
c) LIC operates in a limited geographical area
d) LIC is not authorized to invest policyholder funds

(xii) Select the correct option: The premium paid in a life insurance contract is -
a) Fixed based on the sum assured and the risk of the insured
b) Only paid once throughout the life of the policy
c) Paid only after the policyholder dies
d) Paid exclusively for health-related insurance coverage

(xiii) What is the term 'sum assured' in life insurance?
a) The minimum amount the insurer will pay upon the policyholder's death
b) The amount paid to the policyholder in case of critical illness
c) The annual premium paid for life insurance
d) The amount for which the life insurance policy is issued

(xiv) Tell the burden of proving insurable interest lies with whom?
a) The insurer
b) The insured
c) The court
d) The regulator

(xv) Which of the following best describes the 'risk' in life insurance?
a) The likelihood of an insured person suffering a financial loss
b) The chance of the insured dying within the policy term
c) The risk of the insurer suffering financial loss
d) The possibility of medical expenses exceeding the premium

Group-B

(Short Answer Type Questions) 3 x 5=15

2. A person insures a vehicle but fails to renew the policy after expiry. An accident occurs during the lapsed period. Identify the insurance involved and state the legal consequence. (3)
3. Identify the different types of Risk. (3)
4. L enters into a contract promising payment of money if it rains on a particular day. In this situation tell whether this contingency will culminate into a valid contract of insurance? (3)
5. A person purchases a policy covering his own life for a fixed sum payable on death. Identify the kind of insurance involved and briefly explain why this form of insurance does not operate strictly as a contract of indemnity. (3)
6. Explain the factors that affect Health Insurance premium. (3)

OR

Explain the legal effect of misrepresentation in life insurance contracts. (3)

Group-C

(Long Answer Type Questions) 5 x 6=30

7. Define the various types of Voyage. (5)
8. A trader insures his goods under a marine policy. During transit, the goods are damaged due to delay caused by port congestion. Determine whether the loss is recoverable by applying the principle of proximate cause. (5)
9. Suppose a policyholder has taken an insurance policy covering his building. His bank, which has financed his business, has also taken out insurance separately. Both policies are in force, covering the same property. What happens in the event of a claim? (5)
10. Contrast between marine cargo insurance and hull insurance. (5)
11. Explain the term "No Claim Bonus" in the context of Motor Vehicle Insurance. (5)
12. A policyholder dies during the grace period for payment of premium. The insurer refuses to honour the claim citing non-payment of premium. Assess the legal effect of the grace period in life insurance and evaluate the insurer's liability. (5)

OR

P takes multiple life insurance policies from different insurers on his own life. After his death, all insurers are called upon to pay the sum assured. Justify whether the principle of indemnity applies to life insurance and evaluate the validity of multiple claims. (5)

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