

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: Law of Insurance  
Semester-VIII (Batch: 2013-18)

Mid Semester Test: Feb-Mar. 2017

Date: 27<sup>th</sup> February, 2017

Duration: 2 hours

Max. Marks: 30

**Instructions:**

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write anything on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.
- **Bare Act is not allowed.**

**Answer the following questions**

**Marks**

- Q.1 Brett L.J., while deciding a case on fire insurance contract observed that, "Every contract of Insurance, except life insurance is a contract of Indemnity. The meaning of which is that the assured is in case of loss is to receive a full indemnity, but is never to receive more. Every rule of insurance law is adopted in order to carry out this fundamental rule, and if ever any proposition is brought forward, the effect of which is opposed to this fundamental rule, it will be found to be wrong."-Elucidate the above principle with the help of corollary principles that how it enforces the rule of indemnity? Whether the Insurance Contracts are Indemnity Contract in real sense? Briefly, explain the practical application of the same with any one of insurance contract in the present scenario. (10)
- Q.2 Ramesh had taken the Life Insurance Policy from Life Insurance Corporation of India on 25-03-2014. Meanwhile, the Insured met with an accident on 27-03-2014 resulted in brain hemorrhage and admitted in the hospital for a treatment. The Policy was issued from 30-03-2014 and it was also backdated from 31-08-2013. On 02-09-2016, again he was admitted in the hospital due severe head ache and cause for pain was diagnosed as brain hemorrhage. Since, he could not sustain the pain, committed suicide on 30-09-2016. Ms. Shashikala, wife of the deceased's person, claimed the policy money being legal heir. The LIC repudiated the contract on the grounds that, Insured has not disclosed the material facts at the time of formation of contract and also by invoking the condition enshrined under the contract i.e., clause 4B, which provides as follows:- (7.5)
- "Notwithstanding and agree that in the event of the death of life assured occurring as a result of intentional self-injury, suicide or attempting to suicide...on or after the date on which the risk under the policy has commenced, but before the expiry of the three years from the date of this policy, the corporation's liability shall be limited to the sum equal to the total amount of premiums paid under the policy without interest"
- Based on the above given facts, explain, when the contract is deemed to be concluded in case of backdating life insurance policies? Explain the grounds on which insurance company can repudiate the contract on basis of non-disclosure and misrepresentation clause with the help of provision of the Insurance Act, 1938 and decided cases?