

Code: 14E00316

MBA III Semester Regular &amp; Supplementary Examinations November/December 2017

**RISK MANAGEMENT & INSURANCE**

(For students admitted in 2014, 2015 &amp; 2016 only)

Time: 3 hours

Max. Marks: 60

**PART – A**

(Answer the following: (05 X 10 = 50 Marks))

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- 1 What do you mean by the term risk? What is the need for risk management in an organization?  
**OR**
- 2 What is the difference between symmetrical and asymmetrical risks?
- 3 Define insurance and discuss the general principles of insurance contracts.  
**OR**
- 4 Give a description of insurable interest and give few examples.
- 5 Discuss the importance of life insurance.  
**OR**
- 6 What are the duties and powers of IRDA setup under the IRDA Act?
- 7 Write short notes on Utmost good faith, indemnity, subrogation, contribution.  
**OR**
- 8 What do you mean by extension in an insurance policy? Give examples and explain.
- 9 Explain briefly the scope of cover, extensions and claim procedure in respect of health insurance.  
**OR**
- 10 Explain the designing issues in employee benefit plan.

**PART – B**

(Compulsory question, 01 X 10 = 10 Marks)

**11 Case Study:**

A real life case is given below. Based on the data given, analyze the issues involved and the problems in settlement of claim. If you were to sit on judgment over the dispute what will be your approach. Give your decision and the reasons therefore.

**MEDICLAIM POLICY - CASE OF PRE-EXISTING DISEASE**

Smt. Saroj Sian, along with Balwinder Singh took a joint mediclaim policy from New India Assurance Company Ltd. bearing No. 350102/48/02/00382 dated 31-03-2003, for the period 31-3-2003 to 30-03-2004 for a sum of Rs. One lakh each. Premium of Rs. 3,274 was paid. At the time of taking insurance policy, she was not suffering from any kind of disease. Earlier, in the years 2000-01 and 2001-02, she had taken medical insurance policies from the New India Assurance Company Limited on payment of premium.

On 3-2-2004, she went to Fortis Heart and Multi Specialty Hospital with pain in the lower abdomen. There, she was examined by Dr. Rashmi Garg. Gynaecologist, who after medical check-up, advised her to undergo surgery for the removal of uterus. Accordingly she was admitted in the hospital on 6-2-2004 where some medical tests were conducted and she was discharged on 8-2-2004. At the time of discharge from the hospital, she had paid a sum of Rs. 14,177 to the hospital for medical investigation and tests.

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Thereafter, she was admitted on 24-2-2004 to the Fortis Hospital where she underwent surgery for removal of uterus and was discharged on 1.3.2004. She paid Rs. 51,594 towards surgery and Rs. 2,075 for medicines and medical investigation. New India Assurance Company Ltd. had a tie up with Raksh TPA Pvt. Ltd, which has having its offices across India for settling the medical claims of medical insurance policy holders of New India Assurance Company Ltd. She lodged a claim with Raksh TPA For reimbursement of Rs. 67,846 but ultimately her claim was rejected on 27.10.2005 on the ground that she had been suffering from the disease For the last 8 years, so it was pre-existing. Alleging deficiency in service, a case was filed in the court for Rs. 1,19,205.

The New India Assurance Co. Ltd contested the case and moved the court For proper adjudication on the plea that the claim was not payable as risks of such ailment were specially excluded. It was admitted that the complainant had purchased a medical insurance policy and also admitted the filing of the proposal form. It further admitted the purchase of other two policies during earlier period but stated that no policy was purchased during the year 2002-2003. As such, there was no continuation of the policy. It next stated that the policy holder had concealed the pre-existing disease, so the entire contract of insurance had become null and void and held that the claim is untenable. Ultimately her claim was rejected by stating the disease was pre-existing.

The insurance company further added that according to Clause 4.3 of the terms and conditions of medical claim insurance policy, during the first year of the operation of insurance cover, the expenses on treatment of disease such as cataract, benign prostate, hypertrophy, hysterectomy for menorrhagia or fibromyoma, were not payable if these disease were preexisting at the time of proposal. The copy of the insurance policy does not contain any such terms and conditions of medical insurance.

The policy holder argued that she had the pain of abdomen off and on for the last 8 years and irregular cycles with excessive flow (menorrhagia). Subsequently it was detected that the respondent was suffering from Adenocarcinoma uterus with fibroids, for which hysterectomy was performed. There was no evidence that she had knowledge of the disease in question for which she was operated upon by Fortis Hospital and later on lodged the claim. The existence of off and on abdomen pain or having irregular cycles with excessive flow is no such a serious disease to be taken notice because it happens with many ladies. It was only during check-up after 6.2.2004 that, it was detected that she was suffering from Adenocarcinoma of uterus with fibroids for which hysterectomy was performed. It is true that, in the proposal form with respect to the current medical insurance policy covering the period 31.3.2003 to 30.3.2004, she had stated that she was not suffering from any disease. She had rightly stated so because she had no knowledge that she was suffering from Adenocarcinoma of uterus with fibroids.

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