**FIRE &ENGINEERING MODEL QUESTIONS**

1. In EAR Policy the minimum policy period is 2 months and maximum is depends up on the size and type of project but not exceeding 84 months inclusive of Extended Maintenance Period. The premium rating for the policy period is not emphasize
2. Rate for first two months of the Project period is known as first one month erection plus one month testing
3. The first two month rate is applied in case no testing cover is required
4. There is no more additional testing period cover is available
5. The rates for first two months is the cover for Two months or less and the testing period is one month or less.
6. Under Electronic equipment policy there is no coverage available for
7. System software
8. Application software
9. Punched tapes
10. Increased cost of working
11. Which of the following is taken into consideration for arriving at the adequacy of sum insured under Fire Consequential loss insurance policy
12. Gross profit of the current policy
13. Previous financial year Turnover
14. Standard Turnover
15. Annual Turnover
16. An Insured has taken Standard Fire and Special Perils Policy covering his fixed assets and stocks. He has opted for Rs.5,00,000 as voluntary deductible. His property got damaged due to Fire. While settling this fire claim the excess applicable shall be
17. Rs. 10,000/- as compulsory Excess
18. 5% of claim amount or subject to minimum of Rs 10,000/-
19. 5% of Claim amount subject to minimum of Rs.5,00,000/- only
20. Both compulsory excess of Rs.10,000/- and Voluntary excess of Rs 5,00,000/-.
21. Reinstatement of Indemnity Limit on payment of additional Premium after occurrence of claim can be allowed for the following extensions under Engineering Construction Insurance Policies except

a). Express Freight (Air Freight Excluded) Holiday and overtime rates of wages

b). Air Freight Only

c). Additional Customs Duty

d). Express Freight (Air Freight included) Holiday and overtime rates of charges

1. An insured has taken fire policy covering plant and machinery under Standard Fire and special peril policy. Due to direct impact of Lightning strike on out door Transformer No.1 and got exploded and got fire. Due to this the out door transformer No 2 and other surrounding properties are also got damaged. The liability under the fire policy is
   1. Entire claim is payable
   2. Entire claim is not payable
   3. Only Transformer No. 1 is payable
   4. Other than transformer No.1 is payable
2. Which is incorrect in case of Third Party Liability (TPL) Extension under EAR/CAR Policies.
3. Maximum AOA limit allowed is upto Rs 25 Crores
4. TPL cover shall be granted during inception of Extended Maintenance Period with additional premium.
5. TPL cover may be extended during Maintenance Period on the request of the insured and with additional premium.
6. TPL cover cannot be granted during Extended Maintenance Period
7. Which of the following statement is incorrect in case of Reinstatement value policies.
   1. Reinstatement of the affected property should be completed with in 12 month from the date of loss
   2. In case reinstatement not effected, then the claim can be settled on Market value policy basis
   3. Value at the risk at the time loss will be taken to arrive the adequacy of sum insured
   4. It permits to settle the Claim on market value basis.
8. Reinstatement of Sum Insured under Construction Policies under Engineering Insurance is done
9. The insured is undertaking to pay a short period additional Premium on the full amount of each claim for the loss or damage from the date of such loss to the expiry of the period of insurance.
10. The insured is undertaking to pay a short period additional Premium on the Gross Loss amount of each claim for the loss or damage from the date of such loss to the expiry of the period of insurance
11. The insured is undertaking to pay a pro-rata period additional Premium on the Gross Loss amount of each claim for the loss or damage from the date of such loss to the expiry of the period of insurance
12. The insured is undertaking to pay a pro rata additional Premium on the full amount of each adjusted claim for the loss or damage from the date of such loss to the expiry of the period of insurance
13. Which of the statement given below is most relevant in case of engineering operational policies and Business Interruption policies.
14. In case mid term increase in sum insured, the premium chargeable is on pro-rata basis for the unexpired policy period.
15. In case mid term increase in sum insured, the premium chargeable is on short period basis for the un expired policy period
16. In case mid term increase in sum insured and renewed by annual policy with the same or enhanced sum insured with same insurer then refund on premium arising out of difference between short period and pro-rata premium is made***.***
17. In case mid term increase in sum insured and renewed with the same insurer then refund on premium arising out of difference between short period and pro-rata premium is made

##### As per Escalation Clause in the Fire and All operational Engineering Policy including boiler insurance

1. The selected percentage increase shall not exceed 10% of the S.I.
2. The selected percentage increase shall not exceed 15% of the S.I.
3. The selected percentage increase shall not exceed 20% of the S.I.
4. The selected percentage increase shall not exceed 25% of the S.I.
5. Basis of Loss Settlement under Construction Policies in Engineering Insurance other than
6. In the case of damage which can be repaired the cost of repairs necessary to restore the property to their condition immediately before the occurrence of the damages less salvage
7. In the case of Total Loss – the actual value of the property, freight and duty of the affected item immediately before the occurrence of the loss less salvage
8. The cost of any alteration, additions and or improvements shall not be recoverable along with the property damage claim
9. The policy indemnify the losses to the actual value of the property of the replaced one with the same kind after the occurrence of the loss less salvage
10. The sequence to be followed in the fixed assets fire claim settlement shall be
    1. Assessed loss less Depreciation, pro-rata average, salvage and Excess
    2. Assessed loss less salvage, depreciation, pro-rata average and excess
    3. Assessed loss less depreciation, salvage, pro-rata average and excess
    4. Assessed loss less pro-rate average, depreciation and excess.
11. Contractor All risk Policy shall not indemnifies the losses
12. Which are reported from the time of commencement of work after the unloading of the property specified in the scheduled from any conveyance at that site specified in the schedule till completion of the project or handing over whichever is earlier
13. The companies liability expires when a part of the contract work is completed and taken over or put in to the service by the principal prior to the expiry date specified in the policy whichever is earlier
14. With regard to Temporary access roads covered under the policy with specific indemnity limit, the insurer will indemnify the insured only for unforeseen accidental loss or damage to the temporary access roads from the inception of the policy till expiry/ completion of project whichever is earlier.
15. Irrespective of the period of insurance specified in the policy, the insurer will indemnify only for unforeseen accidental loss or damage to temporary access roads under the policy if such loss or damage occurs prior to such roads being completed or taken to use for their purpose by the contractors whichever is takes place first.
16. Which of the following statement(s) is/are not relevant to Industrial all risk Policy

I IAR policy waives under insurance over and above 15% in the claims settlement in section I and upto 15% in section II of the policy

II No depreciation applied on partial and total losses arising out of Machinery Breakdown claims

III Selection of machinery is permitted under Machinery breakdown sum Insured

IV Fire Loss of profit cover is compulsory and Machinery Loss of profit cover is Optional

1. (i) and (iii)
2. only (ii)
3. (ii) and (iv)
4. only (i).
5. An Advanced Loss of Profit policy indemnifies the Principal or the project owner for
6. The loss of revenue arising out of delay in the completion of the project due to other contractor’s delay which is not in the scope of the policy holder.
7. The loss of revenue arising out of delay in receipt of project consignment due to accident during transit period
8. The loss of revenue arising out of delay in completion of project due to operation of an insured peril covered under SCE/CAR policies
9. The loss of revenue arising out of delay in completion of project due to Speculative or trade risks which relates to political, social or economic reasons or shortcomings in the management
10. The minimum Sum insured and retention of premium under floater declaration policy is
11. Rs. 1 Crore & 50% respectively
12. Rs. 1 Crore & 80% respectively
13. Rs. 2 Crore & 50% respectively
14. Rs. 2 Crore & 80% respectively
15. To trigger a claim under Fire(CL) Policy the one of the reason given is not mandatory
16. Material Damage Proviso must be complied
17. Material Damage policy and Business Interruption (BI) Policy should have identical policy period
18. Maximum liability under BI policy is as per the indemnity selected under the policy.
19. Date of Material Damage Policy and Business Interruption policy need not be the identical policy period but there exist a valid policy at the time of loss event.
20. Fire (CL) Policy indemnifies the loss even in the occasion of when
21. The cause of loss is established, which is an insured peril covered under Material Damage Policy.
22. Liability under the Material Damage Policy is admitted
23. Cause of loss is established and liability is admitted under the Material Damage Policy but loss/damage reported under the MD policy is not payable due to deductible clause.
24. Cause of loss is established and liability is not admitted under the Material Damage.

1. The Fire(CL) Policy indemnifies except
2. Loss of Gross profit arising out of reduction in turnover during interruption period due to operation of insured peril covered under the material damage policy
3. In addition to Loss of Gross profit Increased Cost of Working also payable
4. Increased cost of working is paid in full as incurred by the insured to ensure reducing or further diminishing of reduction in turn over during interruption period which spent due diligently.
5. Increased cost of working payable subject to all standing charges are insured and Economic Limit .
6. Which statement is incorrect
7. In MBD, CPM and Boiler policies the reinstatement of premium is collected on pro rata basis on the settled claim amount from the day repaired /replaced item is again put to work till expiry of the policy period
8. In fire insurance the reinstatement of sum insured is effected by collecting the pro rata premium on settled claim amount for the unexpired period from the date of loss to the expiry of the policy period.
9. In EAR/CAR policies the insured undertaking to pay a prorate additional premium of the full amount of each and every claim for reinstatement of Sum Insured from the date of loss to the expiry of the period of insurance
10. In MBD, CPM and Boiler policies the reinstatement of premium is collected on pro rata basis on the settled claim amount from the date of loss till expiry of the policy period
11. Excess applicable under MBD, EEI and CPM policies excluding
12. Based on value of individual item covered under the policy
13. Where more than one item is damaged in one and same occurrence, the insured shall not however be called upon to bear more than highest excess applicable to any one such item
14. Where more than one item is damaged in one and same occurrence the excess is applied on individual item loss assessment.
15. Excess to be first borne by the insured out of each and every claim
16. In CPM policy the equipment falls in Group 5 covers
17. All CPM equipment irrespective of value
18. All CPM equipment with value not exceeding Rs 10,000/-
19. All CPM equipments with sum insured of Rs 10,000/-
20. Other miscellaneous items with individual value up to Rs 10,000/-
21. Which is incorrect with regard to Basis of Sum insured
22. All Engineering operational policies are Reinstatement basis
23. Industrial All Risk policies are only Reinstatement basis
24. Industrial All Risk Policies are either market value or Reinstatement value basis
25. Fire policies are dual basis sum insured that either market value of Reinstatement basis.
26. Which policy cannot be issued on floater basis
27. Stock lying in various locations covered under single sum insured under Fire insurance Policy
28. Contractor Plant and Machinery insurance Policy
29. Electronic Equipment insurance Policy
30. Deterioration of Stocks insurance Policy
31. Under Fire Loss of Profit insurance the Increased Cost of working is payable in full subject to
32. All standing charges are need to be included in the Sum Insured
33. Subject to Economic limit which is arrived by applying percentage of Rate of Gross Profit on turnover saved during interruption period
34. Complying any one of the above
35. Complying a) and b).
36. Mark the most unlikely answer below.
    1. In Contractor All Risk Policy fragile items are covered automatically
    2. Contractor All Risk Policies are issued where the scope of project is only Civil construction
    3. Storage Cum erection policies are issued for erection and commissioning of new and / or second-hand Electro Mechanical machineries.
    4. Storage Cum erection policies are issued where the scope of project involves civil construction, testing and commissioning of Electro Mechanical machineries.
37. Under Standard Fire Consequential loss (Petro Chemical) insurance the Time Excess applicable is
38. Nil
39. 5% of the claim amount or first 7 days of gross profit whichever is less
40. 14 days Gross Profit
41. 7 days Gross Profit
42. Under Fire LOP policy period of interruption is from 01.05.2016 to 31.08.2016. The actual turn over during interruption period is Rs 25,00,000/-. The rate of gross profit is 25%. The turnover during the period 01.05.2015 to 31.08.2015 was Rs 5,00,00,000/-. The Sum insured under the policy is Rs 1,00,00,000/-. Annual Turnover is 6,00,00,000/-The Gross Loss of Profit payable before policy excess is
43. Rs 79,16,667
44. Rs 1,25,00,000/-
45. Rs 1,18,75,000/-
46. Rs 25,00,000/-
47. The time excess clause in respect of MLOP policies the amount deducted from the claim amount is equivalent to
48. The percentage of Rate of Gross profit applied on Standard Turnover/Output and would multiplied by number of days of time excess.
49. The Time Excess would apply on the gross profit of the entire business of the unit affected following the loss.
50. The time excess would be applied on the Gross Profit affected following the loss.
51. The proportionate number of time excess days derived from the sum insured under the policy would be deducted from the loss amount.
52. Insured has saved a Turnover during interruption period at Rs 10,00,000/- by spending a amount of Rs 75,000/-. Previous year Financial Turn Over was Rs 500 Crores and achieved Gross Profit was Rs 50 Crores. The Insurer’s liability towards payment of Increased Cost of Working is limited to
    1. Rs 75,000/-
    2. Nil
    3. Rs.1,00,000/-
    4. Rs. 1,10,000/-
53. The insured has furnished to the insurer their Net Profit at Rs 25,000/- which includes non trading income of Rs 5000/- and Insured Standing Charges at Rs 1,00,000/- which included uninsured standing charges of Rs 20,000/- to arrive the achieved Gross profit. The Financial Turn over for the previous year was Rs 4,00,000/-. The insured has saved a Turnover at Rs 10,00,000/- during interruption period by spending Rs 3,00,000/-. What is the insurer’s gross liability towards Increased Cost of Working
    1. Rs. 3,00,000/-
    2. Rs 2,50,000/-
    3. Rs. 2,08,333/-
    4. NIL
54. The sum insured under the Fire Loss of Profit insurance is Rs. 50,00,00,000/-. Gross Loss is arrived by the surveyor at Rs 5,00,000/- before deductible. Insureds Previous year Financial Turnover was Rs 1000 Crores and Achieved Gross Profit was Rs 100 Crores. Annual Turnover was Rs 800 Crores. The gross loss payable before application of deductible is
    1. Rs 5,00,000/-
    2. Rs 5,50,000/-
    3. Rs 8,00,000/-
    4. Rs. 3,12,500/-

**GOOD LUCK**

**Answer Key**

**1. c**

**2. b**

**3. d**

**4. c**

**5. d**

**6. a**

**7. b**

**8. c**

**9. d**

**10. c**

**11. d**

**12. d**

**13. c**

**14. c**

**15. a**

**16. c**

**17. d**

**18. b**

**19. c**

**20. c**

**21. d**

**22. c**

**23. d**

**24. c**

**25. d**

**26. d**

**27. a**

**28. c**

**29. a**

**30. c.**

**31. a.**

**32. c.**

**33. d.**