

PGDM (Insurance Business Management) 2019-21
Employee Benefit
INS -402
Trimester – IV, End-Term Examination, September, 2020

Time allowed: 2½ Hours

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the answer sheet.

Note: Please be relevant and brief in your answers. Section B is compulsory.

Section-A

There are 3 questions in this section. Each question carries 10 marks. (Min. 200 words)

A-1. **Critically examine** the evolution of employee benefit schemes in India and discuss the relevant regulations / acts responsible for it. (CILO 1)

OR

A-1. **Discuss and justify** probable reasons (at least three) for employers in current times for preferring “Defined Contribution” over the “Defined Benefit” option for retirement related benefits. (CILO 1)

A-2. The Gratuity provision as per 1972 act has outlived its utility in today context – do you agree with this statement? **Justify** your stand. (CILO 2)

OR

A-2. **Discuss** with suitable examples the applicability of the basic principles of life insurance in Group Life Underwriting. (CILO 2)

A-3 **Analyze and explain** the current accounting standards in place for employers for the funding of deferred liabilities. (CILO 3)

OR

A-3. **Outline** the concept of ‘Approved retirement schemes’? **Explain** in brief the income tax related benefits associated with a gratuity schemes for an employer & employee. (CILO 3)

Glossary of key words

Analyze

Find the relevant facts and examine these in depth. Examine the relationship between various facts and make conclusions or recommendations.

Discuss

To consider something in detail; examining the different ideas and opinions about something, for example to weigh up alternative views.

Explain

To make something clear and easy to understand with reasoning and/or justification.

Justify

Support an argument or conclusion. Prove or show grounds for a decision.

Outline

Give a general description briefly showing the essential features.

Section C

Case Study

20 Marks

The following are the important points in a Group Life Coverage Slip issued by a broker for its client to the insurance companies for getting quotation.

Scope of cover

1. Death by Any Cause
2. Permanent Total Disablement
3. Temporary Total Disablement

Client: Mobile Petroleum Services, **Business:** Oil Exploration & EPC Contractor, **Members:** 200 employees plus floating contractual laborers, **Place of Business:** India

Insured Persons: All currently employed and to be hired in future. Also to cover the floating contractual labours for the short period of their stay (Min 3 months)

Limits: Death : Graded Cover Rs 1 Cr for Senior Management team (12 members) , Rs 25 lakhs for Managerial Staff (No 24) and for rest Rs 5 lakhs. PTD – Own Occupation Clause (Accident), TTD: 100% of the monthly basic salary for each month and payable for a maximum period of 52 weeks from the date of disablement

Waiting Period / Deductible: 2 months manifestation period in respect of PTD following accident/sickness, Temporary Total Disablement: 7 days

Extensions: The policy is subject an upper age limit of 60 for staff and 65 for Sr Management, cover to be extended up to 70 years for them subject to full underwriting information, satisfactory medical examination results and terms to be agreed.

Automatic Cover: in respect of newly hired employees subject to monthly declaration, Automatic policy extension for a period not exceeding 30 days at policy anniversary upon request of the insured at pro-rata additional premium

Other Conditions:

1. Pre Existing Condition Exclusion deleted in respect of Death or Disability due to sickness
2. Salary details would not be shared by company
3. Free Cover Limit for all
4. Premium adjustment – Pro rata Additional/Refund premium on quarterly declaration even for floating

Exclusions: Group Life Benefit shall be subject to only Nuclear Fission, Nuclear Fusion or Radioactive Contamination only

Disability section of the policy shall only be subject to 1. Intentionally self-inflicted injuries and attempted suicides whether sane or insane, gross negligence and violation of the law 2. Abuse of drugs, alcohol and medication other than prescribed by a physician 3. War, invasion, act of foreign enemies, hostilities

As a conservative underwriter identify four features which you would like to change looking at the profile / requirement of the client. Give your reasons and also suggestions for improvement. (5*4)

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