**PGDM (Insurance Business Management), 2020-22**

**Products & Practices of Life Insurance**

**INS-205**

**Trimester II, End Term Examination, January 2021**

Time allowed: 2½ Hours Max Marks: 50 Roll No: ___________

**Instruction:** Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means.** All other instructions on the reverse of Admit Card should be followed meticulously.

| Sections | No. of Questions to attempt | Marks | Total Marks |
|---|---|---|---|
| A | All 3 question with internal choices | 3*10 | 30 |
| B | Compulsory Case Study | 20 | 20 |
| | | | **50** |

## Section-A

A-1. **Discuss** the need of "Reserving & Solvency " in life insurance business from the perspective of all four important stake holders. (CILO 1)

OR

**Explain** the basic features of the LIC's Jeevan Umang policy. What could be the selling pitch for this policy for a prospective customer ? (CILO 1)

A-2. **Justify** the need of section 45 of the Insurance Act 1938. **Explain** in brief the salient provisions & the importance it in life insurance business. (CILO 2)

Or

**Compare** & **contrast** the cost structure of traditional policy with that of an ULIP ? How do they differ in terms of investment return ? (CILO 2)

OR

A-3. **Outline** the different initiatives taken by regulator & the insurance companies take care of mis-selling in life insurance ? **Explain** in brief the working of the " free look period provision. (CILO 3)

OR

**Illustrate** the different methods used in determining the life insurance cover needed by an individual ? Is it any way connected to the different stages of life ? (CILO 3)

## Section B

*Case Study* *20 Marks*

**Case Study 1** : Mr. Sanjeev took a participating endowment policy of a guaranteed bonus of Rs. 50 for Rs. 500K sum assured in March 2005 for term of 10 years. Mr. Sanjeev also took all the three available riders i.e. term benefit rider , accidental benefit rider and critical illness riders for sum assured of Rs. 200K each by paying little extra premium. Mr. Sanjeev survived the term and got his maturity benefit in his hand. The life company also had offered a terminal bonus of Rs 30.

Based on the above inputs & with a **proper explanation** calculate the following (5*3)

1. The maturity claim amount paid to Mr. Sanjeev in year 2015

2. What would have been the surrender value of the policy , had Mr. Sanjeev opted for it after completion of seven years. Pl take SV factor as 70% at the end of 7 year ?

3. What would have been the death claim amount had Mr. Sanjeev died of a sudden heart attack ( a health condition covered under critical illness rider) after completion of the sixth year of policy ?

**Case Study 2** : Mr. Sanjeev had kept her elder sister Mrs. Kirti as nominee in one of her policy as a mark of love. In all other policies his wife was nominee. While travelling together in a car they ( Brother & Sister) met with an accident & died on spot. Who would be entitled to get the claim in this case ? Would the situation change if Mrs. Kriti was younger in age ? (5)

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