

PGDM(IBM), 2013-15
Principles, Practice and Products of Life Insurance
Subject Code-INS 104

Trimester-I, End-Term Examination: September 2013

Time Allowed: 2 hrs 30 min

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**. In case of rough work please use answer sheet

Section A

3 out of 5 questions (Short Questions)

5 Marks Each

- Q1. List five differences between individual and group insurance contracts
- Q2. Explain front-end load and back-end load for an annuity contract
- Q3. Explain the current pricing system of Life Insurance Industry
- Q4. Explain the following terms:
- A) Competent Parties
 - B) Conditional Contract
- Q5. Explain the following terms for an annuity contract:
- A) Payout Period
 - B) Accumulated Value

Section B

2 out of 3 (Long Questions)

10 Marks Each

- Q1. Consider that you are working in a Health Insurance Company as an Underwriter and the proposal for a group health insurance contract for BIMTECH has come to you. What are the factors you would consider and why?
- Q2. Comment on traditional vs. ULIP products

Q3. Explain the principle of Utmost good faith in details.

Section C

Compulsory Case Study

Q1. Analyse the following cases and give your decisions for the following:

A) Mr. Rishabh Singh paid Rs 3500/- to Rubia Life Insurance Company as a first premium payment for a Life Insurance Policy of Sum Assured-1 lac on 31. 01.2008. The Life Assured died on 25. 04. 2008. When the beneficiary, in this case-wife of Mr. Singh filed the claim; it was rejected by the Insurance Company.

Company stated that there was no concluded contract between the deceased and the petitioner and that the proposal of the deceased was never accepted by them and that no policy bond was issued by them. It also contended that the agent had deposited a sum of Rs.3500 but the proposal form was not submitted by the agent or the proposer during her life time.

Rubia Life Insurance Company returned the amount of Rs.3500/- and the same was returned undelivered on 15.04.2009.

The beneficiary filed the complaint against Rubia Life Insurance Company in the district forum.

What should be the decision of the district forum and why?

B) Mr. Sikka, the life insurance advisor got a call from one of his oldest client Mr. Bansal requesting him to come immediately to his home for a Child Insurance plan.

Mr. Sikka got puzzled as Mrs. & Mr. Bansal were not having any child. However, he immediately reached to Mr. Bansal's home. There he was introduced to Mrs. & Mr. Ratnesh, his relative (brother-in-law) and their daughter Priya aged 7. Mr. Bansal was interested in taking / sponsoring a child education plan for Priya for Rs 5 lac in his name and wanted the process to be completed immediately.

Mr. Sikka talked to Mr. Bansal and understood that the parents of the Priya were poor and even he was contemplating to adopt Priya in due course and hence this request came to them.

As a seasoned life insurance advisor, Mr. Sikka got the application form etc. filled and collected the cheque for the premium and started for office.

Would the underwriter accept the proposal for child plan and on what grounds the underwriter would accept or reject it?