

PGDM (IBM), Batch 2014-16

Life Insurance-III (Employee Benefit Scheme)

INS-403

Trimester-IV/End-Term Examination, September, 2015

Time Allowed: 2Hrs. & 30Mins.

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.

Note : - Please be relevant and brief in your answers.

- Section C is compulsory.

- Do not write anything on this question paper except your roll no.

Section-A

There are 5 questions in this section. Attempt any 3 questions. Each question carries 5 marks. (Min. 150 words)

- A-1. Describe in brief the evolution of employee benefit schemes in India and the relevant regulations / acts responsible for it.
- A-2. "Defined Contribution" schemes are now being preferred over "Defined Benefit" now a days. Pl give three reasons for it.
- A-3. The introduction of EDLI scheme under EPF & MP Act led to the growth of GTLI business in India. What were the enabling reasons for such growth ?
- A-4. The current accounting standards in place require an employer to have a mechanism for the funding of deferred liabilities. Why is it so ? Explain.
- A-5. Describe in brief origin , scope and provisions of ESI scheme.

Section-B

[Note: Answer 2 out of the 3 Questions below. Each Question carries 10 marks. (Min. 250 words)

[2x10=20]

- B-1. The NPS architect is built around the recommendations of the OASIS report. Substantiate this statement with five important features of NPS .
- B-2. Explain with suitable examples the applicability of the basic principles of life insurance in Group Life Underwriting.
- B-3. Explain in brief the income tax related benefits associated with an approved retirement schemes for an employer.

P.T.O.

Section C

Case Study

15 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 : Dolfin Petroleum Services , **Business** : Oil Exploration & EPC Contractor , **Members** : 200 employees plus floating contractual labours **Place of Business** : Nigeria

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 an conservative underwriter identify five features which you would like to change looking at the profile / requirement of the client. Give your reasons and also suggestions for improvement. (5*3)

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