

PGDM (Insurance Business) 2013-15

Employee Benefit Schemes

INS -406

Trimester – IV, End-Term Examination, September, 2014

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**. 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. Briefly describe the various employee benefits provided for the employees in our country.
- A-2. Discuss the merits / demerits of "Defined Benefit" & "Defined Contribution" Schemes
- A-3. Describe in brief the origin and provisions of EDLI scheme under EPF & MP Act
- A-4. Examine the need for funding gratuity liability of an employer.
- A-5. Describe in brief origin , scope and provisions of workmen's compensation policy.

Section-B

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

[2x10=20]

- B-1. Write in brief the origin , scope , findings & recommendations of OASIS report .
- B-2. Group underwriting and experience rating are two special features of group life schemes. Explain these two concepts in detail.
- B-3. What are the income tax related benefits associated with an approved superannuation schemes for an employer.

P.T.O.

Section C

Case Study

15 Marks

Extract of a Group Life Coverage Slip issued by a broker for its client

Scope of cover

1. Death by Any Cause (Accident & Natural)
2. Permanent Total Disablement (Accident/Natural)
2. Temporary Total Disablement (Accident/Natural)

Insured : Go Air Aviation Services , **Business :** Aviation & Hospitality

Insured Persons: All Employees of the Insured currently employed and to be hired in future

Limits: Death by Any Cause (Capital Sum Insured) 24 times monthly basic, subject to a minimum sum insured of Rs 500,000. Permanent Total Disablement – Own Occupation Clause (Accident) ,Temporary Total Disablement (Accident) 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: 12 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 65 at inception for Group Life and Disability Benefits including Sickness Benefits , Cover to be extended to employees over 65 years and up to 70 years, 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. Claims settlements are to made based on the last drawn salary
3. In the event of adverse medical results in respect of persons exceeding the Free Cover Limit of Rs. 1,000,000 , cover will be granted up to free cover limit, regardless of status of medical results
4. Premium adjustment – Pro rata Additional/Refund premium on quarterly declaration

Exclusions: Group Life Benefit shall be subject to the exclusions of Active War, 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

Based on the above information given for the group pl explain the meaning , scope and limitation of the followings giving suitable examples wherever required : (3*5)

1. Permanent Total Disability
2. Temporary Total Disability
3. Automatic Cover
4. Free Cover Limit
5. Abuse of drug & Alcohol