

PGDM-IBM, 2014-16
Life Insurance (Products & Practices)
INS-203

Trimester – II, End-Term Examination: December 2014

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.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	$3 \times 5 = 15$
B	2 out of 3 (Long Questions)	10 Marks each	$2 \times 10 = 20$
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A

- A1. Explain the concept of backdating. Is backdating possible in term insurance plans? Justify your answer
- A2. What are the factors that affect the premium rate calculations?
- A3. Explain the following:
- a) Lapse rate
 - b) Period Certain Annuity
- A4. Can you revive a lapsed life insurance policy? If yes, how can you do the same?
- A5. How annuity is different from pension?

Section B

- B1. Explain the different methods of calculating group insurance premiums.
- B2. Explain the different types of information problem existing in insurance market. Please suggest solutions for each problem.
- B3. You have been recruited in the sales team of a life insurance company. Mr. Rahul is your prospective client; please suggest the suitable products analyzing his needs:

Ms. Rahul, aged 35 is an IT professional and is earning salary of 80,000 pm. He is married and wife is working in a school earning Rs 20,000 p.m. They have a daughter of age 2 years. Mr. Rahul is not much interested in buying insurance as he considers investing in stocks as a better investment. Do you think that he should purchase insurance?

If Yes, suggest a suitable product or (s) as per his needs explaining him the importance of these products as per his needs.

Section C

A) Mr. Vijaya Kumar purchased a life insurance plan from Hills Life Insurance Company on 10th October 2012. The plan was a regular premium plan, with premium payment frequency as quarterly. He paid the premiums for the next two quarters but after that could not pay the premiums. He revived the policy on 1st January 2014 by signing the declaration form for his health. Mr. Vijaya died on 05th Aril 2014 and the beneficiaries filed the claim.

Hills Life Insurance Company repudiated the claim on the ground that the Deceased Life Assured concealed material facts at the time of revival. The complainant argued that at the time of revival, every fact was disclosed to the agent and thus did not suppress any previous ailment but agent has filled wrong answers in the personal statement regarding health.

Do you agree with the decision of the insurance company or not? Justify your answer.

B) What is human life value in terms of life insurance? Explain the importance of human life value calculation.

C) Calculate the human life value of Mr. Rana Som aged 36 years, from the data given below:

Annual Income: 10, 00,000

Personal Expenses & Tax: 1, 20,000

Life Insurance: 50 lacs Sum Assured

Home Loan: 30, 000, 00

HLV Factor: 20

Fixed Deposits on his name: 5, 00,000

His son wants to become doctor which may cost him 35 lacs