

PGDM (Insurance Business) 2017-19
Products and Practices of Life Insurance
INS- 207

Trimester – II, End-Term Examination, December , 2017

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

Attempt any 3 questions. Each question carries 5 marks. (Min. words 150)

- A-1. What do you understand by the term "Moral Hazard" ? How do life insurance companies try to minimize it at underwriting stage ?
- A-2. What is nomination ? Why is it desirable in a life insurance contract ? How has the role / authority of a nominee changed post amendment in Insurance Act 1938 in 2015 ?
- A-3. What are the claim related benefits attached with a term , pure endowment & endowment life insurance policies? For a same age / term / insurable condition which policy would cost more & why ?
- A-4. What is grace period ? What is the way out and requirements for a life assured to get his / her lapsed policy back in to in-force status ?
- A-5. What is a rider benefit ? Briefly explain the features of any three rider benefits which are available in India with life insurance policies.

Section-B

Answer any 2 Questions Each Question carries 10 marks. (Min 300 words)

- B-1. Why is an ULIP plan also known as "un-bundled" plan ? What are the IRDAI's new guidelines in terms of risk coverage , early exit and the return in an ULIP plan ?
- B-2. What do you understand by the non-forfeiture provision in a life insurance policy ? Describe in brief the meaning of paid up value , surrender value and admissible loan value in a traditional policy.
- B-3. List out any five claim possibilities in a life insurance policy ? What would be the minimum documentary requirement to assess and settle these claims ?

P.T.O.

Section-C

Case Study

15 Marks

Mr. Rajesh took a endowment policy of Rs 5,00,000 sum assured in march 2003 for term of 10 years. It was a participating endowment plan having a guaranteed addition (bonus) of Rs 50 per thousand of sum assured. Mr. Rajesh was of age 56 at the time of taking policy. His agent briefed him well about the different rider benefits and Mr Rajesh took all the three available riders i.e. term benefit rider , accidental benefit rider and critical illness riders for sum assured of Rs 2,00,000 each by paying little extra premium. Mr. Rajesh was of good health condition and hence no extra loading was done for his base policy. The premium for the policy inclusive of all those riders benefit was of Rs 63,250 per annum. Mr. Rajesh survived the term and got his maturity benefit in his hand. The life company also had offered a terminal bonus of Rs 30 per thousand sum assured for all those getting maturity condition subject to a minimum of 10 year term.

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

1. The maturity claim amount paid to Mr. Rajesh in year 2013
2. What would have been the surrender value of the policy , had Mr. Rajesh opted for it after completion of seven years taking surrender / discount factor as 0.70 % at the end of 7 year ?
3. What would have been the death claim amount had Mr. Rajesh died of a sudden heart attack (a health condition covered under critical illness rider) after completion of the sixth year of policy ?
4. What would have been the total payout / claim amount had Mr. Rajesh died of a paralysis attack (a health condition covered under critical illness rider) after being in hospital for 45 days after completion of the sixth year of policy ?
5. What would have been the total payout / claim amount had Mr. Rajesh died of bullet injury in a bank robbery incidence where he had gone cash withdrawal ? Assume that this particulate incident took place just after 15 days of taking of the policy.

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