

PGDM (Insurance Business Management) 2017-19

Employee Benefit Schemes (INS -403)

Trimester – IV, End-Term Examination, September, 2018

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**.

Note : - *Please be relevant and brief in your answers. Section C is compulsory.*

Section-A

There are 5 questions in this section. Attempt any 3 questions. Each question carries 5 marks.

- A-1. Examine the existence of the different principles of insurance in a group life schemes.
- A-2. What is immediate annuity plan ? List & describe in brief three different types of annuity options available to an annuitant .
- A-3. Write a short note on EDLI Scheme under the EPF & MP Act 1952. How could it helped in growth of group life business of life insurance company ?
- A-4. What are the income tax related relief available to initial & annual contributions payable by an employer under an approved gratuity scheme.
- A-5. Why the actuarial valuation of an approved retirement scheme is must ? What are the factors which are crucial while doing the valuation exercise ?

Section-B

[Note: Answer 2 out of the 3 Questions below. Each Question carries 10 marks.

[2x10=20]

- B-1. How do you visualize the role of NPS as a retirement solution provider in country ? Discuss in brief the NPS architect and the role of five important stake holders.
- B-2. Discuss the relative merits & demerits of privately administered superannuation scheme vis-a-vis one managed through the help of an insurance company.
- B-3. Describe the income tax related provisions under PF , Gratuity & Superannuation Schemes from the perspective of an individual employee.

Section C

Case Study

[15 Marks]

Here is the summary / 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 : Indigo 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 employees are to be given insurance cover up to free cover limit till the 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 from the date of joining 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 be 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

Based on the above information given for the group please 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. Pro rata adjustment of premium
