



PGDM (IBM) 2017-19 Batch  
Subject: LIFE AND HEALTH INSURANCE UNDERWRITING  
INS 305  
Trimester – III, End – Term Examination: March 2018

[Time Allowed: 2.30 Hours]

[Max Marks: 50]

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No. on every page of the questions paper writing anything except the Roll No. will be treated as Unfair Means. All other instructions on the reverse of Admit Card should be followed meticulously.

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

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

[Marks equal in both sections]

Section-A

[A1]

- (a) What problem does the level premium pricing system address and how?  
(b) Graphically illustrate the cost of One Year Term Policies compared with the cost of a Level Premium Policy.

[A2]

- (a) Explain how 'mortality gain' and 'morbidity gain' arise for insurers.  
(b) Under what circumstances does an underwriter decide to postpone making a decision? Cite a couple of examples.

[A3]

- (a) What role does the physical condition of proposer play in underwriting? Give few examples to substantiate.  
(b) The findings about Total Cholesterol, HDL, LDL Cholesterol and Triglycerides are significant in detecting what ailment?

[A4]

- (a) Why is creditor insurance offered and how is risk assessed under creditor insurance?  
(b) In Key Person Insurance proposals, from what kind of businesses and key personnel would be considered appropriate by the insurance company and why?

[A5]

- (a) How does facultative reinsurance differ from facultative obligatory (fac-ob) reinsurance?  
(b) Elucidate the concept of "retention limit" in reinsurance.

P.T.O.

Roll. No. \_\_\_\_\_

Section-B

[B1]

- (a) Explain the significance of risk pooling and the law of large numbers in underwriting.  
(b) Why do underwriters consider persistency of particular concern and what indicators should the underwriter be looking for in this regard?

[B2]

Briefly explain the role that (i) Oral Fluid Test (ii) Hair Follicle Test (iii) Electrocardiography and (iv) Pulmonary Function Test play in medical underwriting.

[B3]

- (a) Discuss the underwriting decisions likely in Health and Life in the case of following impairments:  
(i) Diabetes (ii) Appendicitis (iii) Epilepsy (iv) Asthma and (v) Fractures.  
(b) What explains the difference in approach?

Section-C

**Case Study**

[Marks - 15]

❖ This section is compulsory.

❖ Read the annexed case study and answer the questions given at the end.

Mr. Sandeep, 30 years, has applied for an endowment assurance policy with a term for 25 years. He is an executive with five years of service in a good private company. His monthly income is Rs. 50,000/-. He is married with one child.

The other relevant particulars are as follows:

Height	:	5'7"
Weight	:	79 KG
Family History	:	Father died at age 55 due to heart attack Mother alive and in good health No siblings
Habits	:	Good
Personal Medical History	:	Treatment for mild hypertension detected one year ago. No diabetes or other adverse health conditions
[Average Mortality (Standard):	:	100]
Debit for overweight	:	25
Debit for BP	:	10
Debit for Family History	:	10
Mortality Class	:	130 - Substandard Class

Q. State what would be your underwriting decision and why in some detail?

14