

PGDM (Insurance Business) 2014-16

Life Insurance Underwriting

INS-303

Trimester – III, End-Term Examination, April , 2015

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 5marks. Min. 150 words**

**(5X3=15)**

- A-1. What is numerical rating method ? Describe in brief the steps involved in the process.
- A-2. Explain with two suitable examples the concept of decreasing risk in life insurance. Briefly explain the diminishing lien option as an UW decision.
- A-3. The advancement in digital , medical & genetic technology is likely to change the process of life underwriting in coming days. Do you agree with it ? Explain
- A-4. What are occupational & avocational risks ? Explain with suitable examples.
- A-5. Explain in brief the two eye related ailments and the UW implications thereon.

Section-B

**Answer 2 out of the 3 Questions below. Each Question carries 10 marks. Min. 250 words**

**[2x10=20]**

- B-1. What is underwriting ? Why is it so important for an insurance company ? Which are the other functions / departments which can reap the benefit of good UW practice in place ?
- B-2. What are the advantages of a reinsurance arrangement ? Describe in brief the two types of reinsurance arrangements and the benefits/ limitations thereon ?
- B-3. Describe the composition & function of the Urinary System. Briefly explain the causes, treatment and the underwriting implications of two prominent diseases related with urinary system.

**P.T.O.**



Section-C

(15 marks)

Ms. Shyama Lal is an insurance professional working with a leading insurance company in Bangalore. She came to Bangalore in 1990 as a young executive @ age 23 and had a very good professional career growth thereafter. In 1995 she married with Mr.. Jayakumar, a collegemate and they were blessed with a daughter in 1998 through caesarian section. In 2000, Ms. Shyama took a loan of Rs. 50lakhs from a bank on her own and moved in to her 3 BHK flat. The loan tenure was for 20 years and the EMI of Rs. 50000.

Ms. Shyama had a serious bronchitis related problems in her childhood. Her father was a technician in a manufacturing company in Srinagar, Jammu & Kashmir. After her std. 10<sup>th</sup>, Ms. Shyamal moved to Chandigarh to stay with her uncle and then after she did not have that trouble. In year 2002, Ms. Shyama got seriously injured in a road accident and was treated for head injury & a fractured leg. She was in hospital for almost a month then.

During the course of a routine medical check up in 2007 Ms. Shyama was found having a border line diabetic condition and was advised by doctor to follow a regular exercise etc. Things did not work out well and she had to start taking medicine from 2009. She was also diagnosed subsequently with hypothyroidism and was advised to take the basic dose of medication.

The desired work -life balance remained a distance dream for Ms. Shyama. The long commutation to the work place and job related stress added further complications and she started having the BP related issue also. In the last conducted medical test, he was found having the fasting blood sugar level @ 130 mg/dl and the BP reading of 140 / 100.

From the parent side Ms. Shyama did not have any serious health issue till date. Her father is having the BP problem for last 10 years while mother is a known diabetic for last 15 years.

Assuming her Salary figure of Rs 150k / pm & with no previous insurance cover :

1. Quantify the insurance cover requirement for her by need analysis & multiple of salary option
2. Identify the health related risk inputs, their possible implications and suggest the possible underwriting decision. (10)

b) Mr. Prasad gave a proposal for a life insurance policy on 31/03/2015. His date of birth was of 15/12/1965. Pl calculate the exact age of Mr. Prasad as on the date of proposal.

Was it possible for Mr. Prasad to date his policy back to previous date to take benefit of lower age premium? If so, suggest him the nearest possible date of commencement for the policy. (5)

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