

PGDM (Insurance Business) 2015-17
Life Insurance Underwriting
INS-306
Trimester – III, End-Term Examination, March, 2016

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.*

Section-A

There are 5 questions in this section. Attempt any 3 questions. [3X5=15]

- A-1 What are the three broad categories of risk in life insurance underwriting? What are the different UW decision options available with them?
- A-2 Explain the meaning & purpose and scope of “dating back of policy” in life insurance UW. What could be the possible benefit with this option for a customer & the company?
- A-3 What is partnership insurance and the benefits associated with it. ? What are the two different options available in terms of proposer – insured relationship?
- A-4 What is moral hazard in life insurance UW? What are the ways of mitigating it ?
- A-5 Describe in brief the causes, treatment and the underwriting implications associated with Bronchitis

Section-B

Note: Answer 2 out of the 3 Questions below.

[2x10=20]

B-1 In an ideal situation every life insurance prospect should undergo a medical test but off late life insurance companies are increasing their non-medical limits. Explain in brief the reasons, benefits and the challenges associated with such move.

B-2 what are the rider benefits? Describe the benefits and the underwriting considerations associated with critical illness and premium waiver riders.

B-3 What is Urinary System in human body? Explain in brief the causes, symptom, diagnosis and the underwriting implications associated with any two acute health conditions associated with it.

P.T.O.

C -1 Mr. X took a life insurance policy on 31/01/2013 and expired on 24/02/2016. The family member submitted the hospital papers which mentioned death due to liver cancer. On investigation the insurance company found the Mr. X was under regular treatment for liver related health issues since April 2012, a fact he did not mention in his proposal form while taking the policy.

What option the insurance company has to deal with this case as per the amended insurance law ? Was the situation different earlier ? Explain with the relevant section..

C-2 Mr. Y applied for a life insurance policy with submitting a proposal dated 31/03/2015. He got a policy bond dated 15/04/2015 vide speed post . When he opened the document he found a sentence in bold letter that the policy was accepted with a health extra loading. My Y did not have any health issue and he got alarmed. He contacted the agent who on cross checking from the office shared that the health extra so charged was on account of My. Y being an overweight person. No such extra was imposed by other company through which he has taken a policy a month ago. Mr. Y was not in no mood to pay this extra. In fact , he was never contacted / consulted for this extra payment by the agent or company.

What are the options available to Mr. Y ? Is there any monetary loss to him should he decide to cancel the policy ? Write brief about the provision dealing with such cases.

C-3 Mr. Amit was a loco driver with Indian Railways. He had his wife Ms. K and two small kids aged 7 and 5 in family. Mr. Amit thought of getting a life insurance policy on the life of his wife Ms. Kavita and he approached his insurance agent friend Mr. Ram for this. However Mr. Ram suggested Mr. Amit to get himself insured first as the insurance company had a policy of insuring housewives only after the husband's insurance.

After a week or so of this meeting Mr. Amit lost his life in a rail accident. The railway's authorities took Ms. Kavita , now a widow on their roll as a ticket collector on compassionate ground.

Few days after the joining, Ms. Kavita found same Mr. Ram insisting her for a life insurance policy on her life.

Was Mr. Ram right in offering life insurance cover now to a widow ? If yes, Explain the rule / provision enabling such possibility.

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