

PGDM (Insurance Business Management) 2018-20

Employee Benefit

INS - 403

Trimester – IV, End-Term Examination, September, 2019

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**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 3 question with internal choices	3*10	30
B	Compulsory Case Study	20	20
			50

Section-A

- A-1. Describe in brief the evolution of employee benefit schemes in India and the relevant regulations / acts responsible for it. C1LO-1

OR

How the introduction of EDLI scheme under EPF & MP Act led to the growth of GTLI business in India? Explain the salient features of the EDLI provisions.

- A-2. Distinguish between defined benefit & defined contribution schemes. Why the defined contribution schemes are now being preferred over defined benefit? C1LO-2

OR

Explain with suitable examples the applicability of the basic principles of life insurance in Group Life Underwriting. What is "free cover limit" in group life business?

- A-3. What are the different possible ways of managing the retirement liabilities? Why current accounting standards in place require an employer to have a mechanism for the funding of deferred liabilities. C1LO-3

OR

Explain in brief the available income tax related benefits associated with an approved retirement schemes for an employer & employee.

## Section-B

### Case Study - 1

15 Marks

The following are the important points in a Group Life Coverage Slip issued by a broker for its client to the insurance companies for getting quotation.

#### Scope of cover

1. Death by Any Cause
2. Permanent Total Disablement
3. Temporary Total Disablement

**Client** : Dolfin Petroleum Services , **Business** : Oil Exploration & EPC Contractor ,  
**Members** : 200 employees plus floating contractual labours **Place of Business** : Nigeria

**Insured Persons:** All currently employed and to be hired in future. Also to cover the floating contractual labours for the short period of their stay ( Min 3 months )

**Limits:** Death : Graded Cover Rs 1 Cr for Senior Management team ( 12 members ) , Rs 25 lakhs for Managerial Staff (No 24) and for rest Rs 5 lakhs. PTD – Own Occupation Clause (Accident) ,TTD : 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:** 2 months manifestation period in respect of PTD following accident / sickness , Temporary Total Disablement : 7 days

**Extensions:**  The policy is subject an upper age limit of 60 for staff and 65 for Sr Management, Cover to be extended up to 70 years for them subject to full underwriting information, satisfactory medical examination results and terms to be agreed.

**Automatic Cover** : in respect of newly hired employees 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. Salary details would not be shared by company
3. Free Cover Limit for all
4. Premium adjustment – Pro rata Additional/Refund premium on quarterly declaration even for floating

**Exclusions:** Group Life Benefit shall be subject to only Nuclear Fission, Nuclear Fusion or Radioactive Contamination only

Disability section of the policy shall only be subject to 1. Intentionally self inflicted injuries and attempted

suicides whether sane or insane, gross negligence and violation of the law 2. Abuse of drugs, alcohol and medication other than prescribed by a physician 3. War, invasion, act of foreign enemies, hostilities

Q) As an conservative underwriter identify five features which you would like to change looking at the profile / requirement of the client. Give your reasons and also suggestions for improvement. (5\*3)

CILD 1-3

**Case Study - 2**

**5 Marks**

The SME company in manufacturing space having a turnover of around Rs 100 Cr & net profit of Rs 6 Cr has hired you as an consultant to suggest them a package of 'employee benefit " scheme for their employees. Assuming that the company does not have any employee benefit scheme in place – not even mandatory ones by law. Please suggest a package of five schemes in order of preference. Pl give the reasons for opting those schemes and the benefits which the company is likely to get.

CILD 1-3

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