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PGDM-IBM, 2019-21
Sub.: Life and Health Insurance Underwriting
Paper Code: INS-201
Trimester-II, End Term Examinations: December-2019

Time Allowed : 2½ hrs.

Roll No.: _____

Marks: 50

Instruction: Students are required to write their 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 and CILO (Course Intended Learning Outcome) covered	3*10	30
	Or Maximum 6 questions with internal choices and CILO covered (as an example)	6*5	
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

Section-A

A1. (a) (i) Discuss the interconnectedness of the concepts of Risk Pooling and the Law of Large Numbers.

(a) (ii) Distinguish between mortality and morbidity gain for an insurance company and what are its implications for the company?

Or

A1 (b) Elaborate on the 7 most important underwriting principles showing their relevance.

(CILO1)

A2. (a) (i) Discuss how the following impairments will be treated relatively in Life and Health Underwriting:
Appendicitis, Asthma, Diabetes, Epilepsy and Fractures.

(a) (ii) Explain the reasons why the same impairments are treated differently in Life and Health Insurance Underwriting?

Or

A2. (b) Discuss the operation of the Table Rating Method, the Flat Extra Premium Method and Lien in Life Underwriting citing examples.

(CILO2)

A3. (a) Discuss briefly the main features of Creditor Insurance, Partnership Insurance, Key-Person Insurance and Split-Dollar Plan under Business Insurance.

Or

A3. (b) What is meant by Supplementary Coverage and in this connection discuss Waiver of Premium Benefit for Children's Deferred Assurance, Disability and Accidental Death.

(CILO3)

Section-B

Case Study Compulsory:-

Case-A: How would you deal with a proposal listed below?:-

Proposer: Rashid, Male, First Insurance, Cotton Mill Worker, Aged 22 years

Height : 5 feet 7 inches, **Weight :** 45 kg., 10% underweight

F.H.: Father 48 years (Odd Jobs)

Mother 43 years (Domestic Servant)

Sister 16 Years (School Going)

No special health issues for parents or sister

Income: Proposer Rs. 10,000/-p.m.

Mother Rs. 3,000/- p.m.

Father Rs. 1,500/- p.m.

Objective of Insurance: Family Protection

The proposer has asked for an Endowment Assurance Plan with Sum Proposed as Rs. 2 lacs.

Write out your approach and underwriting decision of the case.

Case-B: Arun, Male, Aged 37 applies for an Anticipated Endowment Assurance Policy of Rs. 5 lacs.

Height: 5 Feet 6 Inches

Weight: 68 Kgs.

Occupation: Travelling Sales Supervisor with monthly income of Rs. 55,000/-

F.H.: Good

Personal History: Treatment for BP (150/90)

[Create a Debit/Credit Table assuming debits/credits:

Debit for overweight 25, for B.P. 75 and credit for F.H. 10].

He is married with wife aged 32 years and 2 Children, a boy (7 years) and girl (5 years)

Parents both above 70 years, no specific health issues.

Objective of Insurance is family protection.

Write down your underwriting approach and decision.