

PGDM (Insurance Business Management) 2019-21

Product & Practices of Life Insurance

INS -207

End Term Exam , Trimester II , December , 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	All 3 question with internal choices	3*10	30
B	Compulsory Case Study	20	20
			<b>50</b>

Section-A

A-1. Explain in brief the applicability of the different principles of insurance in case of life insurance contract ? How do you justify the existence of insurable interest in case of children policies ? (CILO 1)

OR

What could be the top five different purposes of taking life insurance policies in India ? In brief outline the applicability of Section 80c & 10(10D) of IT act 1961 for a life insurance policy.

A-2. How do you compare the cost structure of a traditional policy with that of an ULIP ? What are the deductible costs associated with an ULIP policy ? How do they differ in terms of investment return ? (CILO 2)

OR

In what way a rider benefit help enhancing the value proposition of a life policy ? Briefly explain the features of any three rider benefits which are available in India.

A-3. Do you feel that the provision of free look period is good enough to take care of mis-selling in life insurance ? Explain in brief the working of this free look period provision. (CILO 3)

OR

What are the five recent changes brought in by IRDAI in life insurance product regulation? Discuss its scope & impact of these changes on policy holders.

## Section B

Case Study

20 Marks

Mr. Rajeev took a participating endowment policy of a guaranteed bonus of Rs. 50 for Rs. 600K sum assured in march 2005 for term of 10 years. Mr. Rajeev also took all the three available riders i.e. term benefit rider , accidental benefit rider and critical illness riders for sum assured of Rs. 200K each by paying little extra premium. As Mr. Rajeev was a bachelor he nominated his sister Ms. Rama in his policy who was married to Mr. Ramnath. The other close relative for him was his younger brother Mr. Sanjeev. Mr. Rajeev survived the term and got his maturity benefit in his hand. The life company also had offered a terminal bonus of Rs 30.

Based on the above inputs & with a proper explanation calculate the following (5\*4)

1. The maturity claim amount paid to Mr. Rajesh in year 2015
2. What would have been the surrender value of the policy , had Mr. Rajeev opted for it after completion of seven years taking surrender / discount factor as 0.70 % at the end of 7 year ?
3. What would have been the death claim amount had Mr. Rajeev died of a sudden heart attack ( a health condition covered under critical illness rider) after completion of the sixth year of policy ?
4. What would have been the total payout / claim amount had Mr. Rajeev died of a paralysis attack ( a health condition covered under critical illness rider) after being in hospital for 45 days after completion of the sixth year of policy ?
5. Who would be the rightful claimant of the policy process on account of Mr. Rajeev death if Ms. Rama were to die before getting claim from insurance in capacity of nominee ? Explain the reason for your answer.

=====