

CS/BIRM/SEM-6/BIRM-601/2013

2013

GROUP & HEALTH INSURANCE

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words

as far as practicable.

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for the following :

10X1 = 10

i) A situation where the insurance buyer knows better about his / her own condition than the seller is known as

- a) Adverse selection problem
- b) Moral hazard problems
- c) Principal hazard problems
- d) None of these.

ii) The tendency of people, to change their behavior because of insurance, creates

- a) Lemon problem
- b) Moral hazard problems
- c) Adverse selection problem
- d) both (b) and (c).

iii) Health insurance

- a) reduces the health risk
- b) reduces the losses inflicted by ill health
- c) indemnifies the losses emanating from ill health
- d) both (b) and (c).

iv) The feature(s) of the Janah Arogya Policy include (s)

- a) coverage against sudden illness like jaundice and pneumonia
 - b) eligibility for the age group of 5 - 70 years
 - c) coverage for injury caused by dental problems
 - d) all of these.
- v) COLA is
- a) cost of living adjustment
 - b) computed against the rate of changed in the price index
 - c) cost of living agreements
 - d) both (a) and (c).
- vi) The term "employee benefits" includes which of the following categories' contributions ?
- a) Social security
 - b) Unemployment compensation insurance
 - c) Non-occupational disability insurance
 - d) None of these.
- vii) The medical surgical expense benefits also provide coverage for
- a) attending physician other than surgeon
 - b) the cost associated with going for a second opinion
 - c) home visit expenses which are not covered by this facility
 - d) all of these.
- viii) Group insurance schemes benefit the employees by
- a) the low cost affair of group insurance policy as compared to the individual insurance
 - b) contributions made to the group insurance policy where tax is deductible
 - c) the help of large number of participants in reducing the administrative cost
 - d) all of these.
- ix) A claim that is believed to have occurred but has not yet been reported is known as
- a) ordinary claim

- b) reported claim
 - c) IBNR claim
 - d) open claim.
- x) Which of the following statements is false ?
- a) An employer can claim deduction in respect of premium paid by him through cheque for the insurance
 - b) HUF and individuals can avail tax rebate benefits under Section 88
 - c) any sum received by a company under key-man insurance policy will not be treated as taxable income to company
 - d) none of these.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. 3X5 = 15

2. State the applicability of "insurable interest" in group scheme.
3. Discuss in brief the importance of dread disease rider as a principal benefit in a health insurance plan.
4. Define social security. How does it vary from a social insurance ?
5. Define the concept of Hospital Cash Benefit under a medical insurance plan.
6. State the main principles of Health Insurance.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. 3X15 = 45

7. Mr. X has a taxable income of Rs. 3,00,000. He purchased a mediclaim policy by paying a premium of Rs. 10,000 and a life insurance policy by paying a premium of Rs. 4,000.
 - a) Calculate the tax liability of Mr. X.
 - b) Had Mr. X, been artist, what would have been his tax liability ?

Tax slabs	
Amount (Rs.)	Rates applicable

0 – 50,000	Nil
50,001 – 60,000	10%
60,001 – 1,50,000	20%
1,50,001 and above	30%

8. Define disability income insurance. What are the different disability benefits ? What are residual benefits ? Mr. Ramen, who is residually disabled, is receiving current income of Rs. 4,000 per month against the prior income of Rs. 12,000 per month. Assume also that the monthly indemnity is Rs. 8,000. What will be the benefit, which Mr. Ramen, can collect ? 2 + 3 + 3 + 7

9. Define annuity. Classify annuity with brief description. Explain the different pension and superannuation schemes.

2 + 6 + 7

10. "Group term life insurance and Group universal life insurance have different characteristics." Describe.

Jane, age 28 and John, age 30 are married and have a son, age one. Jane is covered under her employers group medical expense plan as an employee. Jane is also covered under John's plan as a dependent. Jane's Birthday is January 10, while John's on November 15. Both plans have the same coordination of benefits provision.

a) If Jane is hospitalized, which plan is primary ? Which plan is excess ?

b) If the son is hospitalized, which plan is primary and which plan is excess ?

c) Assume that the couple gets divorced and Jane is awarded custody of her son. A court decree states that John must provide health insurance on his son. If the

son is hospitalized after divorce, which plan is primary and which plan is excess ? 5 + 10

11. Describe the basic underwriting principles that are followed in group insurance. Many employers have both group short term and long term disability income plans. Compare short term plans with long term plans with respect to each of the following :

a) Elimination period

b) Length of the benefit period. 6 + 9

12. Define coinsurance. State the nature of coinsurance. Explain the problems related with coinsurance. 3 + 5 + 7