

CS/BIRM/SEM-5/BIRM-503/2011-12

2011

LIFE 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 any *ten* of the following :

$10 \times 1 = 10$

i) An insurer, as a trusty, has to ensure that

- a) the life fund is safe
- b) the life fund earns the maximum interest
- c) both of these
- d) neither of these.

ii) A human being

- a) an economic asset
- b) an income earning asset
- c) a perishable asset
- d) all of these.

iii) The 'probability' of an event is mentioned

- a) as a ratio b) as a percentage
- c) neither of these d) ether of the two.

iv) Insurance benefits

- a) individuals b) the country
- c) the society d) all of these.

v) Which of the following risks are insurable ?

a) Speculative b) Economic

c) Sure to happen d) All of these.

vi) Life Insurance works on the Principle of

a) Utmost Good Faith

b) Insurable Interest

c) Law of Large Numbers

d) All of these.

vii) Life Insurance Premium, paid from earned income for

keeping a policy on the life of self or spouse enjoys

deduction from Gross Total Income under Section

..... of Income Tax Act, 1961.

a) 80C b) 80D

c) 80E d) 88C.

viii) Under a Term Insurance Plan, claim is only paid

a) on maturity

b) whenever the Life Assured wants money

c) at the time of the death of the policyholder

d) none of these.

ix) Through Life Insurance, the risk of losing Income is

being

a) Avoided b) Transferred

c) Retained d) None of these.

x) A Life Insurer, being trustee of peoples' money, has to

ensure that

a) Claim paid is genuine

b) The premium charged is fair and reasonable

c) Repudiate that a claim is suspicious

d) All of these.

xi) Actual Premium collected normally is

- a) Equal to risk
 - b) Less than risk premium
 - c) Level Premium, which is higher than risk premium in earlier policy years less than the risk premium is later part of the policy
 - d) None of these.
- xii) A plan of Insurance is said to be different if
- a) the date of maturity is different
 - b) the sum assured is different
 - c) the mode of payments are different
 - d) the conditions are different.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

2. Discuss the Principle of Utmost Good Faith.
3. When does a policy lapse ? Mention atleast three forfeiture options.
4. State the different tools of under writing.
5. What is Mortality table ? What is its relevance in the calculation of premium of Life Insurance Plan ? $2 + 3$
6. Who is an agent ? State the procedures of becoming an agent. $2 + 3$

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. Explain the different contents of a standard types of Life Insurance Policy document.
8. a) What is a "Paid up valve" ? What is surrender value ?
What is the maximum amount of loan granted by Insurer ?

b) Find out loan available at 90% of Surrender Value on the basis of following data : (the amount to be rounded off to next lower rupees).

S.A. - 30,000 Date of Commencement - 15. 06. 1992

Plan - Endowment with profit — 30 years

Due date of last premium paid — 15. 06. 2007

Mode-Half yearly, Assured Bonus — Rs. 750

thousand S.A.S.V. Factor 23%. 10 + 5

9. a) What are the functions of a Life Insurance Company ?

b) Explain the procedure of nomination. Why is it necessary ? Who can be a nominee ? 6 + 9

10. a) What is an annuity policy ?

b) Describe about the annuity policy and ULIP.

11. Write short notes on any *three* of the following : $3 \times 5 = 15$

a) Consumer Protection Act, 1986

b) Surrender Value Loan

c) First Premium Receipt (F.P.R.)

d) Inflation in Insurance

e) Child Policy.