

CS/BIRM/SEM-5/BIRM-503/2012-13

2012

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 of the following :

10 × 1 = 10

- i) Life Insurance works on the Principles of
 - a) utmost good faith b) insurable interest
 - c) law of large number d) all of these.
- ii) 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.
- iii) Life insurance products are classified into Whole Life and
 - a) Endowment
 - b) Marine
 - c) Personal accident policy
 - d) Health policy.
- iv) Life Insurance works on the principle of
 - a) Sharing b) Large number
 - c) Probability d) all of these.
- v) Through life insurance, the risk of losing income is being

- a) Avoided
 - b) Transferred
 - c) Retained
 - d) None of these.
- vi) Insurance will not pay a claim unless
- a) The event insured against happens
 - b) the policy holder himself makes a demand
 - c) The nominee makes a demand
 - d) when all the three mentioned above happen.
- vii) The principle of utmost good faith is meant to protect the interest of
- a) the insurer
 - b) the community of the policy holders
 - c) the share holders
 - d) none of these.
- viii) Which of the following is/are responsible to economic death of a person ?
- a) Death
 - b) Disability
 - c) Old Age
 - d) All of these.
- ix) As per Section 108 of the Indian Evidence Act, 1872 death is presumed if a person has not been heard of for
- a) 3 years b) 5 years
 - c) 7 years d) 10 years.
- x) A human being is
- a) an economic asset
 - b) an income earning asset
 - c) a perishable asset

d) all of these.

GROUP – B

(Short Answer Type Questions)

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

2. "Level premium creates reserve"..... comment.
3. Distinguish between 'Vested Bonus' and 'financial "Interim Bonus"'.
4. State the major advantages of Life Insurance as a financial instrument.
5. Define the concept of Decreasing Term Assurance.
6. Differentiate between 'Term Assurance and 'Whole Life Plan'.

GROUP – C

(Long Answer Type Questions)

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

7. a) How salaried employee through Life Insurance Premium
U/s 80 C of Income Tax Act, 1961, can plan Income tax ?
b) "Modern Life Insurance Plans are combination of pure term and pure
endowment". Explain.
c) Distinguish between EPR and RPR. $5 + 5 + 5$
8. Write notes on the following :
(i) Women Policy
(ii) Effect of inflation on Life Insurance Planning
(iii) Consumer Protection Act, 1986. 3×5
9. a) What is an annuity policy ?
b) Describe about the Annuity Policy and ULIP. $5 + 10$
10. a) What are the functions of a Life Insurance Company ?
b) Explain the procedure of nomination. Why is it
necessary ? who can be nominee ? $6 + 9$