

K.J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES & RESEARCH
Course: PGDM (Financial Services) Batch: 2018 - 20
Subject: Insurance Management
Trim: IV TRIM END TERM EXAM

Date of Exam: 16th Sept, 2019

Duration: 3 hours

Marks: 50

- Instructions:
1. There are 5 sets of questions
 2. Question I and II are compulsory with 10 marks for each section
 3. Attempt 5 out of 8 questions from Qn III with total 10 marks
 4. Attempt any 3 of the 5 from Qn IV with total 12 marks
 5. Attempt any 2 from 3 from Qn V with total 8 marks. Please show calculation step by step

Q. I: Fill in the blanks

1 mark each

Total 10 marks

1. The largest non-life insurance company in India on the basis of gross premium underwritten during FY 2018-19 is _____
2. _____ refers to the right of the insurer to stand in place of the insured, after settlement of a claim, to recover the loss from an alternative source or third party.
3. _____ is a policy provision that eliminates coverage for some type of risks that an insurance company is unwilling to insure
4. _____ is a product in which lump sum amount is payable in the event of death of the life assured or maturity, whichever is earlier
5. The first medical insurance indemnity plan was launched in _____
6. If the nominee is a minor, there should be _____, a major who will collect the claim proceeds during the nominee's minority.
7. The two types of surrender value available for a life insurance policy in India are _____ and _____
8. In marine Insurance, _____ is the insurance of vessel and its equipment.
9. On September 23, 2018, Government of India launched the _____ scheme to provide health insurance to cover over 50 crore people.
10. As per IRDA report in 2017-18, the distribution channel that contributed to the maximum business for individual life business is _____ and for Group Life business is _____.

Q. II: Multiple Choice Questions. Please inside the box against the right answer
1 mark each **Total 10 marks**

1. The defined amount of time after the premium is due, during which a policyholder can make a renewal premium payment without coverage lapsing is called

- | | | | |
|-------------------|--------------------------|------------------------|--------------------------|
| a. Waiting Period | <input type="checkbox"/> | b. Free Look in Period | <input type="checkbox"/> |
| c. Grace Period | <input type="checkbox"/> | d. Survival Period | <input type="checkbox"/> |

2. Special category of insurance policies to promote insurance coverage among economically vulnerable sections of society is called

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|--------------------|--------------------------|--------------------------------|--------------------------|
| a. Fire Insurance | <input type="checkbox"/> | b. Life insurance | <input type="checkbox"/> |
| c. Micro Insurance | <input type="checkbox"/> | d. Personal Accident Insurance | <input type="checkbox"/> |

3. Every wrongful act wilfully committed by the master or crew of a ship to the prejudice of its owner is called

- | | | | |
|--------------|--------------------------|--------------|--------------------------|
| a. Jettison | <input type="checkbox"/> | b. Restraint | <input type="checkbox"/> |
| c. Pilferage | <input type="checkbox"/> | d. Barratry | <input type="checkbox"/> |

4. The Government health insurance scheme launched in 2008 that offers Rs.30,000 coverage for those below poverty line is

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|----------|--------------------------|-----------|--------------------------|
| a. PMFBY | <input type="checkbox"/> | b. PMJJBY | <input type="checkbox"/> |
| c. RSBY | <input type="checkbox"/> | d. PMJAY | <input type="checkbox"/> |

5. The maximum amount of liability which an insurer can assume (bear the loss) on a particular risk before transferring to Reinsurer is called

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|--------------|--------------------------|----------------------|--------------------------|
| a. Retention | <input type="checkbox"/> | b. Cession | <input type="checkbox"/> |
| c. Surplus | <input type="checkbox"/> | d. Facultative limit | <input type="checkbox"/> |

6. The widest coverage with highest premium in Marine Cargo Insurance is available under

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|-----------------|--------------------------|-----------------|--------------------------|
| a. ICC Clause D | <input type="checkbox"/> | b. ICC Clause C | <input type="checkbox"/> |
| c. ICC Clause B | <input type="checkbox"/> | d. ICC Clause A | <input type="checkbox"/> |

7. The policy taken to cover risk of goods lying at different places is called
- | | | | |
|-----------------------|--------------------------|-------------------------|--------------------------|
| a. Replacement Policy | <input type="checkbox"/> | b. Comprehensive Policy | <input type="checkbox"/> |
| c. Floating Policy | <input type="checkbox"/> | d. Specific Policy | <input type="checkbox"/> |

8. Identify which one below is one of the fundamental & main principle of Insurance, which forms the basis of insurance
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|------------------------------|--------------------------|-----------------------------|--------------------------|
| a. Principle of Indemnity | <input type="checkbox"/> | b. Principle of Probability | <input type="checkbox"/> |
| c. Principle of contribution | <input type="checkbox"/> | d. Principle of Subrogation | <input type="checkbox"/> |

9. Identify which feature below is not pertaining to accelerated benefit

- | | |
|--|--------------------------|
| a. In built with main benefit | <input type="checkbox"/> |
| b. Cheaper than additional benefit | <input type="checkbox"/> |
| c. Separate benefit with distinct sum assured | <input type="checkbox"/> |
| d. Reduces main benefit to extent of payout made | <input type="checkbox"/> |

10. The Lloyd's Act of which year established a council of 28 members to manage and regulate the Society's affairs

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|---------|--------------------------|---------|--------------------------|
| a. 1688 | <input type="checkbox"/> | b. 1871 | <input type="checkbox"/> |
| c. 1982 | <input type="checkbox"/> | d. 1971 | <input type="checkbox"/> |

Q. III: Answer Any **5 out of 8** questions below (short answers, mention points only)

2 marks each **Total 10 marks**

1. What are the methods to decide the sum assured by an employer for a group term insurance?
2. What is average clause in a fire insurance policy. Explain with an example
3. What according to IRDA is the criteria for rural sector eligible for rural insurance?
4. Distinguish between deductibles and co-pay in health insurance?
5. List any 4 specific clauses essential for insurance contracts, in addition to essentials of valid general contracts.
6. What is the difference between Insurance agents and Insurance brokers?
7. A got his house insured against fire with X life insurance Co. Ltd. B, a miscreant set fire to A's house. The insurance company compensates A for the loss. State the rights of the insurance company against B.
8. State the major differences between RSBY and Ayushman Bharat PMJAY

schemes

Q. IV: Answer **any 3** out of 5 of the below questions

4 marks each Total 12 marks

1. What is group insurance? What are the characteristics of group life insurance? List the type of group insurance schemes provided by the employer.
2. Write short note on underwriting process of life insurance applications.
3. What is reinsurance? What are the three types of reinsurance treaties?
4. Write short note on 12 standard perils in a fire policy
5. What is importance of critical illness benefit? Briefly mention its coverage.

Q. V Answer **any 2 of the 3 questions** from below (please show workings and steps)

4 marks each Total 8 marks

1. Arvind has an endowment life insurance policy on his own life. He is in dire need of money; hence he decides to surrender his policy for immediate cash. Details of his policy are mentioned below. Please help Arvind calculate the special surrender value of his policy based on the information below:

Product type : Endowment Assurance Plan

Sum Assured: Rs. 20 lakhs

Policy term (duration): 20 years

Quarterly premium: Rs. 20,000

No of quarterly premiums paid by Arvind: 40

Bonus so far accumulated on his Policy: Rs.1,00,000

Surrender value factor after completing 10 years is 50%

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2. Amol wants to purchase a term insurance policy for a sum assured of Rs. 3 crore for 20 years duration. His date of birth is 30.3.1989. The application date for insurance policy is 29.9.2019. He wants to pay his premium in yearly mode/ frequency. The insurance company calculates premium based on age nearer birthday.

Please calculate the following

- i) Age of Amol as per date of application
- ii) Yearly premium from the below information:

a. Tabular Annual/ Yearly Premium: Rs. 1.20 per thousand sum assured

b. Rebate for large sum assured: Nil

c. Rebate for mode/frequency:

Yearly mode - 2% of Tabular Premium

Half-yearly mode - 1% of Tabular premium

Quarterly & Monthly mode - NIL

3. Kishore has a “Swathya Jeevan plan” a fixed benefit plan which has Hospital Cash and Surgical Plan benefits. He has taken Plan Gold with Date of Commencement of policy as 1.1.2019.

The main features of the plan are as below:

a. **Waiting Period:** There shall be a general waiting period of 90 days during which no benefits shall be payable in the event of Hospitalization or Surgery, if the said Hospitalization or Surgery occurred due to Sickness.

There shall be no general waiting period in case Hospitalization or Surgery is due to Accidental Bodily Injury.

b. **Specific waiting period:** Besides the above, no benefits are available and no payment will be made for any claim under this Policy on account of Hospitalization or Surgery directly or indirectly caused by or arising out of any of the following during the specific waiting period of 2 years from the commencement of the policy:

- i. Treatment for Gall stones
- ii. Treatment for slip disc
- iii. Treatment for Piles
- iv. Treatment for benign thyroid disorders
- v. Treatment for Hernia
- vi. Treatment for Cataract

Particulars	Plan details (Hospitalisation Plan)			Additional info
	Silver	Gold	Platinum	
Daily Hospitalisation Cash Benefit (normal room)	Rs. 1,000	Rs.2,000	Rs.5,000	Maximum no of days 40 days (including maximum 15 days in ICU) allowed in a year
Daily ICU Cash Benefit (ICU)	Rs.2,000	Rs.4,000	Rs.10,000	
Sum Assured on Surgery	Rs. 15,000 to Rs. 1 lakh	Rs. 30,000 to Rs. 2 lakhs	Rs. 1 lakh to Rs. 5 lakhs	Sum Assured as per Surgery Grade 1,2,3,4 (type, severity)

	Plan details (Surgical Plan)			
Surgery Type	Silver	Gold	Platinum	Surgery examples
Grade 1	Rs.15,000	Rs.30,000	Rs. 1 lakh	Bladder stone removal Piles, tennis elbow release, etc..
Grade 2	Rs. 50,000	Rs.1 lakh	Rs. 2 lakh	Fibroid removal, Stomach ulcer laser, Jaw fracture, Hernia, Cataract surgery
Grade 3	Rs. 75,000	Rs. 1.5 lakhs	Rs. 3 lakhs	Kidney transplant, Uterus removal, hip replacement surgery etc..
Grade 4	Rs. 1 lakh	Rs. 2 lakhs	Rs. 5 lakhs	CABG (By pass), Knee replacement, Brain tumor, etc...

Kishore underwent 2 hospitalisations during the year details as mentioned below.
Calculate the amount of benefit he would have received for each hospitalization

1. Kishore was hospitalized for 10 days from 10.3.2019 due to an accident resulting in hip bone fracture. He underwent (Surgery grade 3). He had to be kept 3 days in ICU and 7 days in normal room. Calculate the amount of claim he can get reimbursed from the insurance company.

2. He underwent a hernia surgery (Surgery grade 2) on 25.8.2019 for which he was hospitalized for total of 4 days (3 days in normal room and 1 day in ICU). Calculate the amount of claim he can get reimbursed from the insurance company.

*****End of Paper*****