

NATIONAL LAW UNIVERSITY, JODHPUR

End Term Examination May-2023

MBA(Insurance) II Semester

Life Insurance

= 9 MAY 2023

Time: Three Hours

Marks: 100

Instructions:

1. Answer any five questions.
2. All questions carry equal marks.
3. Use of calculator is permitted.

Q.1) Write short notes on *any four* :

- a) Avocational risk
- b) Consequences of over-insurance
- c) Financial sum at risk and Medical sum at risk
- d) Total and Permanent disability as defined in Accidental benefit rider
- e) Installment revival scheme
- f) Foreclosure of a life insurance policy

Marks 5*4=20

Q.2) Explain various non-forfeiture options given to an insured in a life insurance policy ?

Marks 20

Q.3 a) What are the functions of Core underwriting team of an Insurance company?

b) A claimant has reported to your office that her husband was on board an aircraft that has disappeared without trace over the Pacific ocean flying from US to India. As claims manager what advice would you give the claimant to prove the death of the Insured ?

Marks 12+8=20

Q.4)a) A Hindu male had taken an endowment assurance policy for 15 years, sum assured - ₹ 20 lakhs , mode of premium - yearly, Premium amount - ₹ 1,20,000/ , date of commencement - 28.04.2016. He made 1st nomination under his policy in favour of his mother for 30% share and 2nd nomination in favour of his wife for 70% share. He died in a road accident in January,2023 and his policy is in-force at the time of his death. Before settlement of the claim, his mother also died in February,2023. His father and son are alive at the time of his death. Who is entitled to the claim amount and how much ? Briefly explain the relevant provisions of the Insurance Act, 1938 applicable here.

b) Explain the provision related to conditional assignment of a life insurance policy.

Marks 10*2=20

Q.5) Explain how are women lives classified from life insurance underwriting perspective and what amount of insurance is considered on their lives ? Explain the important underwriting considerations involved with respect to the following proposals:

- (i) Mrs 'S' aged 30 years being a housewife applied for endowment assurance plan for a Sum assured of ₹ 50 lakhs which will be funded from her husband's income. Her husband aged 35 years is a businessman and has insurance for a sum assured of ₹ 30 lakhs on his own life.
- (ii) Ms 'Y' aged 23 is a student of MBA. Her parents proposed for insurance on her life for a sum assured of ₹ 25 lakhs. Parents have an annual income of ₹ 1 crore from business but are uninsured. She has a younger brother aged 18 years who is also uninsured. Marks 14+6=20

Q.6) Explain the basic concept of Takaful Insurance ? How is it different from conventional insurance?

Marks 20



2 MAR 2023

NATIONAL LAW UNIVERSITY, JOHDPUR
Mid Term Examination, 2023
MBA (Insurance), Semester II
Life Insurance

Time: 1½ hours

Marks 50

Instructions :

1. Answer any four questions.
2. All questions carry equal marks.
3. Use of Calculator is permitted.

Q.1) How are death claims classified by life Insurers ? What requirements are called by the Insurers to settle these claims ?
Marks 12.5

Q.2a) What is surrender value ? Why is it paid in life Insurance policies ?

b) Mr. 'X' purchased an endowment Insurance policy from 'ABC' Life Insurance Company Ltd. on 12.12.2016 with yearly mode for a sum assured of ₹20 lakhs, with policy term of 20 years. He suffered from lung cancer in 2020 and died on 22.04.2021. First unpaid premium under the policy being 12.12.2020. His wife being the nominee has intimated the office about the death . Bonus attached to the policy is ₹85,000/ , Yearly Installment premium ₹70,000/. Calculate the amount of death claim payable, if the insurer does not charge any interest on the unpaid installment premium.
Marks 6.5+6=12.5

Q.3) a) Mr. 'A' took an endowment assurance policy for ₹20,00,000/ with yearly premium of ₹80,000 on 25.03.2015 and nominated his wife as the nominee. He took a loan of ₹10,00,000/ from a bank on 1.01.2020 and made a part assignment of his policy. He died on 15.03.2021 before repayment of the loan. To whom is the death claim payable and how much ? Briefly explain with relevant provisions of Insurance Act, 1938 applicable here.

b) What will be the minimum guaranteed surrender value in an Endowment policy issued on 15.01.2020 (Date of commencement) in following situations :

- i. With yearly premium of ₹.60,000/ for a term of 25 years and sum assured ₹20,00,000/ , if surrendered on 24.02.2023 after payment of the fourth Installment premium. No Survival Benefit is payable.
- ii. With the single premium of ₹.20 lakhs for a term of 20 years for a sum assured of ₹30,00,00/ sum assured of , if surrendered on 10.01.2023. Marks 6.5+6=12.5

Q.4) Explain the provisions of Nomination as available under Section 39 of Insurance Act, 1938
Marks 12.5

Q.5) What is meant by 'Total and permanent disablement' in accidental / disability benefit rider Comment giving reasons whether Accidental Benefit is admissible in following cases where the policyholders have opted for the Accidental and Disability Benefit Rider :

- a) Mr. 'Y' expired in an accident while participating in a car race.
- b) Mr. 'A' being a pilot and was going home in an aircraft as a passenger . Unfortunately the Aircraft crashed and all the people on board died. Marks 6.5+6=12.5

