

24 NOV 2025

NATIONAL LAW UNIVERSITY, JODHPUR

End Term Examination, November 2025

MBA (Insurance) Semester I

Subject: Principles and Practice of Life Insurance

Time: Three hours

Max.Marks.100

Instructions :

- 1) Attempt any five questions.
- 2) All questions carry equal marks.
- 3) Use of Calculator is permitted.

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

- a) Minimum death benefit in life insurance products.
- b) Characteristics of Insurable risk
- c) Level premium concept
- d) Charges in ULIPs
- e) Fundamental and particular risk
- f) Proposal form

Marks 5\*4=20

Q.2) Explain the following conditions and privileges which are incorporated in life insurance policies:

- a) Proof of Age
- b) Forfeiture clause

Marks 10\*2=20

Q.3)a) Explain pure risk coverage life insurance products and the modifications of the same available in the Indian market.

b) Deepesh purchased a unit linked insurance policy on 10.10.2021 with yearly premium of ₹2,00,000/. After 3 years of taking the policy, he wants to surrender the policy by taking full withdrawal under the policy as he is in urgent need of money. Is the surrender value payable to him to meet his urgent need ? Justify your answer.

Marks 12+8=20

Q.4) Explain the principle of Insurable Interest as applicable to life insurance contracts. How is Insurable Interest created ? When should this interest exist in a life insurance contract ? Explain giving reasons whether Insurable Interest exist in the following situations:

- a) Mr. 'A' proposing on the life of his best friend 'B', as both of them have a strong bonding.
- b) A life insurance policy taken by the company on the life of company's CEO. Marks 12+8=20

Q.5) a) What are Riders ? Explain any four riders available in the Indian market.

b) What tax exemption is available on the following (Also mention the relevant section of Income tax act, 1961) :

i. Mr.'B' paid an amount of ₹1,05,000/ as yearly renewal premium in the financial year 2025-2026, for an endowment assurance policy purchased in the year 2018-2019 on the life of his wife for a sum assured of ₹.10,00,000/

ii. Mr.'Y' aged 62 years paid an annual premium ₹51,500/ for a family floater hospitalisation indemnity policy in the year 2025-26 ,covering himself, his wife and his son. Marks 10\*2=20

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Q.6a) Akilesh proposed for an Endowment assurance with profit policy to 'ABC' life insurance company, for 30 years term and for a sum assured of (both Death and Maturity) with accident benefit rider for Sum assured of ₹50,00,000/, on 01-10-2025. His date of birth is 28-10-1994. He wants to pay the premium by yearly mode. Calculate the yearly installment payable.

Given:

i) Age of proposer to be taken as age last birthday.

ii) Rebate for Sum Assured on base plan :

100,000 to 24,99,999 – ₹ 1/00 sum assured

25,00,000 to 49,99,999 – ₹ 1.5/00 sum assured

50,00,000 and above – ₹ 2/00 sum assured

iii) Rebate for Mode on base plan:

Yearly- 1% of Tabular premium

Half Yearly- 0.5% Tabular premium

iv) Tabular premium per thousand Sum assured for endowment assurance with profit plan for 30 years term:

Age 30 31.55

Age 31 32.45

Age 32 33.55

v) Accidental Benefit Premium is ₹ 0.50 per thousand Sum Assured

b) Differentiate between deferred annuity and immediate annuity plans.

Marks 12+8=20

27 SEP 2025

NATIONAL LAW UNIVERSITY, JOHDPUR  
MBA (Insurance & Risk Management) I Semester 2025  
Principles and Practice of Life Insurance  
Mid Term Examination

Time: 1 1/2 hours

Marks 50

**Instructions :**

1. Answer Any Four Questions.
2. All questions carry equal marks.
3. Use of Calculator is permitted.

Q.1)a) What are the two key parameters commonly used worldwide to measure the growth of the insurance industry? How does India compare on these parameters?

b) Both insurance and gambling are often described as wagering agreements, yet they differ fundamentally. Explain the differences. (Marks 6.5+6=12.5)

Q.2) Sumit purchased a life insurance policy at the age of 28 years with a 20-year term and a sum assured of ₹50,00,000. His friend, aged 25 years, also purchased the same policy for the same term and sum assured. Sumit was surprised to find that his premium amount is higher than what his friend pays, even though the insurer does not increase the premium as the policyholder grows older. Explain to Sumit the concept behind this difference in premiums and highlight the advantages this system provides to the life insurance company. (Marks 12.5)

Q.3) Mr. Bharat purchased a life insurance policy from 'XYZ' Life Insurer on 15.10.2019 for a sum assured of ₹50 lakhs, with annual premium payments. He paid all premiums regularly. On 12.03.2025, he died due to chronic obstructive pulmonary disease. The insurer repudiated the death claim, stating that Mr. Bharat had a history of asthma prior to purchasing the policy, which he failed to disclose in the proposal form. With reference to **Section 45 of the Insurance Act, 1938**, analyze whether the insurer's decision is justified. Also, explain the key provisions of Section 45 relevant to this case. (Marks 12.5)

Q.4) State the tax rebates/exemptions available to an individual for the financial year 2024-2025, under the **Income Tax Act, 1961**, with reference to the relevant sections, in the following cases:

- a) Mr. X paid ₹60,000 as life insurance premium on his own policy (sum assured ₹20 lakhs, purchased in September 2011) and ₹30,000 as premium on his father's policy (sum assured ₹10 lakhs, purchased in May 2020).
- b) Mr. X, aged 62 years, paid ₹30,000 as premium for a family floater health insurance policy and ₹45,000 towards the health insurance premium of his senior citizen parents in May 2024.
- c) Mr. Y received ₹45 lakhs (basic sum assured ₹30 lakhs + ₹15 lakhs bonus) on the maturity of a life insurance policy (in March 2025) purchased in March 2005, for which he paid regular annual premiums of ₹1,20,000.
- d) Mrs. B received ₹50 lakhs on 12.06.2024 as a death claim under the life insurance policy of her husband, which was purchased in January 2021. (Marks 3.5+3\*3=12.5)

Q.5)a) Why do business organisations take keyman insurance policy? What tax advantage do business organization and the keyman gets for the premium paid on such policies?

b) Do financial institutions have an insurable interest in the life of an individual who obtains a personal loan or a mortgage loan from them? Give reason for your answer. (Marks 6.5+6=12.5)

