

16 NOV 2024

NATIONAL LAW UNIVERSITY, JODHPUR
End Term Examination, November-2024
MBA (Insurance) Semester I
Subject: Principles and Practice of Life Insurance

Max.Marks.100

Time: Three hours

Instructions :

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

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

- a) Minimum death benefit in life Insurance policies.
- b) Fund management charge in ULIPs
- c) Money back plans.
- d) Fundamental and particular risk
- e) Term insurance plans
- f) Insurance Vs Gambling

Marks 5*4=20

Q.2) a) What provisions are provided to the Insured Policyholder in life insurance policies under Section 45 of the Insurance amendment Act 2015 ?

b) Saransh had purchased a life Insurance policy on 12.09.2021 from 'XYZ' life Insurance company Ltd. submitting his PAN card as the age proof where in, his age was wrongly mentioned as 01.08.1984 instead of 08.01.1984 due to error. The Insurer charges premium for age nearer birthday. As per the age proof submitted, for what age will the Insurer charge premium from him and for what age it should be charged as per the correct age? What action could be taken by an Insurer if he discloses his correct age to the Insurer by submitting his Birth certificate after issuance of the policy bond ?

Marks 12+8=20

Q.3) Aarav purchased an endowment assurance policy without profit for a Death and Maturity Sum assured of ₹ 40 lakhs on 20.09.2019 (Date of commencement) for a term of 20 years with quarterly mode of premium payment. How will the Insurer deal with his policy in the following circumstances :

- a) He had paid 12 quarterly premiums and had stopped paying further premiums. He applied for surrender of his policy on 15.06.2023. Is he entitled to any surrender value under this policy ?
- b) Last unpaid premium under his policy is 20.09.2023 and he expires on 30.12.2023. Comment whether the any claim is payable under the policy.
- c) Last unpaid premium under his policy is 20.12.2022 and he expires on 30.12.2023. Comment whether the beneficiaries are entitled to any claim amount.
- d) Last unpaid premium under the policy is 20.12.2023 and he has not paid any further premium. What amount he will get on maturity of the policy if he does not revive the policy nor pays any further premium ?

Marks 5*4=20

Q.4) a) Explain the principle of insurable interest as applicable to life insurance contracts. How is insurable interest created ? When is Insurable Interest required in a life Insurance policy ?

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b) Explain with reasons the existence / non- existence of Insurable Interest in the following proposals of life Insurance :

- i. Suresh proposing on the life of his friend Ritesh.
- ii. Aman proposing for insurance on the life of his business partner Raman.
- iii. LLY Bank proposing on the life of a loanee under group credit insurance policy.
- iv. Guransh proposing on the life of his household help Durgesh.

Marks 8+12=20

Q.5) a) A proposal for ₹ 50,00,000/- Sum assured for whole life assurance with profits with premium payment limited to 35 years on the life of ' A ' whose date of birth is 12.01.1994 was accepted with health extra ₹ 2 per thousand sum assured on 16.10.2024. The Insurer charges premium on age nearer birthday. Rebate for sum assured above ₹ 25 lakhs is ₹ 3 per thousand. Accident and extended permanent disability benefits were disallowed. Premiums are to be paid half yearly. Rebate for yearly and half yearly mode of premium payment is 2% and 1% of the Tabular premium. Calculate the Half-yearly Installment premium for the first year and for the renewal premium .

Tabular premium (considering age nearer birthday)

30	21.50
31	23.00
32	24.50

b) Explain why is level premium charged in life insurance policies.

Marks 14+6=20

Q.6) a) What are the distinguishing characteristics of a life Insurance contract ?

b) Briefly explain the documents that forms the basis of life insurance contracts. Marks 8+12=20