GROUP INSURANCE &
RETIREMENT BENEFIT SCHEMES

May, 2015

[ Time : 3 Hours ]

[Total Marks: 100]

Answer EIGHT questions only. Q. No. TEN is compulsory which carries 16 marks.
Any SEVEN questions from Q. No. 1 to Q. No. 9 which carries 12 marks each

Q. 1. Distinguish between any three of the following:
   a) Group Superannuation Scheme & New Pension Scheme (N.P.S.)
   b) Single & Annual premium basis of costing
   c) Non-Contributory & Contributory schemes.
   d) Defined benefit & defined contributory schemes

   Marks
   4 each

Q. 2. Write short notes on any four of the following:
   a) Scientific basis of life insurance and its applicability to group Insurance.
   b) Annual premium and level premium concept.
   c) Cooling off period and its applicability to group insurance policies.
   d) Re-insurance and its applicability to group Insurance.
   e) Insurance intermediaries and relevant regulations.

   Marks
   3 each

Q. 3. a) Describe various options available to an annuitant once annuity becomes due?
       In your opinion which option is most suitable for an annuitant who wish to
       provide for his family after his death?

       b) What are the provisions of the Income Tax Act 1961 on:
          i. Commutation of Income.
          ii. Late retirement.
          iii. Early Retirement & Leaving service.

   Marks
   6

Q. 4. a) Enumerate the various steps involved in setting up a defined benefit
       superannuation scheme, by an employer for the benefit of his employees.

       b) In respect of the above employer differentiate between the drafting
       of the trust deed and rules if the employer wants to go in for a defined
       contribution scheme instead of a defined benefit scheme as above.

   Marks
   6

Q. 5. What are the conditions in a group insurance scheme which should be
      satisfied to become acceptable in lieu of E.D.L.I.?

   Marks
   12

Q. 6. a) What are homogeneous and heterogeneous groups and what are
       the various group insurance schemes that you as an officer of an
       insurance company can offer to these two types of groups.

       b) Discuss the various flexibility that are available under the group
       insurance products and how these flexibilities are priced by an insurer.

   Marks
   6

   1
Q. 7. a) What do you understand by 'past service gratuity' & 'future service gratuity'?
   b) From the data given below, please calculate past service gratuity, future service gratuity & total gratuity as per Payment Of Gratuity Act 1972
      Mr. 'A' joined a company in 2005 at the age of 25. His company introduced Group Gratuity Cash Accumulation Scheme in 2010.
      His emoluments were as under-
      Basic Pay Rs. 25000
      DA Rs 20000
      HRA Rs. 2500
      Conveyance Allowance Rs. 1200
      Entertainment Allowance Rs. 800
      Gross Salary Rs. 55000
      Retirement age in the company is 60 years.

Q. 8. Describe the applicability of Employees’ Provident Fund and Miscellaneous Provisions Act of 1952, and the various methods available to an employer to take care of his liability under this Act.

Q. 9. a) Why “Social Security Schemes” are needed and what is the Government’s role in this regard.
   b) Examine the main features of “Janashree Bima Yojana” and “Shiksha Sahayog Yojana” of LIC of India.

Q. 10. a) What do you understand by group underwriting? What are the factors which an insurance company should consider to avoid anti-selection in a group?
   b) Explain in detail the concept of experience rating? How it is applied in group insurance schemes?
   c) Following are the three companies, identify the company which you will recommend for better experience rating. Give reasons-
      i. A small company having 50 highly paid employees but few recruitments & less attritions.
      ii. A medium size company having 150 employees, moderate pay scales, no recruitment but high rate of exits.
      iii. A company employing 2000 employees, average salary but regular recruitment & regular exits also

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