GROUP INSURANCE &
RETIREMENT BENEFIT SCHEMES

[ Time : 3 Hours ]

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. Write short notes on any four of the following:
   a) Single premium costing.
   b) Transfer of equitable interest.
   c) Group Creditor Insurance.
   d) Conversion option.
   e) Unit linked group insurance scheme.

Q. 2. a) State the main methods of arranging pension schemes?
       Briefly bring out the advantages and disadvantages of each scheme?
       b) State the Income Tax position indicating relevant sections of the Income
          i) Commuted Value
          ii) Pension to Employee
          iii) Employees contribution to approved superannuation fund.
          iv) Pension to Widow.
          v) Interest on superannuation fund from the point of view of the fund.
          vi) Employees contribution to approved gratuity fund.

Q. 3. Distinguish between any three of the following:
       a) Annual premium costing vs. Single premium costing.
       b) Pure endowment Group scheme vs. Cash accumulation Group
          Insurance scheme.
       c) Defined benefit vs. defined contribution scheme.
       d) Employees Deposit Linked Insurance vs. Group Insurance.

Q. 4. Comment on any three of the following:
       a) Annuity certain and life time annuity.
       b) Anti-selection and group insurance.
       c) D.A. linked superannuation scheme.
       d) Indefinite and definite funding methods.

Q. 5. a) Briefly compare the conditions for granting insurance cover under
       individual policies and those under Group Insurance Schemes, and
       explain the rationale therefore.
       b) Examine the viability of the following groups for setting up a Group
          Insurance Scheme:
          i) A proposal for a Group Insurance Scheme to cover outstanding
             loans of members of a well managed co-operative housing society
             whose membership is 220.
ii) As a welfare measure, the Rotary Club of a district has proposed for a Group Insurance Scheme to cover petty vendors of the district for uniform cover of Rs. 15,000/- The number of vendors is 355.

Q. 6. a) A student says “Equities act as hedge against inflation. Therefore recognized Provident Funds and approved Gratuity and Superannuation Funds should be permitted to invest at least 50% of the funds in equities so that these funds can earn higher rate of interest, leading higher accumulation of benefits in respect of defined contribution schemes, and lower cost in respect of defined benefit schemes.” Critically examine the student’s statement.

b) Briefly discuss the important stages and aspects of winding up of an approved superannuation fund

Q. 7. a) “Social security scheme in India have not achieved the desired results.” Examine the above statement.

b) Comment on social security schemes announced by The Government Of India in 2015. What are the intermediaries identified for marketing of the schemes?

Q. 8. a) ABC Ltd. is a joint stock company employing about 1800 employees. The company has proposed a group insurance scheme to provide uniform cover of Rs. 50,000/- payable on death whilst in service. The company suggests that the insurer should administer the scheme on the basis of a fund (same as on the lines of cash accumulation systems under gratuity and superannuation schemes) to which premiums determined by the insurer would be credited, and the outgo by way of claims paid/payable and expenses incurred would be debited, and the balance in the fund to the credit of the Master policy holder worked out after allowing interest at the end of each policy/financial year. Explain with reasons whether the company’s suggestion would be acceptable to the insurer or not.

b) How will you deal with the transfer of equitable interest from one approved gratuity fund to another gratuity fund? Both the funds are transfer-administered funds.

Q. 9. a) Describe the history of development of group Insurance schemes in India.

b) Enumerate the important conditions for setting and approval of Superannuation fund under Income Tax Act 1961?

Q. 10. a) What are the conditions to be fulfilled by a gratuity scheme to qualify for approval under Income Tax Act 1961?

b) Comment on;
   i) Initial contribution.
   ii) Past service liability.
   iii) Experience rating adjustment in group gratuity scheme.
   iv) Shortfall on withdrawal.