FELLOWSHIP EXAMINATION

ACTUARIAL ASPECTS OF PRODUCT DEVELOPMENT

May, 2012

[Fellowship Exam Question Paper]

[Time : 3 Hours ]

Answer Any FIVE Questions only.
Each Question carry 20 Marks.

[Total Marks : 100]

Q.1. Write Short Notes on:
   a) Grace Period for Payment of Life Insurance Premium.
   b) Investment-Linked Contracts.
   c) Solvency Margin.
   d) Suicide Exclusion Clause of a Life Insurance Contract.

Q.2. a) What types of Alterations are generally allowed in a Life Insurance Policy?
   b) List the expenses a Life Insurer usually incurs in maintaining a Life Insurance Policy.
   c) Give reasons why a Life Insurer pays Renewal Commission to its Agents.
   d) Explain the term “Clawback of Commission.”

Q.3. a) Discuss the stages involved in a Cashflow Method of premium determination of a Life Insurance Policy.
   b) List the factors that are generally considered in deciding the rate of interest to be used as a premium basis for a Life Insurance Product.

Q.4. a) On being approached by an Agent for individual Life Insurance Policy, the prospective customer commented, “I am insured under a group insurance policy and hence I don’t need individual insurance.”
     Do you agree or disagree with this statement? Give reasons.
   b) Give reasons why Life Insurance Premium is usually cheaper for an individual in a group contract than in an individual contract.
     Why a flat premium should not be used for small group size?

Q.5. A person aged 35 years is married and has two kids - a boy and a girl, both aged between 5 and 10 years. His annual income is ₹ 15 Lakhs.
     Explain, with reasons, what types of Life Insurance Policies you would suggest for him.

Q.6 Explain ‘Re-Insurance’, clearly describing terms and conditions of Treaty, Need of Re-Insurance, Types of Re-Insurance Arrangement, and Retention Limits.

Q.7. You are the Pricing Actuary in a medium-sized Life Insurance Company, selling Life Insurance Products in India for the last 10 years. The Company intends to come out with a Term Insurance Product. Explain, how will you set the basis for pricing the Product?

Q.8 List and explain the items usually contained in the “Schedule” of a Life Insurance Policy document in respect of a Money Back (Non-Participating) product.

END