FELLOWSHIP EXAMINATION
MATHEMATICAL BASIS OF LIFE ASSURANCE

Time: 3 Hours

Answer any FIVE questions only.
All questions carry 20 marks each.

Q.1 Answer the following:

a) Explain: Interim Bonus
   Tontine Bonus

b) Give expression for the retrospective policy value and prospective policy value at the end of 35 years under a Whole Life Policy for a sum assured of Rupees 5,000/- effected on the life of a person at age 25. Annual premium under the policy were limited to 30 years. Show that two expressions are equal. Ignore expenses.

c) Establish the relation: A = 1 – ä

d) Calculate the net annual premium under a Children Deferred Whole Life Assurance for Rupees 5,000/- on the life of child aged 8, the assurance vesting at age 18 [Basis LIC (1970) interest 6% ä_{10/}]
   = 7.8017, ä_{18} = 16.474, \ A_{18} = 0.06749

Q.2 a) Given that \ A_{x} = 0.7115 and \ a_{x} = 6.5 calculate rate of interest.

b) Calculate the true quarterly premium for a Whole Life Assurance of Rupees 75,000/- on the life of (30). Death benefit is payable immediately on death. Given: at 6%, \ P_{30} = 0.00742

c) Give an expression for bonus reserve policy value under endowment Assurance making provision for future expenses. Explain various symbols used in the expression.

d) State the conditions necessary for Gross Premium Prospective Policy Values and Retrospective Policy Values to be equal.

Q.3 a) Calculate office annual premium for an Endowment Assurance for Rupees 25,000/- to a person aged 35 for 25 years. Provide for first year expenses at 40% of premiums and 10% sum assured. Renewal expenses of 30% of premium and 5% sum assured. A Bonus Loading of 10% Sum Assured per annum.
   [Basis LIC (1970-73), 6% interest \ â_{35-25} = 13.086, \ A_{35-25} = 0.25931, 
   \ D_{35} = 12664.23, \ R_{35} = 516339.68, \ R_{60} = 132156.03, \ M_{60} = 10506.87, \ D_{60} = 24604.43]
b) On the basis of the LIC (1970-73) at 67, calculate the net annual premium for a sum assured of Rupees 50,000/- for the following Assurances on (40)

i) Whole Life Assurance
ii) Whole Life Assurance, premiums limited to 20 years
iii) Endowment Assurance for 25 years
iv) Endowment Assurance for 25 years, premium limited to 15 years.
v) Deferred Temporary Assurance: commence at age 45 and then continue for 10 years.

Given:
\[ M_{40} = 17625.63 \quad N_{40} = 1343014.73 \]
\[ M_{65} = 8119.74 \quad N_{60} = 249075.31 \]
\[ M_{45} = 16285.48 \quad N_{65} = 143668.44 \]
\[ M_{55} = 12716.28 \quad N_{55} = 403807.17 \]
\[ D_{65} = 16251.89 \]

Q.4 a) The annual premium for a Whole Life Policy is 0.04 for five years, and 0.02 thereafter or 0.0475 for five years and 0.0175 thereafter find uniform annual whole life premium.

b) The values of \( A_x \) on 6% basic is given below for a specified age range:

\[
\begin{array}{c|c}
 x & A_x \\
 40 & 0.18822 \\
 41 & 0.19726 \\
 42 & 0.20655 \\
 43 & 0.21637 \\
 44 & 0.22641 \\
\end{array}
\]

Calculate in a tabular form the values of \( a_x \) for all ages from 40 to 44.

Q.5 An impaired life aged 35 wishes to effect an Endowment Assurance without profits for a sum assured of Rupees 10,000/- for a term of 20 years. A life office assumes that he is subject to mortality equivalent to that of a normal life aged 40. Calculate (a) the extra annual premium (b) the alternative debt that should be charged, reducing by a uniform amount every year so that the debt extinguishes at the end of 10 years.

Basis: LIC (1970-73) and 6% interest. Ignore expenses.

Given:
\[ P_{35:20} = 0.02769 \quad P_{40:20} = 0.02900 \]
\[ \bar{a}_{40:20} = 11.682 \quad A_{40:20} = 33876 \]
\[ M_{40} = 17625.63 \quad R_{41} = 407148.06 \]
\[ R_{41} = 246275.05 \]
Q.6  

a) Express in the form of symbols, and also explain in words, the expressions: 
   "death strain at risk", "expected death strain", and "actual death strain".  
   6 Marks

b) On 1 January 1996, an office issued a number of annual premium policies to a 
   group of lives, each of whom was then aged exactly 45. All policies were for 
   a term of 20 years and were of Endowment Assurance, Temporary Assurance, 
   and Pure Endowment types. 
   Assuming that there are no sources of decrement other than death, calculate 
   the profit/loss from mortality for the calendar year 2005, in respect of the 
   policies issued to this group of lives, given the following information:

<table>
<thead>
<tr>
<th>Type of policy</th>
<th>Sum Assured in force at 1st January, 2005</th>
<th>Sum Assured discontinued</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment Assurance</td>
<td>Rupees 5,00,000/-</td>
<td>Rupees 8,000/-</td>
</tr>
<tr>
<td>Temporary Assurance</td>
<td>Rupees 3,00,000/-</td>
<td>Rupees 4,000/-</td>
</tr>
<tr>
<td>Pure Endowment</td>
<td>Rupees 50,000/-</td>
<td>Rupees 1,000/-</td>
</tr>
</tbody>
</table>

   Basis 4% p.a. interest. Ignore Expenses.

   Given:
   \[
   \bar{a}_{45:20} = 13.780 \\ 
   \bar{a}_{55:10} = 8.219 \\ 
   A_{45:20} = 0.46998 \\ 
   A_{55:10} = 0.05923 \\ 
   A_{45:20} = 0.68388 \\ 
   A_{55:10} = 0.06037 \\ 
   (D_{65} - D_{25}) = 0.62351 \\ 
   q_{54} = 0.003976
   \]

Q.7  

Calculate the net annual premium for a life aged 25 in each of the under mentioned cases:

a) Endowment Assurance for 20 years, premiums limited to 10 years.  
   6 Marks

b) A 20-years assurance under which the benefit on death during the term is twice 
   that payable on survival to the end of the term.  
   6 Marks

c) A deferred temporary assurance which is to commence at age 30 and then to 
   continue for 10 years.  
   8 Marks

   \[
   N_{25} = 1040000 \\ 
   N_{35} = 6370000 \\ 
   N_{40} = 482100 \\ 
   N_{45} = 353300 \\ 
   D_{45} = 22870 \\ 
   M_{25} = 16470 \\ 
   M_{30} = 15540 \\ 
   M_{40} = 13720 \\ 
   M_{45} = 12580
   \]

Q.8  

A life office issued 750 identical 25-year Temporary Assurance Policies to lives aged 
30 exact each with a Sum Assured of Rupees 75,000/- payable at the end of year of 
death. Premiums are payable annually in advance for 20 years or until earlier death.

a) Show that the annual net premium for each policy is approximately equal to 
   Rupees 104/- using the basis given below.  
   5 Marks
b) Calculate the net premium reserve per policy at the start and at the end of the 20th year of the policy.

7 Marks

c) Calculate the mortality profit or loss to the life office during the 20th year if twelve policyholders die during the first nineteen years of the policies and two policyholders die during the 20th year.
Basis: Interest: 4% per annum.

Given:
\[ \bar{a}_{30:20} = 14.0437 \quad \Lambda_{30:23} = 0.01953 \]
\[ A_{50:5i} = 0.014014 \quad q_{49} = 0.002241 \]

---END---
FELLOWSHIP EXAMINATION
STATISTICS

Time: 3 Hours

Answer any FIVE questions only.
All questions carry 20 marks each.

(An extract from the table of areas of the standard normal curve between 0 and x is given at the end)

Q.1 a) i) What are the Errors in Approximation? (5 Marks Each)
ii) What is Spurious Accuracy?

b) The Life Fund of a Life Assurance Company doubled itself in 8 years. Find the average annual percentage increase.

c) Define the Mid-Point of a Class-Interval. What is the meaning of Exact or True Limits of Class Interval?

d) Construct a Histogram and a Frequency Polygon for the following data. Also, comment on the shape of the Frequency Curve.

<table>
<thead>
<tr>
<th>Class-Interval</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 to Under 20</td>
<td>9</td>
</tr>
<tr>
<td>20 to Under 30</td>
<td>7</td>
</tr>
<tr>
<td>30 to Under 40</td>
<td>10</td>
</tr>
<tr>
<td>70 to Under 50</td>
<td>6</td>
</tr>
<tr>
<td>50 to Under 60</td>
<td>13</td>
</tr>
<tr>
<td>60 to Under 70</td>
<td>18</td>
</tr>
<tr>
<td>70 to Under 80</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>78</strong></td>
</tr>
</tbody>
</table>

Q.2 The staff in an office are classified on the basis of two aspects, i.e., Qualification and Confidential Rating. The classification is given in the table below.

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Outstanding</td>
</tr>
<tr>
<td>Post-Graduate</td>
<td>200</td>
</tr>
<tr>
<td>Graduate</td>
<td>400</td>
</tr>
<tr>
<td>Non-Graduate</td>
<td>250</td>
</tr>
</tbody>
</table>

If an employee is selected at random out of total 2,000 employees, find the probabilities as below:

a) Marginal probability that his rating is ‘Outstanding’.

06-Nov-2011 / Morning / Emergency Pack / 216 Bangkok / Sub - 82 / Qty - 5 / 3 / #63964
b) Joint probability, that he is a ‘Post-Graduate’ and having a ‘Good’ rating.

c) The conditional probability of his rating being ‘Average’ given that he is a ‘Graduate’.

d) Probability that he is a ‘Non-Graduate’.

Q.3 a) Lives insured by 10 Life Assurance Advisors in their First Agency Year vis-a-vis Marks secured by them in a Salesmanship Examination are given below:

<table>
<thead>
<tr>
<th>S</th>
<th>Marks Secured in Salesmanship Examination</th>
<th>Lives Insured in First year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>84</td>
<td>79</td>
</tr>
<tr>
<td>2</td>
<td>76</td>
<td>65</td>
</tr>
<tr>
<td>3</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>4</td>
<td>70</td>
<td>50</td>
</tr>
<tr>
<td>5</td>
<td>55</td>
<td>56</td>
</tr>
<tr>
<td>6</td>
<td>75</td>
<td>68</td>
</tr>
<tr>
<td>7</td>
<td>47</td>
<td>45</td>
</tr>
<tr>
<td>8</td>
<td>90</td>
<td>85</td>
</tr>
<tr>
<td>9</td>
<td>52</td>
<td>50</td>
</tr>
<tr>
<td>10</td>
<td>61</td>
<td>52</td>
</tr>
</tbody>
</table>

The Branch Head wants to decide the utility of the salesmanship Examination for insuring more lives. How would you help him in his decision-making?

(Find a linear relationship connecting the two Outcomes and the coefficient of correlation between them.

b) (5 Marks Each)

i) Write a short note on ‘Time Reversal Test’.

ii) Given:

<table>
<thead>
<tr>
<th>Year</th>
<th>Index Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>100</td>
</tr>
<tr>
<td>2002</td>
<td>117</td>
</tr>
<tr>
<td>2003</td>
<td>109</td>
</tr>
<tr>
<td>2004</td>
<td>107</td>
</tr>
<tr>
<td>2005</td>
<td>107</td>
</tr>
<tr>
<td>2006</td>
<td>130</td>
</tr>
</tbody>
</table>

Q. 4 a) The heights in inches, of 6 randomly chosen Sailors and 10 randomly
chosen Soldiers are as follows:

Sailors: 63, 65, 68, 69, 71, 72
Soldiers: 61, 62, 65, 66, 69, 70, 71, 72, 73

Test the hypothesis that the Soldiers are, on an average, taller than the Soldiers.
(Given \( t_{0.05} = 1.76 \) for 14 d.f. - Single Tail Test)

b) \( x \) is a normal variate with mean = 30 and, s.d. = 5. Find the probabilities that:

i) \( 26 < x < 40 \)
ii) \( x > 45 \)

Q. 5 a) Following table shows age of cars of a certain make and corresponding
annual maintenance costs.

<table>
<thead>
<tr>
<th>Age (Years)</th>
<th>2</th>
<th>4</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>10</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Cost (Rupees)</td>
<td>1,000</td>
<td>1,400</td>
<td>1,800</td>
<td>1,900</td>
<td>1,700</td>
<td>2,100</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Find the regression equation for cost related to age. Hence, estimate approximate
cost of maintaining 3-year-old car of same make.

b) Apply the theory of Binomial distribution to find the probability in the following
cases:
It is observed that 40% of the students in a class wear glasses. If 5 students
from this class are selected at random, find the probability that:

i) No one wears glasses.
ii) Exactly one student wears glasses.

Q. 6 Four scientific research officers determine the moisture content in samples of a powder. (20 Marks)
Each one takes a sample from each of six consignments Their observations are recorded
as under:

<table>
<thead>
<tr>
<th>Consignments \rightarrow</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>9</td>
<td>10</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>B</td>
<td>12</td>
<td>11</td>
<td>9</td>
<td>11</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>C</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>12</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>D</td>
<td>12</td>
<td>13</td>
<td>11</td>
<td>14</td>
<td>12</td>
<td>10</td>
</tr>
</tbody>
</table>

Carry out ANOVA and discuss whether there is any significant difference between consignments
and between observers.

Table values: \( F_{3,15,0.05} = 3.29 \), and
\( F_{3,15,0.05} = 2.90 \)
Q.7 A social club of 50 members consists of 30 Self-Employed Professionals (who need to provide for their retirement, and hence the prospects to sell annuity policies), and 10 Employed Professionals (whose Employers have provided for their retirement, and hence the prospects to sell assurance policies), balance 10 members being retired persons. What is the probability that a member, selected at random from this club will be either Self-Employed Professional or an Employed Professional?

If 3 members are selected random from this club, what is the probability that:

i) All 3 are Employed Professionals?

ii) 1 is a Self-Employed Professional, and 2 are the Employed Professionals?

iii) Neither of them is a Professional?

iv) At least one of them is a Professional?

Q.8 The ‘Independent Life Assurance Agents of India’ conducted a survey of Life Assurance Policyholders, and discovered that 48% of them always re-read their Life Assurance Policies, 29% sometime do, 16% rarely do, and 17% never do. Suppose a large Life Assurance Company invests considerable time and money in re-writing policies so that they will be more attractive and easy to read and understand.

After using the new policies for a year, company managers want to determine whether re-writing the policies significantly changed the proportion of policy holders who always re-read their Assurance Policy.

They contacted 380 of the Company’s Policyholders who purchased a policy in the past year and ask them whether they always re-read their Assurance Policies.

164 responded that they did. Use a 1% level of significance to test the hypothesis.
<table>
<thead>
<tr>
<th>X</th>
<th>Area</th>
<th>X</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.05</td>
<td>0.0199</td>
<td>1.1</td>
<td>0.3643</td>
</tr>
<tr>
<td>0.10</td>
<td>0.0398</td>
<td>1.2</td>
<td>0.3849</td>
</tr>
<tr>
<td>0.20</td>
<td>0.0793</td>
<td>1.3</td>
<td>0.4032</td>
</tr>
<tr>
<td>0.30</td>
<td>0.1179</td>
<td>1.4</td>
<td>0.4192</td>
</tr>
<tr>
<td>0.40</td>
<td>0.1554</td>
<td>1.5</td>
<td>0.4332</td>
</tr>
<tr>
<td>0.50</td>
<td>0.1915</td>
<td>1.6</td>
<td>0.4452</td>
</tr>
<tr>
<td>0.60</td>
<td>0.2257</td>
<td>1.645</td>
<td>0.4500</td>
</tr>
<tr>
<td>0.70</td>
<td>0.2580</td>
<td>1.7</td>
<td>0.4554</td>
</tr>
<tr>
<td>0.80</td>
<td>0.2881</td>
<td>1.8</td>
<td>0.4641</td>
</tr>
<tr>
<td>0.90</td>
<td>0.3159</td>
<td>1.9</td>
<td>0.4713</td>
</tr>
<tr>
<td>1.00</td>
<td>0.3413</td>
<td>1.96</td>
<td>0.4750</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.00</td>
<td>0.4772</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.58</td>
<td>0.4951</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.0</td>
<td>0.4987</td>
</tr>
</tbody>
</table>

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October, 2011

FELLOWSHIP EXAMINATION
GROUP INSURANCE &
RETIREMENT BENEFIT SCHEMES

[ Time : 3 Hours ]

Answer **any five** questions only.
All questions carry 20 marks each.

<table>
<thead>
<tr>
<th>Q. 1</th>
<th>Write Short notes on any four :-</th>
<th>Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Group Creditor Insurance</td>
<td>5 each</td>
</tr>
<tr>
<td>b)</td>
<td>Group Insurance for non-employed Group</td>
<td></td>
</tr>
<tr>
<td>c)</td>
<td>Unit Linked Insurance plans under Group Insurance Schemes</td>
<td></td>
</tr>
<tr>
<td>d)</td>
<td>Ceiling on employer’s contribution in respect of Group Superannuation and Gratuity Schemes.</td>
<td></td>
</tr>
<tr>
<td>e)</td>
<td>Fiduciary responsibility of the trustees in view of the new investment pattern w.e.f 01.04.2009</td>
<td></td>
</tr>
</tbody>
</table>

| Q. 2 | a) Calculate Past Service Gratuity, Future Service Gratuity & Total Service Gratuity - Salary Rs. 13,000/- p.m., Gratuity Rate - 15/26 x monthly salary for each year of service, Past service 8 yrs., Future service 32 yrs., Total Service 40 yrs., | 5 each |
|      | b) Calculate Death claim benefit under Group Savings linked insurance scheme :- Risk Sum Assured 1,20,000/-, Mly premium Rs. 120/- out of which Rs. 40/- is Risk Premium, Rs. 80/- Savings Premium, Date of Commencement 1-2-05, Date of death 14-1-10 |       |
|      | c) Express your opinion regarding employees increasing demand for pension benefits and ‘longer life span.’ |       |
|      | d) Point - out a new area where insurers should provide insurance protection from social security point of view. Give reasons for its inclusion. |       |

<table>
<thead>
<tr>
<th>Q. 3</th>
<th>Distinguish between :-</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Group life Insurance Scheme &amp; Individual life Insurance Scheme</td>
<td>10</td>
</tr>
<tr>
<td>b)</td>
<td>Compare and Contrast Defined Benefit &amp; Defined Contributory Superannuation Scheme.</td>
<td>10</td>
</tr>
</tbody>
</table>

13-Nov-2011 / Morning / Normal / 999 HO / Sub - 83 / Qty - 66 / 12 / 125254
Q.4 a) The Government is directly and indirectly taking steps to promote welfare measures for the working population and unorganized sector in the form of death cum retirement benefits. Discuss various measures in this regard.

b) Providing Social Security to unorganized sector and weaker section of the society below poverty line is a problem and challenge for the state. Explain how the Government is tackling this problem, more specifically in the implementation of Jan Shree Bima Yojana.

Q.5 ‘Chhaya Constructions’ a private limited company of 10 yrs. old approached to you. At present company has got privately administered approved gratuity Fund of Rs. 3.5 crores. Company has faced following problems.

i) Due to change of their Fund investment Manager interest yield on Gratuity Fund for the year 2009-10 has dropped from 11.5% to 8.5%.

ii) In Sept. 2009 due to large number of retirements and resignations trustees of Fund faced cash liquidity problem.

iii) Actuary appointed for Fund valuation is charging exhorbitant fees and also not co-operating.

iv) Frequent queries are raised by Income Tax department requiring frequent consultations. As a group schemes’ manager guide above client.

(i) How scheme offered by your company will help them to overcome above problems.

(ii) In addition, what more benefits it will offer and if agreed, how to switch over to your - company’s scheme.

Q.6 ‘Rajendra Overseas Pvt. Ltd.’ a company engaged in import-export business approached to you for scheme to cover leave encashment liability. At present company provides payment of salary in lieu of accumulated Earned leave at the time of superannuation subject to maximum of 240 days. Company desires to cover this liability. As a group scheme’s manager can you suggest suitable scheme, if so, guide the client on

a) Silent features of scheme

b) How it works

c) Additional insurance coverage available
d) Income Tax benefits available to employer

e) Procedure for launching the scheme & for obtaining Income Tax Approval

f) Data required etc.

Q. 7 Explain the main points to be covered under the Rules and Trust Deed of an Insured Superannuation Scheme.

Q. 8 Recently Government of India has revised the benefits under, “Employees Deposit Linked Insurance Scheme, 1976”. Considering these amendments state what are terms, conditions and benefits available at present under the scheme.

As a group schemes’ manager can you suggest group insurance scheme in lieu of Govt. EDLI scheme, if so, critically analyse advantages and disadvantages of both the schemes, bringing out salient features of scheme offered by you.
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October, 2011

FELLOWSHIP EXAMINATION
FOUNDATIONS OF CASUALTY
ACTURIAL SCIENCE-II

[ Time : 3 Hours ]

Answer any FIVE questions only.
Each question carries 20 marks.

Q.1 a) Discuss the working of clash treaties.

b) What are Catastrophe and Stop-Loss covers? State one use of each for an insurer.

c) State the formula for flat rate reinsurance pricing and reinsurance pure premium. Explain all the terms used.

d) What are the Actuaries' roles in facultative certificates pricing?

Q.2 a) You work for a general insurance company, who has always assumed that claim numbers follow a Poisson distribution. However, your analysis suggests that no. of claims is likely to be Negative Binomial with k=15 and p=0.6 Calculate percentage increase in no. of claims required for full credibility.

b) Briefly explain classical and least squares credibility analysis.

c) Explain the terms: internal rate of return and risk based capital.

d) Outline the discounted cashflow analysis.

Q.3 a) When measuring the surplus or net worth of an insurance company, a statutory valuation is performed. What are the characteristics of this value? Explain each in brief.

b) Outline the basic features of bonds, equities and property as investments for an insurer.

Q.4 a) Describe the business planning process by outlining its 5 main steps.

b) Explain regression in its 2 forms and discuss the time series method.

Q.5 Which financial statements are used in the financial analysis as a source of information. Outline the 4 categories of ratios used in the analysis.
Q.6  
  i) Explain the various reasons for the regulation of the insurance industry.  
  (5 Marks)
  ii) What are the different sources of data for a company? How can data from each of the source mentioned be used by an insurance company?  
  (15 Marks)

Q.7  
  i) Explain the ‘benchmark’ and ‘ground up’ methods for estimating environmental losses.  
  (8 Marks)
  ii) What are Catastrophe Models? Discuss the 3 major components of a catastrophe model.  
  (12 Marks)

Q.8  
  i) Discuss the various problems faced in reinsurance loss reserving.  
  (12 Marks)
  ii) Give formulae for CAPM and total rate of return model  
  (4 Marks)
  iii) State reasons why ratemaking cannot be entirely based on formulae.  
  (4 Marks)

---END---
October, 2011

FELLOWSHIP EXAMINATION
REINSURANCE

[ Time : 3 Hours ]

Answer any FIVE questions only.
All questions carry 20 marks each.

Q.1 Elaborate :-
   a) Reinstatement
   b) Umbrella cover
   c) Stop loss reinsurance
   d) Cash Call facility

Q.2 Distinguish between :-
   a) Pure Burning cost and Loaded Burning Cost.
   b) Written premium and Earned premium
   c) Minimum and Deposit Premium
   d) Losses occuring and Risk attaching basis

Q.3 a) Explain the need for an Arbitration clause in Reinsurance contract. Briefly outline the procedures.
     b) German Commercial Law states that “Reinsurance is the insurance of the risk assumed by the insurer” - Discuss the role of Reinsurance in modern global economy faced with complex nature of risk demanding special types of covers.

Q.4 a) What is proportional reinsurance ? Explain with examples.
     b) “Risk attaching” as opposed to “Loss occuring during” can change the complexion of a reinsurance cover. Explain
Q. 5 Reinsurance negotiations can be long and hard. What are its key considerations? 20 Marks

Q. 6 “Fixing of retention for different risks forms an important part of reinsurance”
- Elucidate enumerating various factors influencing Retention. 20 Marks

Q. 7 Discuss the role of significance of statistics in global Reinsurance negotiations? 20 Marks

Q. 8 Calculate the project commission, on sliding scale, payable on i) annual basis
   ii) 3 years average basis on following treaty results for 2010 -
   - Premium Rs. 10,00,000/-
   - Portfolio Entry
     Premium Rs. 2,50,000/-
     Loss Rs. 1,00,000/-
   - Commission 40%
   - Claims paid Rs. 3,50,000/-
   - Portfolio withdrawal
     Premium Rs. 3,00,000/-
     Loss Rs. 2,00,000/-

Information: Management expenses, for profit commission calculation is 3%
Profit commission 25% on profit upto 10% of premium and 50% on balance profit
Profit for 2008 Rs. 4,80,000/-
Loss for 2009 Rs. 1,00,000/-
Q.1 Give brief answers on the following :- 5 Marks each
   a) Main classes of Risk
   b) Methods of handling Pure & Speculative Risks
   d) Advantages of a checklist

Q.2 Write Short notes on the following :- 5 Marks each
   a) Finite Risk Products
   b) Weather Derivatives & CAT Bonds
   c) Elements of the ERM Process
   d) BCP

Q.3 a) List, define and briefly explain the different types of Risk Identification Techniques. 10 Marks
     b) Define and explain 1/0 Analysis, CAT Bonds, ART, Risk Prioritization and Risk Mapping. 10 Marks

Q.4 a) What are Political Risks? Are Political Risks insurable? 10 Marks
     b) List and briefly explain the key classification of Risks. 10 Marks

Q.5 What are the eight components which influence one another in the interactive process of ERM. 20 Marks
Q.6 For loss of property due to fire, elaborate the ways in which revenues could get reduced, with reference to a manufacturing company.

Q.7 What are the basic elements of Loss Exposure? How can loss Exposures be analyzed for key exposure areas and consequential effects be identified and measured?

Q.8 You have been appointed as the Head of Risk Management of your Company. Explain your role and elaborate on the scope of your duties, functions & responsibilities.

---END---
October, 2011.

FELLOWSHIP EXAMINATION
LAW & ECONOMICS OF INSURANCE

[ Time : 3 Hours ]

Attempt at least 2 Questions each from section ‘A’ and section ‘B’.
Total Questions to be attempted are 5 only.
All questions carry 20 marks each.

Section- ‘A’

Q.1 a) What are the ingredients of a valid contract under Indian Contract Act? b) When does the process of communication get completed against the parties in a Contract? c) As per Section 23 of the Indian Contract Act, when does a consideration become unlawful? d) Explain in detail the effects of fraudulent misrepresentation in a contract.

Q.2 a) Define a Wagering Contract. Is Contract of Insurance, a Wagering Contract? b) Enumerate the circumstances under which a contract gets discharged. c) What is bailment? What are the rights, liabilities, and duties of a bailer? d) Section 42(4) of Insurance Act lays down the disqualification of an Insurance Agent. What are the disqualifications laid down by the said section?

Q.3 a) What is a Contract of Indemnity? What are the rights of an Indemnity Holder? b) Classify Duties, Rights, and Authority of an Agent towards: - His Principal, and - Third Party with whom he deals on behalf of his Principal.

Q.4 Describe the following:
   a) Powers of an Arbitrator under the Arbitration Act. b) Section 64 VB of Insurance Act.

Section- ‘B’

Q.5 Define equilibrium. What are the circumstances under which a firm and a consumer attain equilibrium?

Q.6 Apart from price, there are other factors which also affect the demand for a commodity. Do you agree with this statement? If so, what are the other factors?

Q.7 Analyse Planned Economy versus Market Economy

Q.8 Discuss the principles on which pricing of insurance has been based, specially in a monopolistic market as it exists in our country.

----END----
FELLOWSHIP EXAMINATION
MARKETING ADN PUBLIC RELATIONS

[ Time : 3 Hours ]

Answer any FIVE questions only.
All questions carry 20 marks each.

(Note: Answer to questions pertaining to the Insurance Industry may be
given with reference to either Life or General Insurance Industry)

Q.1 Write short notes (about 50 words) on the following
   a) Product Differentiation
   b) Market Research
   c) Distribution Channel
   d) Tools of Publicity

Q.2 Elaborate the following marketing terms
   a) Market Segmentation
   b) Ethical Standards
   c) Customer Relationship Management
   d) Reference Groups

Q.3. a) Explain the different Characteristics of Goods and Services.
     b) Explain the concept of “Strokes”

Q.4 Discuss the importance of the following in marketing strategy:
   a) The Boston Matrix
   b) Product Positioning

Q.5. What is the importance of quality in service industry? How the quality is maintained?

Q.6. Discuss the importance of employees empowerment for an organisation

Q.7. In present day world, how Business Ethics & Values are important for a business organisation?

Q.8. For maximum market share in Indian market, what is the importance of Indian Rural market?

---END---
October, 2011

FC-89
Reg. No.

[ Total Marks : 100 ]

FELLOWSHIP EXAMINATION
MANAGEMENT ACCOUNTING

[ Time : 3 Hours ]

Question ONE is compulsory.
Total questions to be attempted are FIVE.
All questions carry 20 equal marks.

Q.1 Write Short Notes :-

a) Cash flow statement important tool with invesiter
b) Section 44 of Income Tax Act 1961
c) Solvency Margin
d) Break even point

Q.2 Distinguish between :

a) Accounting Concepts & Accounting standards
b) Fixed costs & Variable costs
c) IRR & NPV methods
d) Current Ratio & Quick Assets Ratio (Acid Test Ratio)

Q.3 a) Explain Pattern of Investment for Life Insurance business & General Insurance business as per IRDA (Investment Regulations) 2002
b) What are the Types of Budget ?

Q.4 a) What are the provisions of recognising non-performing assets in insurance industry?
    Explain accounting system for the same.
b) Describe various costing methods

Marks
5 each

30-Oct-2011 / Afternoon / Normal / 999 HO / Sub - 89 / Qty - 46 / 2 /120641
Q.5 From the Balance Sheets & Profit & Loss A/c. for 3 years of MSL Ltd., calculate following ratios and give your opinion about performance of the company over the period.

1) Current Ratio  2) Debt Equity Ratio  3) Asset Turnover Ratio  4) Net Profit Margin
5) Return on equity  6) Debt / equity ration  7) Quick Ratio

Balance Sheets of MSL LTD as at

<table>
<thead>
<tr>
<th></th>
<th>31.03.08</th>
<th>31.03.09</th>
<th>31.03.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td>24</td>
<td>24</td>
<td>30</td>
</tr>
<tr>
<td>Reserves &amp; Surplus</td>
<td>6</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Debentures</td>
<td>12</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>12</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>13</td>
<td>18</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>67</td>
<td>79</td>
<td>107</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>25</td>
<td>32</td>
<td>44</td>
</tr>
<tr>
<td>Bank Balance</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Sundry Debtsos</td>
<td>15</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>Closing Stock</td>
<td>20</td>
<td>22</td>
<td>30</td>
</tr>
<tr>
<td>Furniture &amp; IT Hardware</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>67</td>
<td>79</td>
<td>107</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31.03.08</th>
<th>31.03.09</th>
<th>31.03.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>40</td>
<td>61</td>
<td>78</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>32</td>
<td>47</td>
<td>62</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>8</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>4</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>4</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Other income</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Profit before Int. &amp; Tax</td>
<td>5</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Interest</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Profit before Tax</td>
<td>3</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Tax</td>
<td>1</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>2</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

20 Marks
Q.6 From the following Trial Balance as on 31-03-2010 of Super Star Life Insurance Company Ltd., prepare the Revenue Account for the year and Balance Sheet as on that date.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs. in 000’s</td>
<td>Rs. in 000’s</td>
</tr>
<tr>
<td>Annuities</td>
<td>6,250</td>
<td>-</td>
</tr>
<tr>
<td>Agent Balance</td>
<td>2,500</td>
<td>-</td>
</tr>
<tr>
<td>Advance Tax Paid</td>
<td>1,250</td>
<td>-</td>
</tr>
<tr>
<td>Building Development A/C</td>
<td>-</td>
<td>3,750</td>
</tr>
<tr>
<td>Claims less Reinsurance Paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By Death</td>
<td>25,000</td>
<td>-</td>
</tr>
<tr>
<td>By Maturity</td>
<td>17,500</td>
<td>-</td>
</tr>
<tr>
<td>Current Account with Bank</td>
<td>6,250</td>
<td>-</td>
</tr>
<tr>
<td>Commission</td>
<td>3,750</td>
<td>-</td>
</tr>
<tr>
<td>Claims O/S at Beginning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By Death</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>By Maturity</td>
<td>-</td>
<td>7,500</td>
</tr>
<tr>
<td>Contingency Reserve</td>
<td>-</td>
<td>2,500</td>
</tr>
<tr>
<td>Furniture</td>
<td>6,250</td>
<td>-</td>
</tr>
<tr>
<td>House Property</td>
<td>62,500</td>
<td>-</td>
</tr>
<tr>
<td>Income Tax</td>
<td>6,250</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td>25,000</td>
<td>-</td>
</tr>
<tr>
<td>Interest, Dividend and Rents</td>
<td>-</td>
<td>18,750</td>
</tr>
<tr>
<td>Loan on Mortgages</td>
<td>12,500</td>
<td>-</td>
</tr>
<tr>
<td>Loan on Policies</td>
<td>12,500</td>
<td>-</td>
</tr>
<tr>
<td>Life Assurance Fund at beginning</td>
<td>-</td>
<td>87,500</td>
</tr>
<tr>
<td>Management Expenses</td>
<td>31,250</td>
<td>-</td>
</tr>
<tr>
<td>Printing and Stationery</td>
<td>6,250</td>
<td>-</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>12,500</td>
<td>-</td>
</tr>
<tr>
<td>Sundry Deposits</td>
<td>15,000</td>
<td>-</td>
</tr>
<tr>
<td>Share Capital</td>
<td>-</td>
<td>12,500</td>
</tr>
<tr>
<td>Taxation Reserve</td>
<td>-</td>
<td>12,500</td>
</tr>
<tr>
<td>Premium Less Reinsurance</td>
<td>-</td>
<td>97,500</td>
</tr>
<tr>
<td></td>
<td><strong>2,52,500</strong></td>
<td><strong>2,52,500</strong></td>
</tr>
</tbody>
</table>

Additional information reveal that there was Management expenses outstanding of Rs. 25 lakhs. Prepaid Expenses were Rs. 12 lakhs and Fifty thousand. Outstanding Premium was Rs. 1.25 crores and commission incurred on this was Rs. 12.50 lakhs. The company also has Rs. 25 lakhs with Govt. of Goa which is deposited with Building Contractor’s as Security. Claims less reinsurance at the end of the year - By Death Rs. 62.50 lakhs, By Maturity Rs. 1.25 crores.

20 Marks
Q.7 Supreme manufacturing has a majority of its dealings in cash. The sales of the company are both on credit and cash basis with 60% on credit and 40% on cash for every month. The credit sales are realised in the subsequent month. The company incurs a fixed cost of Rs. 7,00,000 per month and it also incurs a variable cost of 40% which are directly attributable to sales. The company has sold some scrap for Rs. 2,00,000 and realised the entire amount in cash in the month of March 2010. Arrears payment of Salary has been made in the month of May 2010, to the extent of Rs. 4,00,000. The opening balance of cash for January 2010 was Rs. 7,00,000 and the sale for December 2009 was Rs. 2,00,000.

Calculate the net cash flow for Supreme Manufacturing for the six months from January 2010 to June 2010.

The sales figures are as follows:

<table>
<thead>
<tr>
<th></th>
<th>JAN.</th>
<th>FEB.</th>
<th>MAR.</th>
<th>APR.</th>
<th>MAY</th>
<th>JUN.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs.</td>
<td>10,00,000</td>
<td>5,00,000</td>
<td>10,00,000</td>
<td>25,00,000</td>
<td>10,00,000</td>
<td>10,00,000</td>
</tr>
</tbody>
</table>

20 Marks

Q.8  

a) What is the necessity for reconciliation between financial and costing records?  

b) TMZ Manufacturing Company’s net profit for the year ended 31-03-2010 was Rs. 55,433. The cost accounts revealed a profit of Rs. 61,658. With the additional information provided reconcile the two sets of accounts.

<table>
<thead>
<tr>
<th>Profit and Loss Account</th>
<th>(Rs.)</th>
<th>Costing Records</th>
<th>(Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Stock</td>
<td>4,35,629</td>
<td>Stock Balance</td>
<td>1,23,416</td>
</tr>
<tr>
<td>Purchases</td>
<td>1,74,208</td>
<td>Direct Wages Absorbed</td>
<td>1,13,215</td>
</tr>
<tr>
<td>Closing Stock</td>
<td>1,11,119</td>
<td>Factory Overheads</td>
<td>1,08,513</td>
</tr>
<tr>
<td>Direct Wages</td>
<td>1,09,102</td>
<td>Mang. Exp</td>
<td>2% of Sales</td>
</tr>
<tr>
<td>Factory overheads</td>
<td>1,07,105</td>
<td>Selling Exp</td>
<td>5% of Sales</td>
</tr>
<tr>
<td>Management Exp</td>
<td>56,123</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Exp</td>
<td>89,739</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>9,16,220</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15 Marks

---END---
Answer any FIVE questions only. All questions carry 20 marks each.

Q.1 Write Short Notes on :-
   a) Identification of Training needs.
   b) Four stages of Learning
   c) Mentoring
   d) Evaluation of Training

Marks 5 each

Q.2 Explain from the HR point of view the significance of the following :
   a) Grievance Redressal
   b) Collective Bargaining
   c) Discipline
   d) Empowerment

Marks 5 each

Q.3 a) Man is more important than a machine. Discuss this statement with relevance to Human Resources Management
   b) You are in charge of recruitment in your organisation. Elucidate on the methodologies that you would undertake to recruit quality manpower.

Marks 10

Q.4 a) It is said that “While HR Management is pro-active, the Personnel Management is reactive.” Give your views.
   b) Explain major functions of HR Management

Marks 12

1
Q.5 Salary is not the only important aspect for employee satisfaction. Discuss this statement by giving specific examples from your organisation.

Q.6 Discuss Organisational Development and explain how this is useful in your organisation.

Q.7 a) Do you agree that delegation helps delegatee more than delegator

b) Explain barriers of effective delegation

Q.8 a) Discuss the factors, which you will consider, as HR Manager, in deciding the posting of an Officer/Employee

b) Draft a transfer and rotation policy which will help management in posting right person for the right job.

---END---
October, 2011

FELLOWSHIP EXAMINATION
ACTURIAL ASPECTS OF PRODUCT DEVELOPMENT

[ Time : 3 Hours ]
[ Total Marks : 100 ]

Answer any FIVE questions only.
Each question carries 20 marks.
The numbers in brackets indicate marks for each sub part.

Q.1 Write short notes on:
   a) Insurable Interest
   b) Immediate and Deferred Annuity
   c) Riders and Add-ons
   d) Profit Margin

   Marks
   (5 each)

Q.2 a) Give reason why the individuals may not give priority to life insurance products?
   (5 each)
   b) In the context of pricing of insurance products, name the components of premium.
   c) Distinguish between initial expenses and renewal expenses.
   d) List the types of Immediate and Deferred Annuities.

Q.3 a) A holder of 15 years endowment assurance policy, after paying five annual
   premiums, is not in a position to continue payment of further premiums.
   What options the insurer normally allows to such policyholders?
   (10 each)
   b) List the points a policyholder should generally consider before dropping
   (or surrendering) a life insurance policy.

Q.4 a) Explain in brief the types of Group Insurance contracts usually
   offered by the insurers.
   (10 each)
   b) In the context of Group Insurance contracts, explain briefly the terms
   “Experience rating” and “Profit sharing”

Q.5 You are an Actuary in a company ABC Ltd., a small company transacting life insurance
business in India for last three years. The company has limited capital. The CEO
of the company has conveyed to you that the company, in next few years,
plan to increase the volume of business and also to expand to the areas of operation.

(20 Marks)
He has asked you to prepare a detailed report on how the reinsurance can be used to support the objectives of the company. Draft a Report for the CEO of the company including the following points:

a) Why the company ABC Ltd. needs reinsurance?
b) What type of reinsurance would be appropriate for the company?
c) How the company would set the retention limits for reinsurance?
d) What are the regulatory provisions for choosing a reinsurer and the type of reinsurance?

Q.6 You are the Appointed Actuary in company XYZ Ltd., which has started writing ‘With Profit’ life insurance business in India. You have completed the valuation of policy liabilities and have recommended the bonus to be declared for ‘with profit’ policyholders. Your CEO who is new to the company has asked you to prepare a detailed note covering the following points:

a) Why do we pay bonus to ‘with profit’ policyholders?
b) What are the various methods of bonus payment?
c) What are the general conditions for payment of bonus?

Prepare a reply as desired by the CEO to be submitted to him this evening.

Q.7 You are Pricing actuary employed with company Delta Ltd. which is a fairly new company transacting life insurance business in India and is currently engaged in developing suitable products for the Indian market.

a) What are the factors you would consider to choose an appropriate interest rate as premium basis?
b) What are the factors you would consider to choose an appropriate mortality rate as premium basis?

While discussing the above points you are also required to address the data issues and their sources.

Q.8 Discuss in detail the expenses a life insurer usually incurs in procuring and maintaining its business. You should cover in your reply regulatory provisions in this regard.

---END---
October, 2011

FC-97

Reg. No.

FELLOWSHIP EXAMINATION
LEGAL ASPECTS OF INDUSTRIAL RELATIONS

Time: 3 Hours ]

[ Total Marks: 100 ]

Answer any FIVE questions only. All questions carry 20 marks each.

Q.1 a) Discuss in brief the fundamental rights guaranteed to the citizen of India under the Constitutional Law

b) What is “Habeas Corpus”? Who is the competent authority to pass this order?

c) What are the significant changes brought out by the Industrial Dispute (Amendment) Act 1982?

d) Differentiate between an “Industrial Dispute” and an “Individual Dispute”

Q.2 a) Is Municipality an Industry? What was the decision of Supreme Court in D.N. Banerjee v/s P.R. Mukherjee?

b) Define ‘Employer’. What is the status of an employee when an undertaking in transferred as ‘going concern’?

c) Who is the appropriate government for Life Insurance Corporation of India and why?

d) What is the role of Works Committee? Who constitutes the Works Committee.

Q.3 a) Enumerate the various authorities constituted under the Industrial Disputes Act for settlement of disputes.

b) What does section 11-A of the Industrial Disputes Act indicate? While passing orders under section 11-A, can the courts consider fresh evidence?

Q.4 a) “Until a new contract or Award replaces the previous one would regulate the relations between the parties”. Examine this issue in the light of decision of Supreme Court in the matter of LIC vs D.J. Bahadur.

b) When does a “Strike” or “Lock Out” become illegal?

Q.5 ‘Gratuity’ is a right, not gratuitous. Discuss the statement with reference to whom gratuity is payable and when it can be forfeited.

Marks

5 each

5 each

10 each

12

8

20
Q.6 What do you understand by ‘unfair labour practices’ [Sec. 2 (ra)] I.D. Act, Discuss its provisions.

Q.7 The ambit of the words “Arising out of and in the course of employment” are of very wide amplitude. Justify the statement.

Q.8 Article 32 and Article 226 are the heart and soul of the Fundamental Rights. Debate the statement.

---END---
FELLOWSHIP EXAMINATION
ADVANCED INFORMATION TECHNOLOGY

Time: 3 Hours]

Answer any FIVE questions only.
All questions carry 20 marks each.
(Template is not required for drawing flow charts.)

Q.1 Answer the following :-

a) What is Management Information System?

b) Mention the advantages of 4th generation languages

c) Write a note on ISDN

d) Specify the Application areas where data mining is used

Marks
5 marks each

Q.2 Write Short Notes on:

a) Graphical user interfaces

b) Line printer

c) Microsoft outlook

d) Visual Basic

5 marks each

Q.3 a) Write briefly on Pentium Processors

b) How can a Microsoft Automation Software like word benefit an Insurance Organisation

10 Marks

Q.4 a) Describe the advantages of Data Warehousing

b) What are the security features of Windows XP?

10 Marks

Q.5 Customer Relationship Management (CRM) is occupying vital place in the agenda of Insurance Companies. Considering this statement design CRM strategy for Insurance Company.

20 Marks
Q.6 Enumerate the crucial functions of an operating system

Q.7 Explain the common methods used by intruders to gain control of computers. What are the preventive and remedial steps to safeguard computers from intruders?

Q.8 Explain in brief the various database models

---END---
October, 2011

FELLOWSHIP EXAMINATION
ASSET MANAGEMENT

[Total Marks : 100]

Answer Any Five questions only.
All questions carry 20 marks each.

Marks

Q.1 Write Short Notes on :-
   a) Money changers
   b) Channel formation
   c) Yield spreads
   d) Convertible securities

   5 each

Q.2 Distinguish between :
   a) Asset Allocation and Portfolio Designing
   b) Support and Resistance Levels
   c) Arbitrage and Speculation
   d) Systematic and Unsystematic risks

   5 each

Q.3 a) There are various options before an investor on issue of right shares by a company.
   Discuss the options.
   10
   b) Shares of Rs. 10/- each of X Ltd. is quoting at Rs. 50/- cum-rights. The Company
   shares at a premium of Rs. 10/- per share in the ratio of 1 for every two existing
   shares in 2011. What is the ex-rights price, and what will be the dividend adjustment
   factor from 2011 onwards?
   10

Q.4 a) Why do we need to evaluate the performance of a portfolio?
   10
   b) Explain any 2 methods of portfolio performance measurers
   10
Q.5  What are the various types of risks to which the investment portfolio of an insurance company is exposed to?  

Q.6  a)  What are the various types of mutual funds in existence in India?  

           b)  Explain the IRDA Regulations applicable to insurance companies for their investments in mutual funds.  

Q.7  Discuss the various aspects of Government Securities Market with particular reference to nature and organisation of the market.  

Q.8  Describe procedure to be followed for making remittances abroad as provided under FEMA  

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