Fellowship

EXAMINATION QUESTION PAPERS

NOV. 2006

भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA
Universal Insurance Building,
Sir P.M.Road, Fort,
Mumbai - 400 001.
1. a) Mr. B. has taken a loan of Rs. 15,000/- at a rate of interest 8% p.a. payable half-yearly. He repaid Rs. 2000/- after 2 years, Rs. 6,000/- after a further 2 years and cleared all dues at the end of 8 years from the commencement of the transaction. What is the final payment made by him?

Given:

\((1.04)^{16} = 1.87298, (1.04)^{10} = 1.48024, (1.04)^{6} = 1.26532,\)
\((1.08)^{16} = 3.42594, (1.08)^{10} = 2.15892\)

b) Find the present value of an annuity certain of Rs. 4000 p.a. payable for 25 years under which the payments are made at the end of each year for the first 5 years, at the end of each half year for the next 10 years and at the end of each quarter thereafter. Assume a rate of interest of 8% p.a. for the first 15 years and 6% p.a. thereafter.

Given:

at 8% \(V^5 = 0.68058, V^{15} = 0.31524, \frac{i}{i^{(2)}} = 1.0196,\)

\(\frac{a}{5} = 3.9927, \frac{a}{15} = 8.5595\)

at 6% \(\frac{a}{10} = 7.3601, \frac{i}{i^{(4)}} = 1.0222\)

c) A loan is repayable by 20 equated yearly instalments of Rs. 3,000 each, comprising both interest and capital. The rate of interest on loan is 10% per annum effective. Calculate:

i) The amount of loan

ii) Interest contained in 13\(^{th}\) instalment

iii) Loan outstanding at the end of 10\(^{th}\) year
iv) Principal loan contained in 15\textsuperscript{th} yearly instalment.

**Given:**

\[ v^{20} = 0.14864, \quad v^{18} = 0.17986, \]
\[ v^{16} = 0.38554, \quad v^6 = 0.56447 \]

2. a) Establish algebraically the relationship:

\[ n^{-1}P_x + 1 - n^1P_x = q_x \times n^{-1}P_x + 1 \]

b) Given the probability that a life aged 45 will survive 10 years is 0.5 and the probability that a life aged 55 will survive 10 years is 0.2. Find the probability that of three persons aged 45 at least one will die between ages 55 and 65 and at least one after age 65?

c) The following data are available in respect of a Mortality Table:

<table>
<thead>
<tr>
<th>Age</th>
<th>( L_x )</th>
<th>( m_x )</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>48242</td>
<td>0.04421</td>
</tr>
<tr>
<td>66</td>
<td>46074</td>
<td>0.04783</td>
</tr>
<tr>
<td>67</td>
<td>43836</td>
<td>0.05185</td>
</tr>
<tr>
<td>68</td>
<td>41532</td>
<td>0.05619</td>
</tr>
</tbody>
</table>

On the assumption of uniform distribution of deaths over the year of age, calculate the values of \( l_x \), \( d_x \) and \( q_x \) for ages from 65 to 68.

3. a) What is the process of Graduation?

b) Calculate the value of Endowment Assurance Benefit of Rs. 10,000 for 5 years to a person aged 25.

**Given:**

<table>
<thead>
<tr>
<th>For Age</th>
<th>25</th>
<th>26</th>
<th>27</th>
<th>28</th>
<th>29</th>
<th>30</th>
</tr>
</thead>
<tbody>
<tr>
<td>( d_x )</td>
<td>292</td>
<td>294</td>
<td>298</td>
<td>302</td>
<td>307</td>
<td>313</td>
</tr>
</tbody>
</table>

\[ l_{25} = 97380, \quad l_{30} = 95887 \]
c) Using the values of $l_x$, $d_x$ and $v^x$ @ 6% calculate the values of $D_x$, $C_x$ and $M_x$ for the ages from 30 to 35

<table>
<thead>
<tr>
<th>Age $x$</th>
<th>30</th>
<th>31</th>
<th>32</th>
<th>33</th>
<th>34</th>
<th>35</th>
<th>36</th>
</tr>
</thead>
<tbody>
<tr>
<td>$l_x$</td>
<td>89685</td>
<td>88994</td>
<td>88294</td>
<td>87585</td>
<td>86866</td>
<td>86137</td>
<td>-</td>
</tr>
<tr>
<td>$d_x$</td>
<td>691</td>
<td>700</td>
<td>709</td>
<td>719</td>
<td>729</td>
<td>742</td>
<td>-</td>
</tr>
<tr>
<td>$v^x$</td>
<td>0.1741</td>
<td>0.1642</td>
<td>0.1549</td>
<td>0.1462</td>
<td>0.1379</td>
<td>0.1301</td>
<td>0.1227</td>
</tr>
</tbody>
</table>

d) Using the values of the commutation functions calculated in the above example, Find out

i) The value of whole life Assurance of Rs. 5,000 for a person aged 33.

ii) The value of Endowment Assurance Benefit of Rs. 25,000 for 3 years to a person aged 30 years.

iii) The value of a Double Endowment Assurance Benefit of Rs. 10,000 for a person aged 31 receivable on attaining age 35.

4. a) From the Table given below evaluate

$$2^p \cdot [22] + 1, \quad l^3_{[20]}, \quad l^5_{[20]} \quad \text{and} \quad l^7_{[22]}$$

<table>
<thead>
<tr>
<th>Age at entry $(x)$</th>
<th>$l_x$</th>
<th>$l_x + 1$</th>
<th>$l_x + 2$</th>
<th>Attained age $x + 2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>495353</td>
<td>494504</td>
<td>493613</td>
<td>22</td>
</tr>
<tr>
<td>21</td>
<td>494440</td>
<td>493590</td>
<td>492696</td>
<td>23</td>
</tr>
<tr>
<td>22</td>
<td>493526</td>
<td>492672</td>
<td>491775</td>
<td>24</td>
</tr>
<tr>
<td>23</td>
<td>492607</td>
<td>491751</td>
<td>490848</td>
<td>25</td>
</tr>
<tr>
<td>24</td>
<td>491694</td>
<td>490837</td>
<td>489933</td>
<td>26</td>
</tr>
<tr>
<td>25</td>
<td>490781</td>
<td>489923</td>
<td>489018</td>
<td>27</td>
</tr>
</tbody>
</table>

b) Prove the following expressions:

i) $A_x: \overline{n} = \frac{M_x - M_{x+n}}{D_x}$

ii) $A_x: \overline{n} = \frac{M_x - M_{x+n} + D_{x+n}}{D_x}$
c) What is the difference between an annual premium and an instalment premium?

5. a) Prove the following expressions :-

i) $\bar{a}_x = \frac{N_x + t}{Dx}$
ii) $a_x: \overline{n} = \frac{N_x + 1 - N_x + n + 1}{Dx}$

iii) $\bar{a}_x: \overline{n} = \frac{N_x - N_x + n}{Dx}$
iv) $\bar{a}_x: \overline{n} = 1 + a_x: \overline{n - 1}$

b) Using the values of commutation functions given find the values of :

i) $10!a_{20}$
ii) $a_{20}: \overline{10}$
iii) $\bar{a}_{(12):20:10}$
iv) $\bar{a}_{20}$

Given :- at 6% :-

$N_{31} = 2496231.14$  $D_{20} = 309771.22$

$N_{21} = 4761494.14$  $D_{30} = 170763.39$

c) What are the defects in the system of charging natural premium?

6. a) On the basis of the commutation values given at 6% calculate the net annual premiums for a Sum Assured of Rs. 50,000 for the following assurances on age 30 years old.

i) Endowment Assurance for 25 years

ii) Endowment Assurance for 25 years, premium limited to 20 years

iii) Whole life Assurance, premium limited to 20 years.

iv) Deffered Temporary Assurance to commence at age 35 and then to continue for 10 years.

v) Whole life Assurance :

Given :-

$M_{30} = 19801$  $M_{45} = 16285$

$M_{55} = 12716$  $M_{35} = 18748$

$M_{50} = 14655$  $D_{55} = 35573$

$N_{30} = 266694$  $N_{45} = 927313$

$N_{50} = 6231958$  $N_{55} = 403807$
b) Calculate the net annual premium under a Special temporary Assurance for Rs. 50,000 on a person aged 35 years for term 20 years. On the life assured Survival to the end of 20 years total amount of premiums paid will be payable.

**Given :-**

\[ \text{M}_{35} = 18747.99 \quad \text{D}_{35} = 126664.23 \]

\[ \ddot{a}_{35:20} = 11.864 \quad \text{M}_{55} = 12716.28 \]

\[ \text{D}_{55} = 35573.26 \]

c) Calculate the net single premium at 6% p.a. for an immediate annuity of Rs. 12,000 p.a. payable for 12 years certain and thereafter for life to a person aged 60 at entry.

**Given :-**

at 6% \[ \ddot{a}_{12} = 8.3838 \quad \text{N}_{73} = 48646 \quad \text{D}_{60} = 24604 \]

7. a) Given that \( A_x = 0.3801 \) and \( a_x = 17.014 \) determine the rate of interest ?

b) Calculate the office annual premium for a whole life Assurance for Rs. 50,000 to a person aged 35. Provide for first year expenses at 60% of premiums and 20% sum assured and renewal expenses of 5% of premium and 6% Sum assured.

**Given :-**

at 6% interest \( A_{35} = 0.14801 \quad \ddot{a} \text{ of } 35 = 15.052 \)

c) Give expression for the retrospective policy value and prospective policy value at the end of 25 years under a whole Life Policy for a sum assured of Rs. 50,000 affected on the life of a person at age 20 years. Annual premiums under the policy were limited to 20 years. Show that both the expressions are equal. Ignore expenses.

8. a) What is meant by valuation of an insurer? Explain how it is necessary.

b) Explain how the difference in prospective and retrospective policy value arises?

c) What is meant by fair distribution of surplus. Discuss how far this could be achieved?
FELLOWSHIP EXAMINATION

STATISTICS

Time: 3 Hours] [Total Marks : 100

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)

1. The Principal of a school wanted to study relationship between the marks obtained by students in school preliminary examination and that in S.S.C Board examination. For this purpose 10 students were selected randomly from amongst the students who had appeared in S.S.C. Board examination. Their percentage marks in the two examinations are given below:

<table>
<thead>
<tr>
<th>% Marks in Preliminary Examination</th>
<th>84</th>
<th>76</th>
<th>38</th>
<th>69</th>
<th>54</th>
<th>75</th>
<th>45</th>
<th>89</th>
<th>50</th>
<th>60</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Marks in S.S.C. Board Examination</td>
<td>80</td>
<td>64</td>
<td>38</td>
<td>48</td>
<td>55</td>
<td>68</td>
<td>43</td>
<td>86</td>
<td>48</td>
<td>50</td>
</tr>
</tbody>
</table>

i) Find a linear relationship connecting the percentage marks in 'school preliminary examination' and percentage marks in 'S.S.C. Board examination' and the co-efficient of correlation between them.

ii) Estimate the percentage marks secured by a student in S.S.C. examination, who had secured 62% marks in his preliminary examination.

iii) Find the standard error of estimate.

2. a) The marks of 7 students in English and Mathematics are given below. The marks are out of 100 in each subject. Determine in which subject the variation is more.
b) Find the combined mean and standard deviation of the percentage marks obtained in English & Mathematics from the Table given below.

<table>
<thead>
<tr>
<th>Student</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marks obtained in English</td>
<td>30</td>
<td>40</td>
<td>60</td>
<td>70</td>
<td>20</td>
<td>60</td>
<td>90</td>
</tr>
<tr>
<td>Marks obtained in Mathematics</td>
<td>60</td>
<td>76</td>
<td>80</td>
<td>70</td>
<td>65</td>
<td>72</td>
<td>74</td>
</tr>
</tbody>
</table>

3. a) Briefly explain the 'Latin Square' design used in the Analysis of variance.
    b) The data given below represent average marks secured by insurance agents in a test on 'insurance knowledge'. The 'treatment' under consideration is the agent's qualification:
       A: Professionally qualified diploma holder in insurance education.
       B: Not professionally qualified, but a graduate,
       C: Not professionally qualified and non-graduate.
       The blocking factors are Area of operation and age.

<table>
<thead>
<tr>
<th>AREA</th>
<th>AGE\</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>35 &amp; below</td>
<td>Above 35 but 50 or below</td>
<td>Above 50</td>
<td></td>
</tr>
<tr>
<td>Metropolitan</td>
<td>A 76</td>
<td>B 76</td>
<td>C 67</td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>B 70</td>
<td>C 64</td>
<td>A 73</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>C 70</td>
<td>A 85</td>
<td>B 70</td>
<td></td>
</tr>
</tbody>
</table>

i) Construct ANOVA table for the above latin square design.
ii) At 1% and 5% levels, test the null hypothesis that the marks do not depend upon the 'Area of operation'.
    Given: $F_{0.01} = 99.01$ & $F_{0.05} = 19.00$ for degrees of freedom 2 and 2.

4. Write short notes on the following:
   a) Stratified Sampling
   b) Sampling Errors
   c) Non - Sampling Errors
5. a) Calculate the seasonal Index from the following data using the method of moving averages.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>35</td>
<td>86</td>
<td>67</td>
<td>124</td>
<td>312</td>
</tr>
<tr>
<td>2002</td>
<td>38</td>
<td>109</td>
<td>91</td>
<td>176</td>
<td>414</td>
</tr>
<tr>
<td>2003</td>
<td>47</td>
<td>158</td>
<td>104</td>
<td>226</td>
<td>535</td>
</tr>
<tr>
<td>2004</td>
<td>61</td>
<td>177</td>
<td>134</td>
<td>240</td>
<td>612</td>
</tr>
<tr>
<td>2005</td>
<td>72</td>
<td>206</td>
<td>141</td>
<td>307</td>
<td>726</td>
</tr>
<tr>
<td>Total:</td>
<td>253</td>
<td>736</td>
<td>537</td>
<td>1,073</td>
<td>2,599</td>
</tr>
</tbody>
</table>

b) i) Derive the equation of the trend line using the method of least squares for the data given below:

<table>
<thead>
<tr>
<th>Year</th>
<th>X</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values Y</td>
<td>160</td>
<td>180</td>
<td>184</td>
<td>166</td>
<td>188</td>
<td>198</td>
<td>184</td>
<td>208</td>
<td></td>
</tr>
</tbody>
</table>

ii) Calculate the estimated values of Y using the equation of the trend line.

6. A box contains 50 uniform balls of which 35 are white and 15 are red in colour. Three balls are drawn in succession (without replacements) from the box.

What is the probability in getting
i) at least two white balls,
ii) white ball in the first and third draws,
iii) Red balls in the last two draws, and
iv) What is the probability of not getting the same colour ball in successive draws?

7. Ten students are selected at random from college A and another ten students are selected at random from college B. They are given I. Q. test. The marks obtained by the 20 students are given below:

<table>
<thead>
<tr>
<th>College A:</th>
<th>80</th>
<th>72</th>
<th>36</th>
<th>66</th>
<th>51</th>
<th>71</th>
<th>43</th>
<th>86</th>
<th>48</th>
<th>57</th>
</tr>
</thead>
<tbody>
<tr>
<td>College B:</td>
<td>75</td>
<td>61</td>
<td>36</td>
<td>46</td>
<td>52</td>
<td>64</td>
<td>41</td>
<td>81</td>
<td>46</td>
<td>48</td>
</tr>
</tbody>
</table>
a) Can it be said that students of college A are more intelligent than those of college B. Given that $t_{0.05} = 1.734$ for degrees of freedom 18.

b) Can it be said that variability in intelligence of the students of college A is not larger than that of the students of college B. Given that $F_{0.05} = 3.18$ for degrees of freedom 9 & 9.

8. a) Using the data given below, calculate the following indices for the year 2004 taking 2000 as base year.

i) Laspeyres' Price Index
ii) Paasche's Price Index
iii) Fisher's Price Index
iv) Laspeyres' Quantity Index
v) Paasche's Quantity Index
vi) Fisher's Quantity Index
vii) Value Index

<table>
<thead>
<tr>
<th>Year</th>
<th>Commodity A</th>
<th>Commodity B</th>
<th>Commodity C</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Price</td>
<td>Quantity</td>
<td>Price</td>
</tr>
<tr>
<td>2000</td>
<td>12</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>2004</td>
<td>16</td>
<td>20</td>
<td>16</td>
</tr>
</tbody>
</table>

b) Verify using the above data that Laspeyres' price Index and Paasche's price Index do not satisfy 'Time Reversal' test, whereas Fisher's Index satisfies this Test.
<table>
<thead>
<tr>
<th>X</th>
<th>AREA</th>
<th>X</th>
<th>AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>0.0398</td>
<td>1.1</td>
<td>0.3643</td>
</tr>
<tr>
<td>0.2</td>
<td>0.0793</td>
<td>1.2</td>
<td>0.3849</td>
</tr>
<tr>
<td>0.3</td>
<td>0.1179</td>
<td>1.3</td>
<td>0.4032</td>
</tr>
<tr>
<td>0.4</td>
<td>0.1554</td>
<td>1.4</td>
<td>0.4192</td>
</tr>
<tr>
<td>0.5</td>
<td>0.1915</td>
<td>1.5</td>
<td>0.4332</td>
</tr>
<tr>
<td>0.6</td>
<td>0.2257</td>
<td>1.6</td>
<td>0.4452</td>
</tr>
<tr>
<td></td>
<td>1.645</td>
<td></td>
<td>0.4500</td>
</tr>
<tr>
<td>0.7</td>
<td>0.2580</td>
<td>1.7</td>
<td>0.4554</td>
</tr>
<tr>
<td>0.8</td>
<td>0.2881</td>
<td>1.8</td>
<td>0.4641</td>
</tr>
<tr>
<td></td>
<td>1.9</td>
<td></td>
<td>0.4713</td>
</tr>
<tr>
<td>0.9</td>
<td>0.3159</td>
<td>1.96</td>
<td>0.4750</td>
</tr>
<tr>
<td></td>
<td>2.0</td>
<td></td>
<td>0.4772</td>
</tr>
<tr>
<td>1.0</td>
<td>0.3413</td>
<td>2.58</td>
<td>0.4951</td>
</tr>
<tr>
<td></td>
<td>3.0</td>
<td></td>
<td>0.4987</td>
</tr>
</tbody>
</table>

------- END -------
FELLOWSHIP EXAMINATION
GROUP INSURANCE & RETIREMENT BENEFIT
SCHEMES

Time: 3 Hours] [Total Marks: 100

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

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1. Care Construction Corporation (CCC) is a premier corporation in public sector engaged in construction and maintenance of roads in border and other strategic regions of the country. It employees about 20,000 workers which are both casual and permanent labourers. The employees are employed in 10 sites located in different parts of the country. Workers are both 'local' and 'migrant'. The turnover of migrant workers is high. The Personnel Manager of CCC has proposed for a Group Insurance scheme to provide uniform cover of Rs. 50,000 with Double Accident Benefit and Permanent Disability Benefit to the workers.

a) What detailed information and statistical data you need for considering the proposal?
b) Assuming that the proposal is accepted, state the important terms and conditions that may be prescribed by the Life insurance company, so that the scheme would operate on sound footing with respect to 'rating' and administration.

2. Company ABC operates a non-contributory pension fund for its 540 employees. The fund provides for any member retiring after at least 10 years' service a Life pension of Rs. 12,000 per annum payable from retirement age 60 or on earlier retirement due to ill health. Company XYZ operates a non-contributory pension fund for its 4,600 employees. The fund provides a Life pension from retirement age 60 or early retirement due to ill health. The pension is at the rate of 1 1/4 % of the final salary for each year of fund membership.

Both the funds are self-managed and approved under the Income-tax Act 1961.

Company XYZ has acquired company ABC and it is proposed:

i) that company ABC pension fund should be terminated and
ii) that with the members' consent given in consideration of
the concessions under (iii) below, all its assets should be transferred to the pension fund of company XYZ.

ii) that the members of company ABC pension fund should be admitted to the pension fund of XYZ.

iii) that the Memorandum of Understanding between the two companies in connection with the acquisition should set out such special concession/s as to the benefits under the Company XYZ pension fund in respect of former members of company ABC pension fund as you will recommend.

a) State what further information you require for this purpose. 8
b) Discuss the four proposed concession/s might take place, and the methods by which you would quantify them. 12

3. Unique Tools Ltd. is a 50-year old joint stock company in private sector employing about 8000 employees. The employees are entitled to gratuity as per the Payment of Gratuity Act, without the ceiling of Rs. 3,50,000. The company pays Gratuity on 'Pay as you go' basis. The accrued past service Gratuity liability as at 31-3-2006 is to the tune of Rs. 65.50 crore for which accounting provision of Rs. 25.80 crore is made in the balance sheet as on that date.

You are required to play the role of a Group schemes Manager of a Life Insurance company and propose to the company to switch over from the 'Pay as you go' method to the alternative of your company's Group Gratuity Life Assurance Scheme.

a) Discuss the relative merits of the two alternative methods. 5
b) State the important steps to be taken to bring about the switch over. 7
c) Briefly state as to how the initial contribution for past service gratuity liability and the first annual contribution under the insured scheme will be determined. 8

4. Examine the following proposals critically from the point of view of basic principles of group coverage: 10 each

a) As a welfare measure the Rotary Club of a town has proposed for a Group Insurance scheme for a uniform sum assured of Rs. 50,000/- to cover 85 hawkers of the town. The cost of the scheme will be met by the club.

b) A proposal for a Group Insurance Scheme to cover outstanding loans of 250 members of a well-managed Co-operative Housing Society located in Mumbai.
5. While drafting Trust Deed and Rules of a superannuation scheme certain important provisions are required to be included in these documents, so that the scheme will qualify for approval under the Income-tax Act, 1961 and Income-tax Rules 1962. Enumerate these provisions.

6. a) Bring out clearly the merits and demerits of one year Renewable Term Assurance plan and Level Premium Group Term Assurance plan.

   b) Certain special problems are encountered while considering non-Employee groups for Group Insurance Schemes. Critically examine these problems and state how they are tackled?

7. State the income tax position from the point of view of both an employee and employer (wherever applicable) in regards to the following, indicating the relevant section/s of the Income-Tax Act, 1961.

   a) Annual contribution made by an employee and employer under a contributory Group Savings Linked Insurance Scheme.

   b) Initial single premium and first year annual premium paid by an Employer under a Group Gratuity Life Assurance Scheme.

   c) Benefits received by a member consequent upon his Late Retirement under an approved superannuation Scheme.

   d) Accounting provision made by an Employer in the books of accounts on the basis of an Actuary's Valuation of Gratuity Liability.

8. Write short notes on the following: -

   a) Insurable interest under Group Schemes.


   c) Conversion Option under Group Insurance Schemes.
FELLOWSHIP EXAMINATION
REINSURANCE

Time: 3 Hours] [Total Marks : 100

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

1. "The liabilities accepted by Insurers are onerous" - Discuss and how Reinsurance protects the insurers. 20

2. a) Is the Stop-Loss and Excess of Loss Ratio reinsurance same? 5
   b) Explain how a Stop Loss Reinsurance operates? 15

3. Compare and contrast on any FOUR of the following: 5 each
   a) Facultative and Treaty Reinsurance.
   b) Sum Insured and P.M.L.
   c) Surplus and Quota Share Treaty.
   d) Per Risk and per Event Cover
   e) Commission and profit Commission

4. Suggest Reinsurance for a new Insurer having no Treaty Reinsurance Facility. What are the merits and demerits on the suggested reinsurance? 20

5. a) What is Sliding Scale of Commission? 10 each
   b) Calculate commission on Sliding Scale from the following :-
      Premium : Rs. 2,00,000
      Loss paid : Rs. 1,00,000
      Loss Outstanding : Rs. 50,000
      Commission : 25% if loss ratio is 70% and more increasing by 0.5% for each 1% reduction in loss ratio below 70% subject to maximum of 33% for loss ratio of 50% or less.

6. "The alternative risk financing relegates insurance to just one of a complete range of risk financing techniques and is transforming the insurance industry to deal with hitherto uninsurable business risks." - Elucidate. 20
7. a) What is the basis of premium rating under Excess Loss Cover?
   b) Calculate the premium on the following:
      Rating 100/70th of average burning cost of incurred claims
      for 3 years subject to minimum rate 2% and maximum 6%.
      Year 2003  GNPI Rs. 8,00,000  Inc. Loss to the Cover  Rs. 10,000
      Year 2004  GNPI Rs. 10,00,000 Inc. Loss to the Cover  Rs. 20,000
      Year 2005  GNPI Rs. 12,00,000 Inc. Loss to the Cover  Rs. 15,000.

8. a) Why is an efficient statistical system essential in reinsurance?
   b) What are the main aspects to be looked into in evolving a statistical system for reinsurance?

----- END -----

---
FELLOWSHIP EXAMINATION
RISK MANAGEMENT

Time: 3 Hours] [Total Marks: 100
Answer any FIVE questions only.
All questions carry 20 marks each.

1. a) Give an outline of a written corporate risk management policy for a medium size company. 
   b) What are the benefits of such a policy? 
   c) What are the disadvantages? 

2. Distinguish between :
   a) Private Costs and Social Costs 
   b) Risk Handling Costs and Loss Costs. 

3. “In the ultimate analysis, purchase of insurance cannot be dispensed with by a corporate enterprise.” Give reasons in support of this statement.

4. a) Identify
   i) Costs and
   ii) Benefits of Loss Prevention 
   b) i) Give examples of risk avoidance measures. 
   ii) Identify the costs of risk avoidance. 

5. a) Mention the areas of risk management where probability concepts can be applied. 
   b) Why and how subjective probability is used by a risk manager?

6. Describe the role of risk manager in 
   a) Risk identification 
   b) Risk evaluation
7. Write short notes on:
   a) Charging of losses to operating costs.
   b) Corporate risk attitudes
   c) Monitoring and review of risk management
   d) Risk financing by borrowing

8. Identify the
   a) Similarities and
   b) Differences between personal risk management and corporate risk management.

----- END -----
FELLOWSHIP EXAMINATION

LAW AND ECONOMICS OF INSURANCE

Time: 3 Hours]

[Total Marks : 100

Attempt at least 2 questions each from Section 'A' and Section 'B'.

Total Questions to be attempted are 5 only.

All questions carry 20 equal marks.

Section- 'A'

1. a) Distinguish between Planned Economy and Market Economy.
   b) What are the determinants of supply?

2. a) When is a firm said to be in equilibrium?
   b) Elucidate the conditions when a market can be called as perfectly competitive.

3. a) Briefly explain the market for Insurance.
   b) What does cross-elasticity of Demand for insurance indicate?

4. Write short notes on :-
   a) Fixed Costs and Variable Costs.
   b) Nationalization of Insurance.
   c) Dynamic and Static Economics.
   d) Oligopoly

Section- 'B'

5. a) Can a minor enter into a contract?
   b) How does Indemnity differs from Guarantee?

6. Explain in detail the circumstances under which a contract can be discharged.

7. a) What is assignment? Can an assignee of policy make nomination?
   b) Do you agree that Section 45 of Insurance Act 1938 is a beneficial provision for the claimant? If so, how?

8. What is a contract of bailment? Explain in detail the rights and liability of :
   a) bailor and
   b) bailee

----- END -----
FELLOWSHIP EXAMINATION
MARKETING AND PUBLIC RELATIONS

Time: 3 Hours] [Total Marks: 100

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).

1. a) In the context of public relations, who are the publics? 5
b) Why is PR every manager's function? 5
c) How is PR different from advertising? 10

2. Write short notes on the following: - 5 each
   a) Strokes
   b) Flexible Options
   c) Inseparability
   d) Reference Groups

3. a) Which of the following are 'key' activities, which are 'revenue earning' activities, which are neither; and which are both.
   i) Underwriting
   ii) Claim Settlement
   iii) Actuarial Valuation
   iv) Investment
   v) Recruitment of agents
   vi) Data processing
   vii) Customer relations
   viii) Submitting reports to IRDA
   ix) Premium accounting
   x) Appraisal of Staff.

   b) Out of the 7 P's of the Marketing Mix, state which P is relevant for the following activities.
   i) Car dealers offering free insurance for one year for new purchases.
   ii) Cement company offering to inspect and report on structural deficiencies of housing societies.
iii) Hospital offering to pick up patients from home in ambulances fitted with equipment and doctors.
iv) Retail store offering ‘20% off’ on purchases between 12 noon and 3 pm.
v) Developers showing fully furnished sample flats on new constructions.
vi) Airline employee offering to collect baggage of incoming passengers and escort them to their cars.
vii) Soft music being played in restaurants.
viii) Bank manager opening additional counter for collections when queues become longer.
ix) An elderly person in a queue, being escorted inside and attended to separately
x) Introduction of Interactive Voice Response System to attend to enquiries.

4. Discuss the validity of the following statements
   i) Quality has to be managed by ‘those out there at the front’.
   ii) Corporate bodies, as customers, are different from individuals.

5. What is the purpose of the following activities?
   i) Holding customer meets
   ii) Ignoring ‘Cash Cows’
   iii) Lead more and manage less
   iv) Using banks as intermediaries.

6. a) A broker suggests that the premium rates for a life insurance policy on the life of the CEO of a company be reduced marginally, as he is giving the sister company a premium income of nearly Rs. 10 crores per annum. What are the relevant considerations to accept or reject this suggestion?
b) If you are the manager of an insurance company, what procedure will you lay down with regards to the processing of complaints?

7. a) What will you say to an audience of college students in the final year of graduation, to persuade them to become insurance agents?
b) What is the role of surveyors in general insurance?
8.  
   a) Explain the four strategies based on market and product development.
   
   b) Which of these four strategies would you describe the following activities?
      
      i) Development of Bimagrams - complete coverage of selective villages.
      
      ii) A new group insurance plan introduced for the benefit of mutual fund unit holders, who had no such cover till now.
      
      iii) A new insurance plan introduced for children, giving cover from a lower age than before.
      
      iv) A campaign to appoint 150 agents in a district where the potential is seen to be high.

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

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

1. From the following Trial Balance as on 31.03.06 of Evershine Life Insurance Co. Ltd., prepare Revenue Account and Balance Sheet as on that date.

<table>
<thead>
<tr>
<th>Head of Account</th>
<th>Dr. Rs</th>
<th>Head of Account</th>
<th>Cr. Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claim - By Death</td>
<td>4,400</td>
<td>Share Capital</td>
<td>20,000</td>
</tr>
<tr>
<td>Claim - By Maturity</td>
<td>3,000</td>
<td>Life Fund as on 1.4.05</td>
<td>80,000</td>
</tr>
<tr>
<td>Annuities</td>
<td>12</td>
<td>Int., Divids. and Rents</td>
<td>3,600</td>
</tr>
<tr>
<td>Loans and Mortgages</td>
<td>300</td>
<td>Registration and other fees</td>
<td>4</td>
</tr>
<tr>
<td>Loans on policies</td>
<td>6,500</td>
<td>Provision for taxation</td>
<td>600</td>
</tr>
<tr>
<td>Surrenders</td>
<td>80</td>
<td>Sundry Creditors</td>
<td>700</td>
</tr>
<tr>
<td>Commission</td>
<td>500</td>
<td>Claims Outstanding as on 1.4.05 :</td>
<td></td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>100</td>
<td>By Death</td>
<td>1,800</td>
</tr>
<tr>
<td>Agents' Balances</td>
<td>200</td>
<td>&quot; Maturity</td>
<td>1,200</td>
</tr>
<tr>
<td>Income-tax on Interest,</td>
<td></td>
<td>Furniture &amp; Office Equipments-</td>
<td></td>
</tr>
<tr>
<td>Dividend and Rent</td>
<td>1,000</td>
<td>- Depreciation A/c.</td>
<td>80</td>
</tr>
<tr>
<td>Investments (Market value</td>
<td></td>
<td>Building</td>
<td></td>
</tr>
<tr>
<td>Rs. 1,48,200)</td>
<td>1,04,000</td>
<td>- Depreciation A/c.</td>
<td>600</td>
</tr>
<tr>
<td>House Property</td>
<td>10,800</td>
<td>Sundry Deposits repayable</td>
<td>200</td>
</tr>
<tr>
<td>Cash :</td>
<td></td>
<td>Premium Deposits</td>
<td>2,300</td>
</tr>
<tr>
<td>- with banks in Current A/c</td>
<td>2,700</td>
<td>Consideration for Annuities</td>
<td>124</td>
</tr>
<tr>
<td>- and stamps on hand</td>
<td>60</td>
<td>Premium</td>
<td>30,000</td>
</tr>
<tr>
<td>Expenses of management</td>
<td>6,200</td>
<td>Contingency Reserve</td>
<td>300</td>
</tr>
<tr>
<td>Sundry deposits</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance payment of I. Tax</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture &amp; Office equipments</td>
<td>500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing &amp; Stationery - stock</td>
<td>154</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income - tax</td>
<td>900</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[ \text{\textbf{Total}} = 1,41,508 \]

Other adjustments to be incorporated :- (Figures in 000' of Rs.)

i) Claims outstanding as on 31.03.06 - By Death Rs. 800 and By
Maturity Rs. 1,200  
ii) Expenses of Management Rs. 120 and prepaid Rs. 30  
iii) Provide depreciation on Building Rs. 90, Furniture and Office Equipment Rs. 30 and Taxation Rs. 220  
iv) Premiums outstanding Rs. 4,056 and commission thereon Rs. 130  
v) Interest, Dividend and Rents outstanding Rs. 60 and Interest and Rents Accrued Rs. 700

**OR**

1. From the following Trial Balance of Continental General Insurance Co. Ltd., as at 31.03.06, prepare Revenue Account, Profit and Loss Account, Profit and Loss Appropriation Account and Balance Sheet as on that date.

**Trial Balance of Continental General Insurance Co. Ltd. as at 31.03.06**

<table>
<thead>
<tr>
<th>Head of Account</th>
<th>Dr. Rs.</th>
<th>Head of Account</th>
<th>Cr. Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission - Fire</td>
<td>2,13,100</td>
<td>Premiums(Net)- Fire</td>
<td>12,08,150</td>
</tr>
<tr>
<td>- Marine</td>
<td>24,100</td>
<td>- Marine</td>
<td>1,79,500</td>
</tr>
<tr>
<td>- Misc.</td>
<td>38,150</td>
<td>- Misc.</td>
<td>1,96,000</td>
</tr>
<tr>
<td>Expenses of Management - Fire</td>
<td>3,24,600</td>
<td>Miscellaneous Income</td>
<td>420</td>
</tr>
<tr>
<td>- Marine</td>
<td>37,400</td>
<td>Claims outstanding - (1.4.05)</td>
<td></td>
</tr>
<tr>
<td>- Misc.</td>
<td>67,300</td>
<td>- Fire</td>
<td>38,600</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>5,670</td>
<td>- Marine</td>
<td>16,000</td>
</tr>
<tr>
<td>- Misc.</td>
<td></td>
<td>- Misc.</td>
<td>14,500</td>
</tr>
<tr>
<td>Audit fees</td>
<td>4,000</td>
<td>Fire Fund Account</td>
<td>4,67,000</td>
</tr>
<tr>
<td>Directors' fees</td>
<td>3,000</td>
<td>Marine Fund Account</td>
<td>1,84,000</td>
</tr>
<tr>
<td>Rates and Taxes</td>
<td>3,600</td>
<td>Misc. Fund Account</td>
<td>68,000</td>
</tr>
<tr>
<td>Rents paid</td>
<td>9,400</td>
<td>Commission on re-insurance</td>
<td></td>
</tr>
<tr>
<td>Interest &amp; Dividend O/s</td>
<td>5,400</td>
<td>ceded -</td>
<td>32,400</td>
</tr>
<tr>
<td>Mortgages in India</td>
<td>4,24,000</td>
<td>- Fire</td>
<td></td>
</tr>
<tr>
<td>Amount due from Reinsurer</td>
<td>9,600</td>
<td>- Marine</td>
<td>6,200</td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>1,86,400</td>
<td>- Misc.</td>
<td>3,130</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>1,640</td>
<td>Additional Res.- Fire</td>
<td>1,20,000</td>
</tr>
<tr>
<td>Outstanding Premiums</td>
<td>14,750</td>
<td>Share Transfer Fees</td>
<td>220</td>
</tr>
<tr>
<td>I.Tax on Investment Incom</td>
<td>22,940</td>
<td>General Reserve</td>
<td>3,00,000</td>
</tr>
<tr>
<td>Deposit with R.B.I.</td>
<td>3,67,800</td>
<td>Profit and Loss Account</td>
<td>46,400</td>
</tr>
<tr>
<td>State Govt. Securities</td>
<td>2,48,500</td>
<td>Incom from Investments</td>
<td>87,400</td>
</tr>
<tr>
<td>Central Govt. Securities</td>
<td>14,23,600</td>
<td>Investment Reserve</td>
<td>2,12,700</td>
</tr>
<tr>
<td>Shares in Companies</td>
<td>12,600</td>
<td>Amts. due to Reinsurers</td>
<td>12,300</td>
</tr>
<tr>
<td>Claims Paid - Fire</td>
<td>3,34,700</td>
<td>Sundry Creditors</td>
<td>12,870</td>
</tr>
<tr>
<td>- Marine</td>
<td>50,600</td>
<td>Share Capital</td>
<td>8,00,000</td>
</tr>
<tr>
<td>- Misc.</td>
<td>94,300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agents' Balances</td>
<td>78,640</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>40,05,790</td>
<td></td>
<td>40,05,790</td>
</tr>
</tbody>
</table>
Notes :-
Carry out the following before preparing final accounts.

i) Transfer to General Reserve Rs. 1,00,000
ii) Provision for Taxation Rs. 2,00,000

iii) Claim outstanding as at 31.03.06 -
- Fire Rs. 55,400
- Marine Rs. 12,700
- Misc. Rs. 19,400

iv) Dividend @ 10% out of profits
v) Provide reserve @ 40% of premium for Fire & Misc. and 100% for Marine and retain additional reserve for fire.

vi) Market Value of Investment Rs. 22,50,000

2. a) "Marginal cost accounting technique is a powerful Management tool" - Elucidate and briefly enumerate atleast five of it's applications.

b) The following data relate to a manufacturing concern:
Plant capacity : 4,00,000 units p. annum
Present utilisation : 40%

Actuals for the year :
- Selling price : Rs. 50 per unit
- Material cost : Rs. 20 per unit
- Variable manufacturing Cost : Rs. 15 per unit
- Fixed Costs : Rs. 27,00,000

In order to improve capacity utilisation, the following proposals are considered:

i) Reduce selling price by 10%
ii) Spend additional Rs. 3,00,000 on sales and publicity.

i) How many units should be manufactured and sold in order to earn a profit of Rs. 5,00,000 per annum ?
ii) Calculate break even point.

3. a) What do you understand by margin of safety and what steps do you advocate to improve the same?

b) Ascertain the break-even sales, profit volume Ratio and margin of safety from the following figures:
Sales : Rs. 20 Lacs
Fixed Costs : Rs. 5 Lacs
Variable Cost : Rs. 12 Lacs

4. a) Explain the reasons for the variation of profits shown by Financial Accounting and Cost Accounting records and the need for reconciliation of the two.
b) The audited final accounts of a manufacturing concern showed a profit of Rs. 30,500, whereas the Cost Accounting records showed a profit of Rs. 36,700. From the following additional information, reconcile the difference between Financial Accounts records and Cost Accounting records.

**Profit and Loss Account for the year ended 31.03.2006**

<table>
<thead>
<tr>
<th>Dr.</th>
<th>Rs.</th>
<th>Rs. Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Opening Stock</td>
<td>5,05,000</td>
<td>By Sales</td>
</tr>
<tr>
<td>&quot; Purchases</td>
<td>1,75,000</td>
<td>&quot; Closing Stock</td>
</tr>
<tr>
<td>&quot; Direct wages</td>
<td>80,000</td>
<td></td>
</tr>
<tr>
<td>&quot; Factory Overheads</td>
<td>45,000</td>
<td></td>
</tr>
<tr>
<td>&quot; Gross Profit C/Fd.</td>
<td>85,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8,90,000</td>
<td></td>
</tr>
<tr>
<td>To Administrative</td>
<td></td>
<td>By Gross Profit B/Fd.</td>
</tr>
<tr>
<td>Overheads</td>
<td>20,300</td>
<td></td>
</tr>
<tr>
<td>&quot; Selling expenses</td>
<td>24,500</td>
<td>&quot; Interest received</td>
</tr>
<tr>
<td>&quot; Distribution exp.</td>
<td>11,200</td>
<td>&quot; Dividend received</td>
</tr>
<tr>
<td>&quot; Net Profit</td>
<td>30,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>86,500</td>
<td></td>
</tr>
</tbody>
</table>

The Cost Accounting records showed the following:

a) Stock balance Rs. 1,85,000
b) Direct wages absorbed Rs. 82,500
c) Factory overheads absorbed Rs. 42,000
d) Administrative overheads charged @ 3% of sale value.
e) Selling expenses charged @3% of sale value

5. From the Income statement and Balance Sheet of B Ltd. as at 31.03.2006 prepare a Cash Flow Statement using direct method.

**Income Statement of B Ltd. as on 31.03.2006**

<table>
<thead>
<tr>
<th>Rs.</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>25,20,000</td>
</tr>
<tr>
<td>Less :</td>
<td></td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>19,80,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>60,000</td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>2,40,000</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>80,000</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>88,000</td>
</tr>
<tr>
<td>Net operating profit</td>
<td>72,000</td>
</tr>
<tr>
<td>Misce. income (Non-recurring) on sale of equipment</td>
<td>12,000</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit and Loss A/c Balance as on 01.04. 2005</td>
<td>1,51,800</td>
</tr>
<tr>
<td>Dividend paid during the year</td>
<td>2,35,800</td>
</tr>
<tr>
<td>Profit and Loss A/c balance as on 31.03.2006</td>
<td>1,63,800</td>
</tr>
</tbody>
</table>
Balance Sheet of B Ltd. as at 31.03.2006

<table>
<thead>
<tr>
<th>Previous Year. Rs.</th>
<th>Liabilities</th>
<th>Amount Rs.</th>
<th>Previous Year. Rs.</th>
<th>Assets</th>
<th>Amount Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,60,000</td>
<td>Share Capital</td>
<td>4,44,000</td>
<td></td>
<td>Fixed assets</td>
<td></td>
</tr>
<tr>
<td>1,51,800</td>
<td>P&amp;L Account</td>
<td>1,63,800</td>
<td>48,000</td>
<td>Land</td>
<td>96,000</td>
</tr>
<tr>
<td>2,40,000</td>
<td>Sundry Cr.</td>
<td>2,34,000</td>
<td>3,60,000</td>
<td>Building &amp;</td>
<td>5,76,000</td>
</tr>
<tr>
<td>24,000</td>
<td>Out. expenses</td>
<td>48,000</td>
<td></td>
<td>Equipments</td>
<td></td>
</tr>
<tr>
<td>12,000</td>
<td>Income tax due</td>
<td>13,200</td>
<td></td>
<td>Current Assets</td>
<td></td>
</tr>
<tr>
<td>1,20,000</td>
<td>Depre. Fund</td>
<td>1,32,000</td>
<td></td>
<td></td>
<td></td>
</tr>
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9,07,800           10,35,000          9,07,800          10,35,000

Cost of Equipments sold was Rs. 72,000/-

6. a) Define a ratio and explain the advantages and limitations of ratio analysis.
   b) The following are ratios of XYZ Ltd.
      Current Ratio                        2.5
      Liquidity Ratio                     1.5
      Fixed Assets turnover ratio (On cost of Sales) 2 times
      Net working Capital                3,00,000
      Average Debt Collection period     2 months
      Stock turnover ratio (Cost of Sales/closing stock) 6 times
      Gross Profit Ratio                 20%
      Fixed Assets/shareholders networth  0.80
      Reserves and surplus/Capital       0.50
      Long term borrowings to net worth  0.20

Draw up the Balance Sheet of XYZ Ltd.

7. a) Enumerate basic principles to be borne in mind while defining the cost and benefits of a Capital expenditure project.
   b) What are the advantages and limitations of Pay back Method of Capital Appraisals?

8. Write short notes on:
   a) Going concern concept
   b) Segment Reporting as per IRDA Regulations
   c) Non-performing assets and their classification
   d) Asset Liability Management (ALM)
   e) Management Audit.

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

1. a) What is the purpose of doing 'Job Analysis'?  
    b) How is it done?  
    c) In what way does the process of Job Analysis use the methods developed by Taylor?  
    Marks: 6 8 6

2. a) It is said that 'People resist change'. Why does that happen?  
    b) How does Organization Development manage to overcome such resistance?  
    Marks: 10 each

3. Write short notes on:  
   a) Counselling Skills.  
   b) Mentoring  
   c) Disciplinary Action  
   d) Stress  
    Marks: 5 each

4. a) What do you understand by 'Ethical Dilemma'?  
    b) It is said that 'Empowered employees who experience the excitement of the results of their own innovative attempts, will value the opportunity so much that the temptations of a higher wage may not affect them much.' Justify this statement.  
    c) How is the above statement justified by Herzberg's theory of motivation?  
    Marks: 8 8 4

5. a) Discuss the implications of the statement that the 'Development of employees is the responsibility of every manager'.  
    b) How are transfers beneficial to employees?  
    Marks: 10 each
6. a) With reference to the department in which you work, cite examples to illustrate the differences between procedures, rules, programmes and budget.
   b) State which of the following activities of a manager would amount to Planning, Organizing, Staffing, Leading or Controlling. (An activity may be related to more than one function)
      i) Interviewing candidates for promotion.
      ii) Walking around the department.
      iii) Sending periodical reports to the Head Office.
      iv) Addressing a meeting of customers.
      v) Setting targets for the next month.
      vi) Discussing problems with staff.
      vii) Scrutinizing the budget control statements.
      viii) Sanctioning expenses on vouchers.
      ix) Looking at the result of the past week.
      x) Looking into the complaints from policy holders.

7. a) Give examples of situations to illustrate that the Contingency Approach is more relevant than the Universal View.
    b) Give two examples to show the effects of ‘Synergy’.

8. You are the Head of a department. You and your ten assistants are responsible to arrange for various conferences like meets of outstanding performers, planning for the year, award functions and so on, involving 100 to 200 guests, requiring their travel, reception and stay arrangements. For the last five years, you and your team have acquired a lot of expertise and have always been complimented for excellent work. A new boss has recently taken over and has told you that all arrangements must be cleared by him. When you take up matters to him for approval, he asks why you have not asked for quotations from other parties. He does not accept your opinion about the reliability of your regular agencies, based on past experience. Your staff is unhappy at such control and loss of freedom.
   a) What could be the likely reason for the behaviour of the new boss?
   b) What can you do in this situation?
FELLOWSHIP EXAMINATION

LEGAL ASPECTS OF INDUSTRIAL RELATIONS

Time: 3 Hours] [Total Marks : 100

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

1. "The declaration of fundamental rights would be meaningless unless these rights can be enforced at the instance of the persons on whom they are conferred." Explain this statement with particular reference to the various writs provided in the constitution.

2. Define and explain the terms (a) 'Employer' and (b) 'Industrial Dispute' under Industrial Dispute Act, 1947.

3. Name the various Authorities provided in the Industrial Dispute Act to resolve an industrial dispute with particular reference to the role of Labour Court.

4. a) How is a 'Lay off' different from 'Lock out'?  
b) Explain in detail the provisions for recovery of money to an employee from the employer.

5. Explain in detail the important provisions of Shops and Establishment Acts which an Employer is required to observe.

6. Write short notes on any four:---  
a) National Extension theory.  
b) Industrial Revolution  
c) Retrenchment  
d) Dissolution of Trade Union  
e) Notice of Change.

7. Explain the various provisions for payment of gratuity as provided under the Payment of Gratuity Act 1972.

8. a) What are the authorized deductions from the wages of an employee under the Payment of Wages Act 1936?  
b) What is amalgamation of Trade Union?

----- END -----  
29
FELLOWSHIP EXAMINATION
ADVANCED INFORMATION TECHNOLOGY

Time: 3 Hours] [Total Marks : 100

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

1. Windows 98 has been one of the popular operating systems. Describe about some of the features of Windows 98. 20 Marks

2. Printers are of different kinds. Elaborate. 20

3. Briefly write about:
   i) Power Point
   ii) An ideal Website of an Insurance Company. 10 each

4. What is Datamining and list some of its application areas? State how Datamining can be helpful for productive marketing campaign and for achieving better retention of customers? 20

5. Companies and Establishments give attention to Computer Security. Explain the various aspects of Computer Security. 20

6. Explain briefly about:
   i) Structured Query Language (SQL)
   ii) File system in UNIX 10 each

7. Write short notes on:
   i) Expert system
   ii) LAN
   iii) Debugging
   iv) Vi Editor 5 each

8. Narrate concisely about MS DOS and its features. 20

---- END ----
FELLOWSHIP EXAMINATION
ASSETS MANAGEMENT

Time: 3 Hours] [Total Marks : 100

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

1. ‘Market Prices of a share often deviate significantly from the fundamentals of the company’ Do you agree? What are the key economic variables that an investor must monitor in order to carry out his fundamental analysis?

2. Why mutual Funds are gradually getting popularity in India and what are the advantages in investing amounts through them?

3. Write short notes on any four of the following :-
   a) Open Ended Scheme of Mutual Funds.
   b) “Hub and Spoke” funds.
   c) Interest rate Swaps and Bond Swaps.
   d) Required Rate of Return (RRR)
   e) Stock Splits

4. What is the procedure for remittance of Foreign Exchange? Who are the money changers?

5. “Various types of contracts are in vogue in market for commodities and financial instruments in India.” Discuss briefly about them.

6. Define the following:-
   i) Conservative fund.
   ii) Dividend Yield.
   iii) Support & Resistance Levels.
   iv) Treasury Rates.
   v) LIBOR Rates

7. Who are Primary Dealers (PDs) and what are their objectives? Also mention their rights/privileges.

8. What is Stock Index Futures? How this can be used to hedge the risk in a well-diversified portfolio of stocks?

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