

MAY 2016

**P/ID 77540/PMJQ/
PMB08/PMG08/
MBNJQ**

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Define risk management and identify the four steps in the risk management process.
2. Explain the concept of risk avoidance.
3. Distinguish between time-element contracts and contracts without a time element.
4. What are the important points that should be considered before the purchase of a long-term care insurance policy?
5. Describe the tax treatment on dividends paid to the owner of a participating annuity.
6. What are the main reasons that employers provide employee benefits?
7. What is meant by the term mass merchandising as applied to the insurance industry?
8. What are the functions of IRDA?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Identify the important elements in risk evaluation.
10. D has a house valued at \$ 1,50,000. D takes out insurance in two companies, each policy in the amount of \$ 1,00,000. If the house is totally destroyed, can D collect in full from both companies? Why or why not?
11. Discuss whether worker's compensation insurance should be nationalized.
12. Mr. Vera's 12 year-old son intentionally throws several rocks through the local middle school's windows and causes Rs. 10,000 worth of damage. How will Mr. Vera's CPL respond? If his son were 15 years old, would your answer be different?
13. An insurer develops a pure premium of Rs. 3,750 for residential fire insurance in territory A. The expenses and profit allowance are calculated to be 25 percent of the gross premium. What should the gross premium be? Show your calculations.
14. Identify and briefly describe the different types of health insurance providers.

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15. An insured has the following four liability insurance policies :
- Rs. 3,00,000 with insurer A, Rs. 3,00,000 with insurer B, Rs. 7,00,000 with insurer C, and Rs. 9,00,000 with insurer D. Suggest him which insurance policy to be choose and why?
16. G's daughter gives permission for a neighbor to borrow her father's car, thinking it will be all right because the neighbor is a good friend of her family. Under the terms of the PAP, will the neighbor be covered while driving G's car? Why (or) why not?

PART C — (1 × 20 = 20 marks)

(Compulsory)

17. Mutual insurers have been called "Communitic" in concept because they have no stockholders. Mutual advocates counter this charge with the statement that gain is the motive of the organizers of both stock and mutual companies. Evaluate both of these arguments.

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