

IC-104

Fellowship

EXAMINATION QUESTION PAPERS MAY 2006



भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA
Universal Insurance Building,
Sir P. M. Road, Fort,
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Price Rs. 20/-

FELLOWSHIP EXAMINATION

GROUP INSURANCE & RETIREMENT BENEFIT SCHEMES

Time: 3 Hours]

[Total Marks : 100

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

- | | Marks |
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| 1. a) "Under LIC's Group Insurance Schemes, death benefits are granted under OYRGTA plan implying increasing cost to the policy holder on account of increase in ages of members year after year; and therefore a level Group Term Insurance Plan is more advantageous." Bring out clearly the differences between the two plans and critically examine their merits and demerits in the context of the above statement. | 10 |
| b) Give an account of the evolution of PF leading to the present legislation on the Subject. | 10 |
| 2. XYZ Company Ltd. has an approved Superannuation Fund for providing pension benefits to its 1800 employees. The fund which was set up 15 years ago is managed by the Trustees and is to the tune of Rs. 188 Crores as at 31.03.2005. The pension is at the rate of 25% of final salary for each year of service. The Company has decided to wind up its business with effect from 01.04.2005 for which legal formalities are being initiated. Consequently, the Trustees have made an application to the Commissioner of Income Tax for winding up of the Trust fund in terms of Rule 93 of Income Tax Rules, 1962. | |
| a) Enumerate the important conditions the C. I. T. would stipulate in connection with the winding up of the Trust Fund. | 8 |
| b) State the steps the Trustees would require to follow, leading to the ultimate wind up. | 12 |
| 3. a) Insurance cover under Employer-Employee groups is granted on the basis of liberal underwriting conditions; where as somewhat stringent conditions are stipulated in case of voluntary groups. Give one example of voluntary group. State the conditions of eligibility for membership and underwriting conditions that may be stipulated for granting cover and explain the rationale therefore. | 10 |

- b) Describe the important characteristics of LIC's Group Insurance Scheme in lieu of Employees Deposit Linked Insurance Scheme which are different from those of other standard group insurance schemes. 10
4. a) Explain the problems that arise in the implementation of Social Security Schemes and how these problems can be tackled. 12
- b) Mention any three Schemes under which the Govt. is providing insurance protection to rural and urban poor persons below poverty line and explain any one of them stating how the problems stated in (a) above have been tackled. 8
5. Write short notes on any four :- 5 each
- a) Irrevocable Trust
- b) Anticipated Service Gratuity
- c) Group Annuity Scheme of LIC of India
- d) Effect of Fringe Benefit Tax on Group Superannuation Schemes.
- e) Experience Rating Adjustment under Group Schemes.
6. a) What is the nature of Gratuity liability ? 10
- b) In the following example calculate :
- i) Death Gratuity payable under the Act. 5
- ii) Death Gratuity payable under Group Gratuity Scheme 5

Data :-

Employee's date of joining the Service	:	08.04.1994
Employee's date of birth	:	21.12.1974
DOC of GG Scheme	:	01.04.1992
Date of last renewal of the Scheme	:	01.04.2005
Salary of the employee as on the renewal date	:	Rs. 15,600
Date of Death of the employee	:	22.08.2005
Salary of the employee as on the date of death	:	Rs. 19,500
Retirement Age	:	60 years

Scale of Gratuity 15 days salary for each year of service, subject to a maximum of 20 months (i.e. as per Act)

7. State the Income Tax position under the following mentioning relevant sections of the Act. 4 each
- Employers' contribution towards third yearly instalment of single premium towards past service gratuity liability.
 - Employers' contribution towards fourth yearly instalment of single premium towards past service superannuation benefits
 - Commuted value payable under Group Superannuation Scheme.
 - Death claim received under GSLI Scheme comprising of risk cover sum assured and savings portion refund with interest.
 - Contributions of an employer towards Group Leave Encashment Scheme of LIC of India.
8. A private business house is interested in introducing Group Savings Linked Insurance Scheme for its employees. As a Manager of Group Schemes business, how will you enlighten the employer on the following :- 20
- Object of the Scheme
 - Contribution
 - Participation Conditions
 - How contribution is dealt with
 - Benefits both on retirement and on premature death
 - Data required.

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