

IC - 104

Fellowship

EXAMINATION QUESTION PAPERS NOV 2009



भारतीय बीमा संस्थान

INSURANCE INSTITUTE OF INDIA

Universal Insurance Building,

Sir P. M. Road, Fort,

Mumbai - 400 001.

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

- | | | Marks |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 1. | While drafting Trust Deed and Rules of a Gratuity Scheme, certain vital provisions are 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 vital provisions. | 20 |
| 2. | What are the conditions to be fulfilled by an establishment for obtaining exemption from the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952? | 20 |
| 3. | a) Explain briefly why actuarial valuations of Defined Benefits Schemes are necessary? Whether the benefits are funded or not? | 6 |
| | b) Paras Establishment Ltd. is a Joint Stock Company in private sector in business for the past 15 years, employing 4,500 employees. It has still not funded its Gratuity Liability. Now it has started making good profits, it proposes to set-up a Gratuity Trust. You, as Retirement Benefits Manager, are approached for advice in the matter. Discuss the alternatives available for funding the liability and recommend one course for implementation, highlighting its superiority over the other. | 14 |
| 4. | Mayank Ltd. is a private company, interested in introducing Group Savings Linked Insurance for its 115 employees. As a Manager of Pension & Group Schemes, how will you advise them on the following topics:- | 20 |
| | a) Object of the Scheme | |
| | b) Contributions | |
| | c) Participation Conditions | |
| | d) How contributions are dealt with | |
| | e) Benefits both on retirement and on premature death. | |
| | f) Tax benefits | |
| | g) Data required. | |

5. State the Income Tax Position from the point of view of both an employee and employer (wherever applicable) in regard to the following, including the relevant sections of the Income Tax Act, 1961:- 5 each
- Annual Contribution made by an employee and employer under a Contributory Group Superannuation Scheme.
 - Death benefit received under GSLI Scheme consisting of risk cover sum assured and savings portion with accumulated interest.
 - Commutated Value payable under Group Superannuation Scheme at the time of death
 - Employer's contribution towards first yearly installment of single premium towards Past Service Gratuity Liability.
6. Write short notes on :- 5 each
- Winding up of Superannuation Scheme
 - Commutation of Pension
 - Unit linked Insurance Scheme
 - Transfer of Equitable Interest
7. a) What are the different ways of Funding Gratuity Liability? 6
 b) Company ABZ metals Pvt. Ltd. was established on 1-10-1999. The Company has staff strength of 100 at present. So far the company was paying gratuity by 'Pay as you go method.' The Company is now interested to introduce Group Gratuity Cum Life assurance scheme with an Insurance Company. The Company desires to spreading past service liability in 7 instalments in future, and to pay 10% of wage Bill as Annual Contribution. Further Company wants to pay Rs. 50,000/- more than the ceiling as per the payment of Gratuity Act to the officers. 14
 As a consultant you have to guide in
- Various statutory required to be complied with.
 - Document to be submitted to Insurance Company.
 - Limitation and Tax Liability as per the Income Tax Act.
8. Examine the viability of the following groups for setting up a Group Insurance Scheme. If the proposals are acceptable, state briefly the terms and conditions. 10 each
- A proposal to cover 3700 handloom workers for uniform cover of Rs. 1,00,000 with double accident and disability benefit. The handloom workers are members of a Primary Co-operative society.

- b) A proposal to cover 4000 members of a Co-operative Credit Society for a uniform sum assured of Rs. 50,000. The members of the society are the employees of a joint stock company in private sector.

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