

IC-104

Fellowship

EXAMINATION QUESTION PAPERS MAY 2007



भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA
Universal Insurance Building,
Sir P. M. Road, Fort,
Mumbai - 400 001

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 majority of workers in various industries in our country belongs to unorganized sector. While extending insurance protection to this weaker section of society through Group Insurance Scheme, typical problems arise in the matter of initial installations of scheme, its administration from year to year, etc.
Discuss this matter indicating : | |
| a) The nature and magnitude of problems that arise or are likely to arise, and | 10 |
| b) How the problems in (a) above would be tackled keeping in view certain practical constraints ? | 10 |
| 2. a) A student says: "Equities act as hedge against inflation. Therefore, recognised Provident Funds and approved Gratuity and Superannuation Funds should be permitted to invest at least 50% of the funds in equities so that these funds can earn higher rate of interest, leading to higher accumulation of benefits in respect of defined-contribution schemes, and lower cost in respect of Defined benefit schemes." Critically examine the student's statement. | 10 each |
| b) Briefly discuss the important stages and aspects of winding up of an approved superannuation fund. | |
| 3. a) Briefly compare the conditions for granting insurance cover under individual policies and those under Group Insurance Schemes, and explain the rationale therefore. | 4 |
| b) Examine the viability of the following groups for setting up a Group Insurance Scheme : | |
| i) A proposal for a Group Insurance scheme to cover outstanding loans of members of a well managed co-operative housing society whose membership is 220. | 8 |

- ii) As a welfare measure, the Rotary Club of a district has proposed for a Group Insurance Scheme to cover petty vendors of the district for uniform cover of Rs. 15,000. The number of vendors is 355. 8
4. a) ABC Ltd. is a joint stock company employing about 1800 employees. The company has proposed a group insurance scheme to provide uniform cover of Rs. 50,000 payable on death whilst in service. The company suggests that the insurer should administer the scheme on the basis of a fund (same as on the lines of cash accumulation systems under gratuity and superannuation schemes) to which premiums determined by the insurer would be credited, and the outgo by way of claims paid/payable and expenses incurred would be debited, and the balance in the fund to the credit of the Master policy holder worked out after allowing interest at the end of each policy/financial year. Explain with reasons whether the company's suggestion would be acceptable to the insurer or not. 10 each
- b) How will you deal with the transfer of equitable interest from one approved gratuity fund to another gratuity fund? Both funds are transfer-administered funds.
5. a) What are the important conditions to be satisfied by a superannuation Fund for approval under the Income-Tax Act, 1961 and Income-Tax Rules, 1962? 12
- b) Briefly analyse the fairness and reasonableness of conditions in (a) above. 8
6. Under a superannuation scheme approved under the Income Tax Act, 1961:
- a) What benefit are tax free? 6
- b) What is the income Tax relief available to employees in respect of their own contributions and the employer's contributions relating to past service and future service? 8
- c) What is the income tax position in respect of transfer of equitable interest from the points of view of both the employee and employer? 6
7. Discuss the important aspects to be covered in the provision relating to : 10 each
- a) nomination under an approved gratuity fund, and
- b) appointment of beneficiary under an approved superannuation fund.

8. Write short notes on :

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| a) A Group Insurance Scheme in lieu of Employee Deposit-Linked Insurance Scheme. | 7 |
| b) Group Selection of risk. | 7 |
| c) Indexing of pension benefits. | 6 |

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