

operate and improve upon the performance of various programmes including agriculture insurance.

Questions :

- (a) What measures will you suggest to government in designing the appropriate mechanisms for providing financial support for agricultural insurance in India ? 7
- (b) As an insurance advisor suggest various applications taken by insurance company to improve various developmental programmes for successful implementations of an agricultural insurance. 7

AQ-1384

M.B.A. (Semester—IV) Examination

INSURANCE MANAGEMENT

Paper—MBA/4106/CGF

Time : Three Hours]

[Maximum Marks : 70

Note :— (1) Attempt **ALL** questions.

(2) Figures to the right indicate marks.

SECTION—A

1. (a) Discuss the fundamentals of insurance contracts with examples. 14

OR

- (b) Describe in detail the importance of insurance. What are its uses to the business community and society as a whole ? 14

SECTION—B

2. (a) Describe the features of life insurance contract. 7
- (b) Consider a group of 5,000 persons all aged 45 seeking an amount of Rs. 2,00,000 to their families

in case of death the next 5 years.

X	l_x	d_x
45	10,000	28
46	9,972	31
47	9,941	34
48	9,907	38
49	9,869	42
50	9,827	47

Calculate the net single premium for the term assurance if the insurer earns no interest. 7

OR

- (c) What is mortality table? Explain how it is used in calculation of premium? 7
- (d) The net premium of an endowment assurance of Rs. 1,000 for a person aged 30 for a term of 25 years is Rs. 30.97. Calculate the office premium making the following provisions :
- Initial expenses at Rs. 40 per Rs. 1,000 sum assured.
 - Renewal expenses at 8 % of office premium.

of farmers and value of agricultural output is very small, payment of indemnity based on area approach miss affected farmers outside the compensated area, and most of the schemes are not viable. Expanding the coverage of crop insurance would therefore incur government costs considerably. Unless the programme is restricted carefully to make it viable, the prospect of its future expansion to include and impact more farmers are remote.

This requires renewed efforts by government in terms of designing appropriate mechanisms and providing financial support for agricultural insurance. Providing similar help to private sector insurers would help in increasing insurance coverage and in improving viability of insurance schemes over time. There is a lot of interest in private sector to invest in general insurance business. This opportunity can be used to allot some target to various general insurance companies to cover agriculture. To begin with, this target could be equal to the share of agriculture in national income.

Good governance is as important for various developmental programmes as for successful operations of an agriculture insurance scheme. Poor governance adversely affects development activities. With the improvement in governance, it is feasible to effectively

(iii) Constant expenses of Rs. 2.50 per Rs. 1,000 sum assured (given $a_{40} : 241 = 15.64$). 7

3. (a) What factors drive the need for innovating and developing new insurance products ? Explain. 7

(b) Find the probability that 2 persons A and B aged 30 and 35 respectively that both die after attaining age 60. Values given as per mortality table are $I_{30} = 980776$, $I_{35} = 973550$ and $I_{60} = 811640$. 7

OR

(c) Explain the various riders which may be commonly attached to various types of ULIPs. 7

(d) Calculate the value of an anticipated endowment assurance for a person aged 25 with the following benefits :

(i) A sum of Rs. 1,000 payable on survival at the end of 2nd year.

(ii) A sum of Rs. 2,000 payable on survival at the end of 3rd year.

The rate of interest is 6 % and the values as per the mortality table are as follows : $I_{25} = 987095$, $I_{27} = 984580$ and $I_{28} = 983330$. 7

4. (a) Briefly explain the steps in filing and settlement of fire claims. 7
- (b) Amravati Municipal Corporation owns two Retail malls located in city. What kind of insurance would you suggest to the mayor or the commissioner of the corporation, for their corporations. 7

OR

- (c) Discuss the doctrine of "Subrogation" in relation of fire insurance. 7
- (d) Mr. Singh has insured his house for fire from 09.11.2012 to 8.11.2013. He sent his renewal cheque dated 8.11.2013 by courier on 10.11.2013. It was received by the insurance company on 14.11.2013. The Insurance Company issued a receipt on the same day with a condition 'subject to realization of cheque.' There was a fire on 9.11.2013 which destroyed Mr. Singh's house. Is the Insurance Company liable to pay the claim ? Give reasons for your answer. 7

SECTION—C

5. The various schemes launched from time to time in the country for agriculture insurance have served very limited purpose. The coverage in terms of area, number