

M.B.A. (Semester—IV) Examination
INSURANCE MANAGEMENT
Paper—MBA/4106/CGF

Time : Three Hours]

[Maximum Marks : 70

N.B. :— (1) Attempt **ALL** questions.

(2) Figures to the right indicate marks.

SECTION—A

1. (a) Define the term fire insurance policy. What are the principles of fire insurance – utmost good faith ? Explain in detail. 14

OR

- (b) Explain the term Renewal and Cancellation with the Assignment of Fire Insurance Policy. Explain the term indemnity in detail. 14

SECTION—B

2. (a) Elucidate the detail how insurable interest, utmost good faith and proximate cause are applicable in Life Insurance. 7
- (b) Fill up the blanks in the following portion of a life table :

| Age (x) | Living Numbers (l_x) | Number of Deaths (dx) | Probability of Deaths (q_x) | Probability of Survival (p_x) |
|------------|--------------------------------|---------------------------------|---------------------------------------|---|
| 20 | 10,00,000 | — | 0.0050 | — |
| 21 | — | — | 0.0045 | — |
| 22 | — | — | — | 0.9960 |
| 23 | — | — | — | 0.9965 |
| 24 | — | — | — | 0.9970 |
| 25 | — | — | 0.0025 | — |

7

OR

- (c) Explain the principles of Life Insurance in detail. 7
- (d) From the following data, find the number of living at age 43.

| Age (x) | Living Numbers (l_x) | Number of Deaths (dx) | Probability of Deaths (q_x) |
|------------|--------------------------------|---------------------------------|---------------------------------------|
| 40 | — | 400 | 0.006 |
| 41 | — | — | 0.007 |
| 42 | — | — | 0.008 |
| 43 | — | — | — |

7

3. (a) Distinguish between Life Insurance and Annuity. Explain in detail. 7
- (b) Mr. Yash took a life insurance policy from an insurance company on his life. While making the proposal of insurance, Mr. Yash was asked to reply to a question asking whether all previous proposals on his life were accepted by insurers at ordinary rates. He replied that he was insured with two insurance companies at ordinary rates, but omitted to disclose that his proposal for insurance was declined by two other insurance companies. Mr. Yash dies and his legal representative claimed the insurance money. Is the insurance company liable to pay ? Justify your answer. 7

OR

- (c) What is Pension Plan ? Discuss the different types of Pension Plans. 7
- (d) Mr. Vikas made a proposal to an insurance company for an insurance policy on his life for Rs. 80,000. He truthfully answered all questions on the proposal form and disclosed all relevant facts; a few days later but before the proposal was accepted, Mr. Vikas was taken ill with pneumonia. The proposal was accepted by the company the next day. Two days after, Mr. Vikas died of pneumonia and the company learnt for the first time of his illness. Is the insurance company liable to make the payment ? Discuss. 7

SECTION—C

4. (a) Differentiate in detail between insurance contract and wagering contract. 7
- (b) Write in detail classification of insurance. 7

OR

- (c) What do you mean by the term insurance ? Explain in detail the importance of insurance. 7
- (d) Explain the term insurable risk. 7

SECTION—D

5. Ajay Rajpoot works in Mumbai. He is well qualified IT professional and holds a respectable position in a multinational company. He is worried about his elderly parents who live on their own in his hometown and totally dependent on Ajay. One day while travelling from Mumbai to Pune for his office work to visit client, he met with an accident and was severely injured. He was driving the car and car was also severely damaged. The other vehicle involve in the accident was deteriorating and then he died.

Ajay's death was a major blow to his father and mother and they were totally dependent on him. His father immediately called up insurance company in which the multinational company has taken out health and accidental insurance of their employees. Ajay's father filed the death claim and also gave written notice to the insurance company about Ajay's death. His father needed money for sustaining himself and his wife.

Ajay's father patiently waited for the insurance company response but it was in vain. Three months passed in sincerely attempting to contact the concerned person of insurance company. But the effort was in vain as the insurance company was not responding. Finally, Ajay's father claimed in the court. After knowing this the insurance company decided to claim adjusters and accident reconstruction experts to help determine conditions in which the accident took place.

- (a) Analyse the case. 5
- (b) Was the insurance taken out for Ajay useful to his parents ? 4
- (c) Give your suggestions for the above case. 5