

STRUCTURE / ESSAY (100 MARKS)

INSTRUCTION: This section consists of **SIX (6)** essay questions. Answer **FOUR (4)** questions only in the answers booklet.

QUESTION 1

- a) The first recorded life assurance contract was on the life of William Gybbon. Describe the historical background of life assurance. (8 marks)
- b) Summarize the development of life assurance in Malaysia. (8 marks)
- c) State the program implemented by the government for the insurance industry after independence in 1957. (9 marks)

QUESTION 2

- a) Types of life assurance companies can be divided into **FOUR (4)**. Interpret :
- i. Mutual insurance company (4 marks)
 - ii. Stock insurance company (3 marks)
 - iii. Industrial life office (3 marks)
 - iv. Friendly societies (3 marks)
- b) Bankruptcy based on bankruptcy Act 1967 is a situation where a person cannot (will not) pay his debt. State the other content of Bankruptcy Act 1967. (6 marks)
- c) A non-statutory trust policy is a policy which would be required if the beneficiaries were not within the limit for example the beneficiaries are partners or business. Based on this situation, outline all steps involved in preparing a non-statutory trust (6 marks)

POLITEKNIK
Jabatan Pengajian Politeknik

EXAMINATION AND EVALUATION DIVISION
DEPARTMENT OF POLYTECHNIC EDUCATION
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION
DECEMBER 2011 SESSION

PN302: LIFE INSURANCE

DATE : 23 APRIL 2012 (MONDAY)
DURATION : 2 HOURS (11.15 AM – 1.15 PM)

This is a paper consisting of **FOUR (4)** pages including the front page.
Essay (6 questions – answer 4 questions)

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CHIEF INVIGILATOR

QUESTION 6

- a) Differentiate the principle of Income tax (IT) with Capital Gain Tax (CGT)
(6 marks)
- b) Explain income tax relief on life assurance
(10 marks)
- c) Clawback refers to the recovering all or part of the tax relief allowed on premium for qualifying policies if certain events happen to those policies. Outline clawback during 4 years.
(9 marks)

QUESTION 3

- a) Limited payment whole life policies is a policy whereby indemnity is payable only upon death but premium is payable for limited number of years. Describe the other characteristics of this policy.
(5 marks)
- b) Annuity is a life assurance product especially for policyholder who needs money after retirement. Determine annuity and its objectives.
(10 marks)
- c) Contrast the nature of whole life assurance and endowment policies.
(10 marks)

QUESTION 4

- a) The basic duty of proposer is to declare every circumstance which would influence the judgment of underwriter in fixing the premium. Indicate the structure of proposal form.
(16 marks)
- b) Premium is paid in variety of method namely cash, cheques, postal order or deduction. Identify the effect of non-payment of premium.
(9 marks)

QUESTION 5

- a) Outline the components of premium that should be considered by the insurance company when calculating premium
(6 marks)
- b) Identifies death strain and **SIX (6)** sources of information for underwriting purposes.
(14 marks)
- c) Distinguish between extra mortality and level mortality
(5 marks)