

Readers are expected to identify the answer of all other questions of this chapter from the book referring pg. 421-423 except the one which is dealt below.

Question 14- Page 30

As per Sec. 2(AC), "Investment Insurance" means insurance of any of the following class:

- a. Insurance where the specified event is the death of an individual who is the insured or an associated person of the insured;
- b. insurance where the specified event is an individual who is the insured or an associated person of the insured sustaining personal injury or becoming incapacitated in a particular manner
Provided that: the insurance agreement is expressed to be in effect for at least five years or without limit of time and is not terminable by the insurer before the expiry of five years except in special circumstances prescribed in the insurance contract;
- c. insurance under which an amount or series of amounts is to become payable to the insured in the future;
- d. Reinsurance of insurance as specified in (a), (b) or (c) above, and
- e. Reinsurance of reinsurance as specified in (d) above

In view of the definition of investment insurance given by Income Tax Act as explained above, for any policy to qualify as "investment insurance", it shall satisfy any of the conditions. Since the term of insurance contract is expressed to be in effect for more than 5 years, and can only be terminated in special conditions as prescribed in the insurance contract, i.e. in case of failure to pay insurance premium; the policy satisfies criteria (b) above- signifying the contract is an "investment Insurance contract".

Hence, policy obtained by Mr. Murli is an investment insurance contract.