

MOCK TEST PAPER BASED ON NEW SYLLABUS OF IC-33

CHAPTER 1 : INTRODUCTION OF INSURANCE

Question 1 : Risk transfer through risk pooling is called _____.

- I. Savings II. Investments **III. Insurance** IV. Risk mitigation

Question 2 : The measures to reduce chances of occurrence of risk are known as _____.

- I. Risk retention **II. Loss prevention** III. Risk transfer IV. Risk avoidance

Question 3 : By transferring risk to insurer, it becomes possible _____.

- I. To become careless about our assets II. To make money from insurance in the event of a loss
III. To ignore the potential risks facing our assets **IV. To enjoy peace of mind and plan one's business more effectively**

Question 4 : Origins of modern insurance business can be traced to _____.

- I. Bottomry **II. Lloyds** III. Rhodes IV. Malhotra Committee

Question 5 : In insurance context 'risk retention' indicates a situation where _____.

- I. Possibility of loss or damage is not there II. Loss producing event has no value III. Property is covered by insurance
IV. One decides to bear the risk and its effects

Question 6 : Which of the following statement is true?

- I. Insurance protects the asset II. Insurance prevents its loss
III. Insurance reduces possibilities of loss **IV. Insurance pays when there is loss of asset**

Question 7 : Out of 400 houses, each valued at Rs. 20,000, on an average 4 houses get burnt every year resulting in a combined loss of Rs. 80,000. What should be the annual contribution of each house owner to make good this loss?

- I. Rs.100/- **II. Rs.200/-** III. Rs.80/- IV. Rs.400/-

Question 8 : Which of the following statements is true?

- I. Insurance is a method of sharing the losses of a 'few' by 'many'**
II. Insurance is a method of transferring the risk of an individual to another individual
III. Insurance is a method of sharing the losses of a 'many' by a few IV. Insurance is a method of transferring the gains of a few to the many

Question 9 : Why do insurers arrange for survey and inspection of the property before acceptance of a risk?

- I. **To assess the risk for rating purposes** II. To find out how the insured purchased the property
III. To find out whether other insurers have also inspected the property IV.
To find out whether neighbouring property also can be insured

Question 10 : Which of the below option best describes the process of insurance?

- I. Sharing the losses of many by a few II. **Sharing the losses of few by many**
III. One sharing the losses of few IV. Sharing of losses through subsidy

Chapter 2 : WHAT LIFE INSURANCE INVOLVES

Question 1 : Which of the below is not an element of the life insurance business?

- I. Asset II. Risk III. Principle of mutuality IV. **Subsidy**

Question 2 : Who devised the concept of HLIV?

- I. Dr. Martin Luther King II. Warren Buffet III. **Prof. Hubener** IV. George Soros

Question 3 : Which of the below mentioned insurance plans has the least or no amount of savings element?

- I. **Term insurance plan** II. Endowment plan III. Whole life plan IV. Money back plan

Question 4 : Which among the following cannot be termed as an asset?

- I. Car II. Human Life III. Air IV. **House**

Question 5 : Which of the below cannot be categorised under risks?

- I. Dying too young II. Dying too early III. **Natural wear and tear** IV. Living with disability

Question 6 : Which of the below statement is true?

I. Life insurance policies are contracts of indemnity while general insurance policies are contracts of assurance

II. **Life insurance policies are contracts of assurance while general insurance policies are contracts of indemnity**

III. In case of general insurance the risk event protected against is certain IV.
The certainty of risk event in case of general insurance increases with time

Question 7 : Which among the following methods is a traditional method that can help determine the insurance needed by an individual?

- I. Human Economic Value II. Life Term Proposition III. **Human Life Value** IV. Future Life Value

Question 8 : Which of the below is the most appropriate explanation for the fact that young people are charged lesser life insurance premium as compared to old people?

I. Young people are mostly dependant

II. Old people can afford to pay more

III.

Mortality is related to age

IV. Mortality is inversely related to age

Question 9 : Which of the below is not an advantage of cash value insurance contracts?

I. Safe and secure investment

II. Inculcates saving discipline

III. **Lower yields**

IV. I.T. advantages

Question 10 : Which of the below is an advantage of cash value insurance contracts?

I. Returns subject to corroding effect of inflation

II. Low accumulation in earlier years

III.

Lower yields

IV. **Secure investment**

CHAPTER 3 LEGAL PRINCIPLES OF LIFE INSURANCE

Question 1 : Which element of a valid contract deals with premium?

I. Offer and acceptance

II. **Consideration**

III. Free consent

IV. Capacity of parties to contract

Question 2 : _____ relates to inaccurate statements, which are made without any fraudulent intention.

I. **Misrepresentation**

II. Contribution

III. Offer

IV. Representation

Question 3 : _____ involves pressure applied through criminal means.

I. Fraud

II. Undue influence

III. **Coercion**

IV. Mistake

Question 4 : Which among the following is true regarding life insurance contracts?

I. They are verbal contracts not legally enforceable

II.

They are verbal which are legally enforceable

III.

They are contracts between two parties (insurer and insured) as per requirements of Indian Contract Act, 1872

IV. They are similar to wager contracts

Question 5 : Which of the below is not a valid consideration for a contract?

I. Money

II. Property

III. **Bribe**

IV. Jewellery

Question 6 : Which of the below party is not eligible to enter into a life insurance contract?

I. Business owner

II. **Minor**

III. House wife

IV. Government employee

Question 7 : Which of the below action showcases the principle of “Uberrima Fides”?

I. Lying about known medical conditions on an insurance proposal form

II. Not revealing known material facts on an insurance proposal form

III.

Disclosing known material facts on an insurance proposal form

IV.

Paying premium on time

Question 8 : Which of the below is not correct with regards to insurable interest?

- I. Father taking out insurance policy on his son II. Spouses taking out insurance on one another
III. **Friends taking out insurance on one another** IV. Employer taking out insurance on employees

Question 9 : When is it essential for insurable interest to be present in case of life insurance?

- I. **At the time of taking out insurance** II. At the time of claim
III. Insurable interest is not required in case of life insurance IV. Either at time of policy purchase or at the time of claim

Question 10 : Find out the proximate cause for death in the following scenario?

Ajay falls off a horse and breaks his back. He lies there in a pool of water and contracts pneumonia. He is admitted to the hospital and dies because of pneumonia.

- I. Pneumonia II. Broken back III. **Falling off a horse** IV. Surgery

CHAPTER 4 : FINANCIAL PLANNING

Question 1 : An individual with an aggressive risk profile is likely to follow wealth _____ investment style.

- I. Consolidation II. Gifting III. **Accumulation** IV. Spending

Question 2 : Which among the following is a wealth accumulation product?

- I. Bank Loans II. **Shares** III. Term Insurance Policy IV. Savings Bank Account

Question 3 : Savings can be considered as a composite of two decisions. Choose them from the list below.

- I. Risk retention and reduced consumption II. Gifting and accumulation
III. Spending and accumulation IV. **Postponement of consumption and parting with liquidity**

Question 4 : During which stage of life will an individual appreciate past savings the most?

- I. **Post retirement** II. Earner III. Learner IV. Just married

Question 5: What is the relation between investment horizon and returns?

- I. Both are not related at all II. **Greater the investment horizon the larger the returns**
III. Greater the investment horizon the smaller the returns IV.
Greater the investment horizon more tax on the returns

Question 6 : Which among the following can be categorised under transactional products?

- I. **Bank deposits** II. Life insurance III. Shares IV. Bonds

Question 7 : Which among the following can be categorised under contingency products?

- I. Bank deposits II. **Life insurance** III. Shares IV. Bonds

Question 8 : Which of the below can be categorised under wealth accumulation products?

- I. Bank deposits II. Life insurance III. General insurance IV. **Shares**

Question 9 : _____ is a rise in the general level of prices of goods and services in an economy over a period of time.

- I. Deflation II. **Inflation** III. Stagflation IV. Hyperinflation

Question 10 : Which of the below is not a strategy to maximise discretionary income?

- I. Debt restructuring II. Loan transfer III. Investment restructuring IV. **Insurance purchase**

CHAPTER 5 : LIFE INSURANCE PRODUCTS – I

Question 1 : _____ life insurance pays off a policyholder's mortgage in the event of the person's death.

- I. Term II. **Mortgage** III. Whole IV. Endowment

Question 2 : The _____ the premium paid by you towards your life insurance, the _____ will be the compensation paid to the beneficiary in the event of your death.

- I. **Higher, Higher** II. Lower, Higher III. Higher, Lower IV. Faster, Slower

Question 3 : Which of the below option is correct with regards to a term insurance plan?

- I. Term insurance plans come with life-long renewability option
II. All term insurance plans come with a built-in disability rider
III. **Term insurance can be bought as a stand-alone policy as well as a rider with another policy**
IV. There is no provision in a term insurance plans to convert it into a whole life insurance plan

Question 4 : In decreasing-term insurance, the premiums paid _____ over time.

- I. Increase II. Decrease III. **Remain constant** IV. Are returned

Question 5 : Using the conversion option present in a term policy you can convert the same to _____.

- I. **Whole life policy** II. Mortgage policy III. Bank FD IV. Decreasing term policy

Question 6 : What is the primary purpose of a life insurance product?

- I. Tax rebates II. Safe investment avenue III.
Protection against the loss of economic value of an individual's productive abilities IV.
Wealth accumulation

Question 7 : Who among the following is best advised to purchase a term plan?

- I. An individual who needs money at the end of insurance term
II. An individual who needs insurance and has a high budget

III. An individual who needs insurance but has a low budget

IV. An individual who needs an insurance product that gives high returns

Question 8 : Which of the below statement is incorrect with regards to decreasing term assurance?

I. Death benefit amount decreases with the term of coverage

II. Premium amount decreases with the term of coverage

III. Premium remains level throughout the term

IV. Mortgage redemption plans are an example of decreasing term assurance plans

Question 9 : Which of the below statement is correct with regards to endowment assurance plan?

I. It has a death benefit component only

II. It has a survival benefit component only

III. It has both a death benefit as well as a survival component

IV. It is similar to a term plan

Question 10 : Which of the below is an example of an endowment assurance plan?

I. Mortgage Redemption Plan II. Credit Life Insurance Plan **III. Money Back Plan** IV. Whole Life Plan

CHAPTER 6 : LIFE INSURANCE PRODUCTS – II

Question 1 : What does inter-temporal allocation of resources refer to?

I. Postponing allocation of resources until the time is right

II. Allocation of resources over time

III. Temporary allocation of resources

IV. Diversification of resource allocation

Question 2 : Which among the following is a limitation of traditional life insurance products?

I. Yields on these policies is high

II. Clear and visible method of arriving at surrender value

III. Well defined cash and savings value component

IV. Rate of return is not easy to ascertain

Question 3 : Where was the Universal Life Policy introduced first?

I. USA

II. Great Britain

III. Germany

IV. France

Question 4 : Who among the following is most likely to buy variable life insurance?

I. People seeking fixed return

II. People who are risk averse and do not dabble in equity

III.

Knowledgeable people comfortable with equity

IV. Young people in general

Question 5 : Which of the below statement is true regarding ULIP's?

I. Value of the units is determined by a formula fixed in advance

II.

Investment risk is borne by the insurer

III.

ULIP's are opaque with regards to their term, expenses and savings components

IV.

ULIP's are bundled products

Question 6 : All of the following are characteristics of variable life insurance EXCEPT:

I. Flexible premium payments

II. Cash value is not guaranteed

III. Policy owner selects where savings reserve is invested

IV. Minimum Death benefit is guaranteed

Question 7 : Which of the below is correct with regards to universal life insurance?

Statement I: It allows policy owner to vary payments Statement II: Policy owner can earn market based rate of return on cash value

- I. I is true II. II is true III. **I and II are true** IV. I and II are false

Question 8 : All of the following is true regarding ULIP's EXCEPT:

I. Unit holder can choose between different kind of funds

II. **Life insurer provides guarantee for unit values**

III. Units may be purchased by payment of a single premium or via regular premium payments. IV.

ULIP policy structure is transparent with regards to the insurance expenses component

Question 9 : As per IRDA norms, an insurance company can provide which of the below non-traditional savings life insurance products are permitted in India?

Choice I: Unit Linked Insurance Plans

Choice II: Variable Insurance Plans

- I. I only II. II only III. **I and II both** IV. Neither I nor II

Question 10 : What does unbundling of life insurance products refers to?

I. Correlation of life insurance products with bonds

II.

Correlation of life insurance products with equities

III.

Amalgamation of protection and savings element

IV.

Separation of the protection and savings element

CHAPTER 7 : PENSION AND ANNUITIES

Question 1 : Which of the below risk cannot be addressed through pensions?

- I. Life longevity II. Inflation III. Investment risk IV. **Early death**

Question 2 : With relation to annuities, explain what does "Liquidation period" refer to?

I. Period between the purchase of annuity and commencement of payments

II. **Period during which insurer makes annuity payments**

III. Time taken to build up the corpus

IV. Insolvency period

Question 3 : Amount of annuity payable depends on which of the following:

1. Principal sum of money 2. Investment period 3. Rate of return 4. Duration of annuity payments

- I. 1 and 2 II. 1,2 and 3 III. 1,3 and 4 IV. **1,2,3 and 4**

Question 4 : Amount of annuity payable is inversely related to which of the following:

1. Principal sum of money 2. Investment period 3. Rate of return 4. Duration of annuity payments

- I. 1 only II. 2 only III. 3 only IV. **4 only**

Question 5 : What is the basic contingency associated with pensions?

- I. Mortality II. Morbidity III. **Post-retirement income security** IV. Disability

Question 6 : Which of the below best describes an ordinary annuity?

- I. Equal cash flows at equal time intervals forever II.
Equal cash flows at equal time intervals for a specific time period III.
Lumpy cash flows at equal time intervals forever IV.
Lumpy cash flows at equal time intervals for a specific time period

Question 7 : From the choices mentioned below, select the one that cannot be categorised as an annuity.

- I. Rs. 2000 received today, Rs. 2000 received next year and Rs. 2000 received in 2 years II.
Electricity Bill III. Car payments IV. Mortgage payments

Question 8 : In an ordinary annuity, payments are made or received _____ of each period.

- I. At the beginning II. **At the end** III. On maturity IV. 6 months before expiry

Question 9 : _____ is an annuity with an infinite life and making continuous annual payments.

- I. APR II. Amortised loan III. **Perpetuity** IV. Principal

Question 10 : _____ is a term used to refer pensions that have some level of Government administration.

- I. Insurance Pension Fund II. **Public Pension Fund** III. Private Pension Fund IV. Market Pension Fund

CHAPTER 7

Question 1 : IRDA stands for _____.

- I. International Regulatory & Development Authority II. Indian Regulatory & Development Authority
III. **Insurance Regulatory & Development Authority** IV. Income Regulatory & Development Authority

Question 2 : The term TPA refers to _____. (Answer with regards to health insurance)

- I. The Primary Associate II. To Provide Assistance III.
Third Party Administrator IV. Third Party Assistance

Question 3 : Which of the below group would not be eligible for a group health insurance policy?

- I. Employees of a company II. Credit card holders of an organisation III.
Professional association members IV. **Group of unrelated individuals formed for the purpose of availing group health insurance**

Question 4 : Who cannot be covered under a family floater policy?

- I. Children II. Spouse III. Parents-in-law IV. **Maternal uncle**

Question 5 : As per IRDA regulations issued in February 2013, what is the grace period allowed beyond the expiry date of the policy, for renewal?

- I. 15 days II. **30 days** III. 45 days IV. 60 days

Question 6 : Identify the form of insurance that is depicted in the following scenario.

Scenario: Patient pays the health provider and is subsequently reimbursed by the health insurance company.

- I. Service Benefit II. Direct contracting III. **Indemnity** IV. Casualty

Question 7 : Moral hazard by health insurance companies can result in _____.

- I. Community rating II. **Adverse selection** III. Abuse of health insurance IV. Risk pooling

Question 8 : Primary care can be described as _____.

- I. Care provided to patient in an acute setting II. Care provided in hospitals
III. **First point of contact for people seeking healthcare** IV. Care provided by Doctors

Question 9 : _____ is an insured who undergoes treatment after getting admitted in a hospital.

- I. **Inpatient** II. Outpatient III. Day patient IV. House patient

Question 10 : _____ refers to a hospital/health care provider enlisted by an insurer to provide medical services to an insured on payment by a cashless facility.

- I. Day care centre II. **Network provider** III. Third Party Administrator IV. Domiciliary

CHAPTER 8 : PRACTICE QUESTIONS AND ANSWERS

Question 1 : The sum assured under keyman insurance policy is generally linked to which of the following?

- I. Keyman income II. **Business profitability** III. Business history IV. Inflation index

Question 2 : Mortgage redemption insurance (MRI) can be categorised under _____.

- I. Increasing term life assurance II. **Decreasing term life assurance**
III. Variable life assurance IV. Universal life assurance

Question 3 : Which of the below losses are covered under keyman insurance?

- I. Property theft II. **Losses related to the extended period when a key person is unable to work**
III. General liability IV. Losses caused due to errors and omission

Question 4 : A policy is effected under the MWP Act. If the policyholder does not appoint a special trustee to receive and administer the benefits under the policy, the sum secured under the policy becomes payable to the _____.

- I. Next of kin **II. Official Trustee of the State** III. Insurer IV. Insured

Question 5 : Mahesh ran a business on borrowed capital. After his sudden demise, all the creditors are doing their best to go after Mahesh's assets. Which of the below assets is beyond the reach of the creditors?

- I. Property under Mahesh's name II. Mahesh's bank accounts
III. Term life insurance policy purchased under Section 6 of MWP Act
IV. Mutual funds owned by Mahesh

Question 6 : Which of the below option is true with regards to MWP Act cases?

Statement I: Maturity claims cheques are paid to policyholders
Statement II: Maturity claims cheques are paid to trustees

- I. I is true **II. II is true** III. Both I and II are true IV. Neither I nor II is true

Question 7 : Which of the below option is true with regards to MWP act cases?

Statement I: Death claims are settled in favour of nominees
Statement II: Death claims are settled in favour of trustees

- I. I is true **II. II is true** III. Both I and II are true IV. Neither I nor II is true

Question 8 : Ajay pays insurance premium for his employees. Which of the below insurance premium will not be treated deductible as compensation paid to employee?

Choice I: Health insurance with benefits payable to employee
Choice II: Keyman life insurance with benefits payable to Ajay

- I. I only **II. II only** III. Both I and II IV. Neither I nor II

Question 9 : The practice of charging interest to borrowers who pledge their property as collateral but leaving them in possession of the property is called _____.

- I. Security **II. Mortgage** III. Usury IV. Hypothecation

Question 10 : Which of the below policy can provide protection to home loan borrowers?

- I. Life Insurance II. Disability Insurance
III. Mortgage Redemption Insurance IV. General Insurance

CHAPTER 10 : PRICING IN LIFE INSURANCE

Question 1 : What does the term "premium" denote in relation to an insurance policy?

- I. Profit earned by the insurer **II. Price paid by an insured for purchasing the policy**
III. Margins of an insurer on a policy IV. Expenses incurred by an insurer on a policy

Question 2 : Which of the below is not a factor in determining life insurance premium?

- I. Mortality II. **Rebate** III. Reserves IV. Management expenses

Question 3 : What is a policy withdrawal?

- I. Discontinuation of premium payment by policyholder II.
Surrender of policy in return for acquired surrender value III.
Policy upgrade IV. Policy downgrade

Question 4 : Which of the below is one of the ways of defining surplus?

- I. Excessive liabilities II. Excessive turnover
III. Excess value of liabilities over assets IV. **Excess value of assets over liabilities**

Question 5 : Which of the below is not a component of ULIP premiums?

- I. Policy allocation charge II. Investment risk premium
III. Mortality charge IV. **Social security charge**

Question 6 : Life insurance companies may offer rebate to the buyer on the premium that is payable on the basis of _____.

- I. **Sum assured chosen by the buyer** II. Type of policy chosen by the buyer
III. Term of the plan chosen by the buyer IV. Mode of payment (cash, cheque, card) chosen by the buyer

Question 7 : Interest rates are one of the important components used while determining the premium. Which of the below statement is correct with regards to interest rates?

- I. Lower the interest rate assumed, lower the premium
II. Higher the interest rate assumed, higher the premium
III. **Higher the interest rate assumed, lower the premium**
IV. The interest rates don't affect premiums

Question 8 : Which of the below statement is correct?

- I. The typical loading to a net premium would have 3 parts: a) a constant amount for premiums b) a constant amount for each '1000 sum assured' and c) a constant amount per policy
II. **The typical loading to a net premium would have 3 parts: a) a percentage of premiums b) a constant amount for each '1000 sum assured' and c) a constant amount per policy**
III. The typical loading to a net premium would have 3 parts: a) a percentage of premiums b) a constant percentage for each '1000 sum assured' and c) a constant amount per policy IV.
The typical loading to a net premium would have 3 parts: a) a percentage of premiums b) a constant amount for each '1000 sum assured' and c) a percentage amount per policy

Question 9 : With regards to valuation of assets by insurance companies, _____ is the value at which the life insurer has purchased or acquired its assets.

Question 9 : Which of the below statement is correct with regards to a policy returned by a policyholder during the free look period?

- I. The insurance company will refund 100% of the premium
- II. The insurance company will refund 50% of the premium
- III. **The insurance company will refund the premium after adjusting for proportionate risk premium for the period on cover, medical examination expenses and stamp duty charges**
- IV. The insurance company will forfeit the entire premium

Question 10 : Which of the below is not a valid address proof?

- I. PAN Card
- II. **Voter ID Card**
- III. Bank passbook
- IV. Driving licence

CHAPTER 12 : DOCUMENTATION – POLICY STAGE: I

Question 1 : Which of the following documents is an evidence of the contract between insurer and insured?

- I. Proposal form
- II. **Policy document**
- III. Prospectus
- IV. Claim form

Question 2 : If complex language is used to word a certain policy document and it has given rise to an ambiguity, how will it generally be construed?

- I. **In favour of insured**
- II. In favour of insurer
- III. The policy will be declared as void and the insurer will be asked to return the premium with interest to the insured
- IV. The policy will be declared as void and the insurer will be asked to return the premium to the insured without any interest

Question 3 : Select the option that best describes a policy document.

- I. **It is evidence of the insurance contract**
- II. It is evidence of the interest expressed by the insured in buying an insurance policy from Co.
- III. It is evidence of the policy (procedures) followed by an insurance company when dealing with channel partners like banks, brokers and other entities
- IV. It is an acknowledgement slip issued by the insurance company on payment of the first premium

Question 4 : Which of the below statement is correct?

- I. The proposal form acceptance is the evidence that the policy contract has begun
- II. The acceptance of premium is evidence that the policy has begun
- III. **The First Premium Receipt is the evidence that the policy contract has begun**
- IV. The premium quote is evidence that the policy contract has begun

Question 5 : For the subsequent premiums received by the insurance company after the first premium, the company will issue _____.

- I. Revival premium receipt
- II. Restoration premium receipt
- III. Reinstatement premium receipt
- IV. **Renewal premium receipt**

Question 6 : What will happen if the insured person loses the original life insurance policy document?

- I. **The insurance company will issue a duplicate policy without making any changes to the contract**
- II. The insurance contract will come to an end
- III. The insurance company will issue a duplicate policy with renewed terms and conditions based on the current health declarations of the life insured
- IV. The insurance company will issue a duplicate policy without making any changes to the contract, but only after a Court order.

Question 7 : Which of the below statement is correct?

- I. The policy document has to be signed by a competent authority but need not be compulsorily stamped according to the Indian Stamp Act.
- II. **The policy document has to be signed by a competent authority and should be stamped according to the Indian Stamp Act.**
- III. The policy document need not be signed by a competent authority but should be stamped according to the Indian Stamp Act.
- IV. The policy document neither needs to be signed by a competent authority nor it needs to be compulsorily stamped according to the Indian Stamp Act.

Question 8 : Which of the below forms the first part of a standard insurance policy document?

- I. **Policy schedule**
- II. Standard provisions
- III. Specific policy provisions
- IV. Claim procedure

Question 9 : In a standard insurance policy document, the standard provisions section will have information on which of the below?

- I. Date of commencement, date of maturity and due date of last premium
- II. Name of nominee
- III. **The rights and privileges and other conditions, which are applicable under the contract**
- IV. The signature of the authorised signatory and policy stamp

Question 10 : "A clause precluding death due to pregnancy for a lady who is expecting at the time of writing the contract" will be included in which section of a standard policy document?

- I. Policy schedule
- II. General provisions
- III. Standard provisions
- IV. **Specific policy provisions**

CHAPTER 13 : DOCUMENTATION - POLICY STAGE: II

Question 1 : Which of the below statement is false with regards to nomination?

- I. Policy nomination is not cancelled if the policy is assigned to the insurer in return for a loan
- II. Nomination can be done at the time of policy purchase or subsequently
- III. Nomination can be changed by making an endorsement in the policy
- IV. **A nominee has full rights on the whole of the claim**

Question 2 : In order for the policy to acquire a guaranteed surrender value, for how long must the premiums be paid as per law?

- I. Premiums must be paid for at least 2 consecutive years II.
- Premiums must be paid for at least 3 consecutive years** III.
- Premiums must be paid for at least 4 consecutive years IV.
- Premiums must be paid for at least 5 consecutive years

Question 3 : When is a policy deemed to be lapsed?

- I. If the premiums are not paid on due date
- II. If the premiums are not paid before the due date
- III. **If the premium has not been paid even during days of grace**
- IV. If the policy is surrendered

Question 4 : Which of the below statement is correct with regards to grace period of an insurance policy?

- I. Standard length of the grace period is one month.
- II. The standard length of the grace period is 30 days. III.
- The standard length of the grace period is one month or 30 days. IV.
- The standard length of the grace period is one month or 31 days.**

Question 5 : What will happen if the policyholder does not pay the premium by the due date and dies during the grace period?

- I. The insurer will consider the policy void due to non-payment of premium by the due date and hence reject the claim
- II. **The insurer will pay the claim and waive off the last unpaid premium**
- III. The insurer will pay the claim after deducting the unpaid premium
- IV. The insurer will pay the claim after deducting the unpaid premium along with interest which will be taken as 2% above the bank savings interest rate

Question 6 : During the revival of a lapsed policy, which of the below aspect is considered most significant by the insurance company? Choose the most appropriate option.

- I. **Evidence of insurability at revival**
- II. Revival of the policy leading to increase in risk for the insurance company
- III. Payment of unpaid premiums with interest
- IV. Insured submitting the revival application within a specified time frame

Question 7 : For an insurance policy nomination is allowed under _____ of the Insurance Act, 1938.

- I. Section 10
- II. Section 38
- III. **Section 39**
- IV. Section 45

Question 8 : Which of the below statement is incorrect with regards to a policy against which a loan has been taken from the insurance company?

- I. The policy will have to be assigned in favour of the insurance company
- II. **The nomination of such policy will get cancelled due to assignment of the policy in favour of the insurance company**
- III. The nominee's right will affected to the extent of the insurer's interest in the policy IV.
- The policy loan is usually limited to a percentage of the policy's surrender value

Question 9 : Which of the below statement is incorrect with regards to assignment of an insurance policy?

- I. In case of Absolute Assignment, in the event of death of the assignee, the title of the policy would pass to the estate of the deceased assignee.
- II. The assignment of a life insurance policy implies the act of transferring the rights right, title and interest in the policy (as property) from one person to another.
- III. It is necessary that the policyholder must give notice of assignment to the insurer.
- IV. **In case of Absolute Assignment, the policy vests absolutely with the assignee till maturity, except in case of death of the insured during the policy tenure, wherein the policy reverts back to the beneficiaries of the insured.**

Question 10 : Which of the below alteration will be permitted by an insurance company?

- I. **Splitting up of the policy into two or more policies**
- II. Extension of the premium paying term
- III. Change of the policy from with profit policy to without profit policy
- IV. Increase in the sum assured

CHAPTER 14 : UNDERWRITING

Question 1: Which of the following denotes the underwriter's role in an insurance company?

- I. Process claims
- II. **Decide acceptability of risks**
- III. Product design architect
- IV. Customer relations manager

Question 2 : Which of the following is not an underwriting decision?

- I. Risk acceptance at standard rates
- II. Declinature of risk
- III. Postponement of risk
- IV. **Claim rejection**

Question 3 : Which of the following is not a standard age proof?

- I. Passport
- II. School leaving certificate
- III. **Horoscope**
- IV. Birth certificate

Question 4 : Which of the following condition will affect a person's insurability negatively?

- I. Daily jogs
- II. **Banned substance abuse**
- III. Lazy nature
- IV. Procrastination

Question 5 : Under what method of underwriting does an underwriter assign positive rating points for all negative or adverse factors (negative points for any positive or favourable factors)?

- I. Judgment
- II. Arbitrary
- III. **Numerical rating**
- IV. Single step

Question 6: Under risk classification, _____ consist of those whose anticipated mortality corresponds to the standard lives represented by the mortality table.

- I. **Standard lives**
- II. Preferred risks
- III. Sub-standard lives
- IV. Declined lives

Question 7 : Amruta is pregnant. She has applied for a term insurance cover. Which of the below option will be the best option to choose for an underwriter to offer insurance to Amruta? Choose the most likely option.

I.

Acceptance at ordinary rates

II. Acceptance with extra premium

III. Decline the proposal

IV. **Acceptance with a restrictive clause**

Question 8 : Which of the below insurance proposal is not likely to qualify under non-medical underwriting?

I. Savita, aged 26 years, working in an IT company as a software engineer

II.

Mahesh, aged 50 years, working in a coal mine

III. Satish, aged 28 years, working in a bank and has applied for an insurance cover of Rs. 1 crore

IV. Pravin, aged 30 years, working in a departmental store and has applied for an endowment insurance plan for a tenure of 10 years

Question 9 : Sheena is suffering from acute diabetes. She has applied for an insurance plan. In this case the underwriter is most likely to use _____ for underwriting. Choose the most appropriate option.

I. **Judgment method**

II. Numerical method

III. Any of the above method since an illness like diabetes does not play a major role in the underwriting process

IV.

Neither of the above method as diabetes cases are rejected outright

Question 10 : Santosh has applied for a term insurance policy. His anticipated mortality is significantly lower than standard lives and hence could be charged a lower premium. Under risk classification, Santosh will be classified under _____.

I. Standard lives

II. **Preferred risks**

III. Substandard lives

IV. Declined lives

CHAPTER 15 : PAYMENTS UNDER A LIFE INSURANCE POLICY

Question 1 : Given below is a list of policies. Identify under which type of policy, the claim payment is made in the form of periodic payments?

I. **Money-back policy**

II. Unit linked insurance policy

III. Return of premium policy

IV. Term insurance policy

Question 2 : Mahesh has bought a life insurance policy with a critical illness rider. He has made absolute assignment of the policy in favour of Karan. Mahesh suffers a heart attack and there is a claim of Rs. 50,000 under the critical illness rider. To whom will the payment be made in this case?

I. Mahesh

II. **Karan**

III. The payment will be shared equally by Mahesh and Karan

IV. Neither of the two because Mahesh has suffered the heart attack but the policy is assigned in favour of Karan.

Question 3 : Praveen died in a car accident. The beneficiary submits documents for death claim. Which of the below document is an additional document required to be submitted in case of accidental death as compared to natural death.

I. Certificate of burial or cremation

II. Treating physician's certificate

III.

Employer's certificate

IV. **Inquest Report**

Question 4 : Which of the below death claim will be treated as an early death claim?

- I. **If the insured dies within three years of policy duration**
- II. If the insured dies within five years of policy duration
- III. If the insured dies within seven years of policy duration
- IV. If the insured dies within ten years of policy duration

Question 5 : Given below are some events that will trigger survival claims. Identify which of the below statement is incorrect?

- I. **Claim paid on maturity of a term insurance policy**
- II. An instalment payable upon reaching the milestone under a money-back policy
- III. Claim paid for critical illnesses covered under the policy as a rider benefit
- IV. Surrender value paid on surrender of an endowment policy by the policyholder

Question 6 : A payment made under a money-back policy upon reaching a milestone will be classified under which type of claim?

- I. Death claim
- II. Maturity claim
- III. **Periodical survival claim**
- IV. Surrender claim

Question 7 : Shankar bought a 10 year Unit Linked Insurance Plan. If he dies before the maturity of the policy which of the below will be paid?

- I. Lower of sum assured or fund value
- II. **Higher of sum assured or fund value**
- III. Premiums paid will be returned with 2% higher interest rate as compared to a bank's savings deposit
- IV. Surrender value

Question 8 : Based on classification of claims (early or non-early), pick the odd one out?

- I. Ramya dies after 6 months of buying a term insurance plan
- II. Manoj dies after one and half years of buying a term insurance plan
- III. David dies after two and half years of buying a term insurance plan
- IV. **Pravin dies after five and half years of buying a term insurance plan**

Question 9 : Given below is a list of documents to be submitted for a normal death claim by all beneficiaries in the event of death of life insured. Pick the odd one out which is additionally required to be submitted only in case of death by accident.

- I. **Inquest report**
- II. Claim form
- III. Certificate of burial or cremation
- IV. Hospital's certificate

Question 10 : As per IRDA (Protection of Policyholders Interests) Regulations, 2002, a claim under a life policy shall be paid or be disputed, within 30 days from the date of receipt of all relevant papers and clarifications required.

- I. 7 days
- II. 15 days
- III. **30 days**
- IV. 45 days

CHAPTER 16 : REGULATORY ASPECTS

Question 1 : Applicant shall complete _____ hours training to become an insurance agent.

- I. **50** II. 100 III. 30 IV. 25

Question 2 : Insurance agent represents the _____.

- I. **Insurance company** II. Sub-agent III. Co-agent IV. Broker

Question 3 : Licence to work as an insurance agent is issued by _____.

- I. General Insurance Corporation (GIC) II. **Insurance Regulatory & Development Authority (IRDA)**
III. State Bank of India (SBI) IV. Post office

Question 4 : Agent's licence is to be renewed _____.

- I. Every year II. After 5 years III. **After 3 years** IV. After 15 years

Question 5 : Identify the statement which is not correct. Insurance agent should _____.

- I. Indicate the scale of commission if asked by the customer
II. **Share the commission by way of rebate**
III. Disclose his licence on demand
IV. Indicate the premium to be charged

Question 6 : _____ is the fees payable to the Authority for issue / renewal of licence to Act as an insurance agent or composite insurance agent.

- I. 250 II. 150 III. 520 IV. 100

Question 7 : The Authority may issue duplicate licence in case it is _____.

- I. Lost II. Destroyed III. Mutilated IV. **All of the above**

Question 8 : If an agent is found guilty of criminal misappropriation the designated person will _____.

- I. **Cancel the licence** II. Issue a duplicate licence
III. Renew the existing licence IV. Take some fees from the agent

Question 9 : Minimum qualification required for insurance agent is _____ pass.

- I. Graduate II. **10th** III. Post-graduate IV. 7th

Question 10 : _____ may deal with more than one life insurance company or general insurance company or both.

- I. Agent II. Surveyor III. **Composite agent** IV. None of the above

CHAPTER 17 : LIFE INSURANCE AGENCY AS A CAREER

Question 1 : An insurance agent is typically a representative of _____.

I. Customer **II. Insurance company** III. Government IV. IRDA

Question 2 : Direct marketing involves which of the below?

I. Telemarketing II. Insurance agents III. Bancassurance **IV. All of the above**

Question 3 : "Hurt not others with that which pains yourself". This golden rule of ethics is given in the teaching of which religion?

I. Buddhism II. Christianity III. Hinduism IV. Judaism

Question 4 : When an applicant is seeking license for the first time, he / she is supposed to undergo _____ of practical training (from an approved institution) in life insurance.

I. 25 hours **II. 50 hours** III. 75 hours IV. 100 hours

Question 5 : The license issued to the agent is valid for _____.

I. One year II. Two years **III. Three years** IV. Five years

Question 6 : As per Section 182 of the Indian Contract Act, _____ is a person employed to do any act for another or to represent another in dealing with a third person.

I. Principal Officer II. Proxy III. Mediator **IV. Agent**

Question 7 : An insurance broker represents _____.

I. Insurance company **II. Insured**
III. Association of insurance companies IV. Community of people who have already taken insurance

Question 8 : Which of the below reflects Principle 2 of the Insurance Marketplace Standards Association (IMSA) principles?

- I. To provide competent and customer-focused sales and service.**
- II. To engage in active and fair competition.
- III. To provide for fair and expeditious handling of customer complaints and disputes.
- IV. To maintain a system of supervision and review that is reasonably designed to achieve compliance with these principles of ethical market conduct.

Question 9 : Before the composite licence could be renewed, the applicant needs to undergo renewal training of _____ from an approved institution.

I. 25 hours II. 50 hours **III. 35 hours** IV. 75 hours

Question 10 : IRDA has decided to implement guidelines on persistency from _____.

I. 1st July 2011 II. 1st July 2012 III. 1st July 2013 **IV. 1st July 2014**

CHAPTER 18 : LIFE INSURANCE SELLING PROCESS

Question 1 : The key to successful closing lies in helping the prospect to say _____.

I. No II. Don't know III. **Yes** IV. Maybe

Question 2 : Which of the following is not part of sales process?

I. Prospecting II. Sales interview III. **Loss assessment** IV. Closing

Question 3 : Prospecting in an insurance sale is _____.

I. **Gathering the names of people who may be interested in insurance**

II. Preparing a list of all the persons in the city

III. Enlisting all the policyholders of the branch office IV. Preparing list of all the agents in the neighbourhood

Question 4 : In insurance, need-gap analysis involves _____.

I. **Identifying the areas where the prospect needs insurance protection**

II. Identifying people to work as insurance agents

III. Identifying how much assets a prospect has

IV. Identifying the poverty level of the prospects

Question 5 : Cold Calling is _____.

I. Meeting customers in winter

II. Meeting customers when they are suffering from cold

III. **Meeting people unannounced**

IV. Meeting customer after fire was extinguished

Question 6 : _____ as a profession refers to the act of inducing a commercial transaction through inducing the purchase of a product or service, such act being carried out with the intent of earning remuneration.

I. Marketing

II. **Selling**

III. Advertising

IV. Promotion

Question 7 : Which of the below statement is correct?

I. **Life insurance is sold, not bought**

II. Life insurance is bought, not sold

III. Life insurance is neither bought nor sold; it is a necessity and hence should be bought by every individual.

IV. None of the above

Question 8 : Which of the below statement is correct?

I. Selling is an art and not a science

II. Selling is a science and not an art

III. Selling is neither an art or a science

IV. **Selling is both an art and a science**

Question 9 : While prospecting for selling insurance, approaching the members of a caste or community association will be classified under which category?

I. Immediate group

II. **Natural market**

III. Centres of influence

IV. References and introductions

Question 10 : Identify the incorrect statement with regards to a 'qualified' prospect.

- I. A qualified prospect is one who can pay for insurance
- II. A qualified prospect is one who can be approached on a favourable basis
- III. **A qualified prospect is one who is academically well qualified to buy insurance**
- IV. A qualified prospect is one who can pass the company underwriting requirements

CHAPTER 19 : CUSTOMER SERVICE

Question 1 : _____ is not a tangible good.

- I. House
- II. **Insurance**
- III. Mobile Phone
- IV. A pair of jeans

Question 2 : _____ is not an indicator of service quality.

- I. **Cleverness**
- II. Reliability
- III. Empathy
- IV. Responsiveness

Question 3 : In customer relationship the first impression is created:

- I. By being confident
- II. By being on time
- III. By showing interest
- IV. **By being on time, showing interest and being confident**

Question 4 : Select the correct statement:

- I. Ethical behaviour is impossible while selling insurance
- II. Ethical behaviour is not necessary for insurance agents
- III. **Ethical behaviour helps in developing trust between the agent and the insurer**
- IV. Ethical behaviour is expected from the top management only

Question 5 : Active listening involves:

- I. Paying attention to the speaker
- II. Giving an occasional nod and smile
- III. Providing feedback
- IV. **Paying attention to the speaker, giving an occasional nod and smile and providing feedback**

Question 6 : _____ refers to the ability to perform the promised service dependably and accurately.

- I. **Reliability**
- II. Responsiveness
- III. Assurance
- IV. Empathy

Question 7 : _____ relate to one's ability to interact effectively with other workers and customers, both at work and outside.

- I. Hard skills
- II. **Soft skills**
- III. Negotiating skills
- IV. Questioning skills

Question 8 : Which of the below elements promote trust?

- I. Communication, assertiveness and being present
- II. Politeness, affirmation and communication
- III. **Attraction, communication and being present**
- IV. Affirmation, assertiveness and attraction

Question 9 : Which of the below tips are useful for making a good first impression?

- I. Being on time always
- II. Presenting yourself appropriately
- III. Being open, confident and positive
- IV. **All of the above**

Question 10 : _____ is reflected in the caring attitude and individualised attention provided to customers.

- I. Assurance
- II. **Empathy**
- III. Reliability
- IV. Responsiveness

CHAPTER 20 : GRIEVANCE REDRESSAL MECHANISM

Question 1 : Expand the term IGMS.

- I. Insurance General Management System
- II. Indian General Management System
- III. **Integrated Grievance Management System**
- IV. Intelligent Grievance Management System

Question 2 : Which of the below consumer grievance redressal agencies would handle consumer disputes amounting between Rs. 20 lakhs and Rs. 100 lakhs?

- I. District Forum
- II. **State Commission**
- III. National Commission
- IV. Zilla Parishad

Question 3: Which among the following cannot form the basis for a valid consumer complaint?

- I. Shopkeeper charging a price above the MRP for a product
- II. **Shopkeeper not advising the customer on the best product in a category**
- III. Allergy warning not provided on a drug bottle
- IV. Faulty products

Question 4: Which of the below will be the most appropriate option for a customer to lodge an insurance policy related complaint?

- I. Police
- II. Supreme Court
- III. **Insurance Ombudsman**
- IV. District Court

Question 5 : Which of the below statement is correct with regards to the territorial jurisdiction of the Insurance Ombudsman?

- I. Insurance Ombudsman has National jurisdiction
- II. Insurance Ombudsman has State jurisdiction
- III. Insurance Ombudsman has District jurisdiction
- IV. **Insurance Ombudsman operates only within the specified territorial limits**

Question 6 : How is the complaint to be launched with an insurance ombudsman?

- I. **The complaint is to be made in writing**
- II. The complaint is to be made orally over the phone
- III. The complaint is to be made orally in a face to face manner
- IV. The complaint is to be made through newspaper advertisement

Question 7 : What is the time limit for approaching an Insurance Ombudsman?

- I. Within two years of rejection of the complaint by the insurer
- II. **Within three years of rejection of the complaint by the insurer**

III. **Within one year of rejection of the complaint by the insurer**

IV. Within one month of rejection of the complaint by the insurer

Question 8 : Which among the following is not a pre-requisite for launching a complaint with the Ombudsman?

I. The complaint must be by an individual on a 'Personal Lines' insurance

II. The complaint must be lodged within 1 year of the insurer rejecting the complaint

III. **Complainant has to approach a consumer forum prior to the Ombudsman**

IV. The total relief sought must be within an amount of Rs.20 lakhs.

Question 9 : Are there any fee / charges that need to be paid for lodging the complaint with the Ombudsman?

I. A fee of Rs 100 needs to be paid

II. **No fee or charges need to be paid**

III. 20% of the relief sought must be paid as fee

IV. 10% of the relief sought must be paid as fee

Question 10 : Can a complaint be launched against a private insurer?

I. Complaints can be launched against public insurers only

II. **Yes, complaint can be launched against private insurers**

III. Complaint can be launched against private insurers only in the Life Sector

IV. Complaint can be launched against private insurers only in the Non-Life Sector
