

RNIS COLLEGE OF INSURANCE

NEW IC 33 – MODEL TEST 1

1. Which is correct?
 - a. Insurance is a kind of investment.
 - b. Insurance is nothing but a gamble.
 - c. Insurance is risk transfer of pooling of similar risks.
 - d. Insurance is nothing but a savings scheme.
2. Identify the correct statement
 - a. Lloyds is the originator of insurance.
 - b. Modern insurance is traceable to bottomry.
 - c. Malhotra committee is the originator of modern insurance.
 - d. Modern insurance traces itself to Rhodes.
3. Identify the correct statement
 - a. Insurance transfer s risk from one asset to another asset.
 - b. Losses to assets are sought to be shared by a few only.
 - c. Gains of a few people are sought to be shared by many in insurance.
 - d. Losses suffered by a few people are sought to be shared by many in insurance.
4. Which is incorrect statement out of the following ones?
 - a. Risk is not an essential element of insurance.
 - b. Asset is not an essential element of insurance.
 - c. Principle of mutuality is not an essential element of insurance.
 - d. Subsidy is an essential element of insurance.
5. Find out which one below is not an asset.
 - a. Air.
 - b. Car
 - c. House
 - d. Human Life.
6. Young persons are charged lower premium as compared to older persons because
 - a. Young persons may not have much income to pay for the insurance.
 - b. Older persons can afford to pay more for their insurance.
 - c. Younger persons have lower mortality on account of lower age.
 - d. Younger the age higher the mortality
7. Which element deals with premium in a valid contract?
 - a. Consideration.
 - b. Offer and Acceptance.
 - c. Free Consent by the parties to the contract.
 - d. Capacity to contract.
8. Which is correct statement?
 - a. Life Insurance contract is a verbal contract through custom and usage.
 - b. Life Insurance is a legally enforceable contract between the insurer and the insured as per the Indian Contract Act, 1872
 - c. Verbal contracts like Life Insurance are enforceable.
 - d. Life Insurance like a wagering contract is a business practice.
9. If a policy is absolutely assigned to Ramesh and on death of Srikant, the life assured, to whom will be paid the claim amount ?
 - a. Srikant's wife.
 - b. Nominee in Srikant's policy.
 - c. Srikant's widow and children.
 - d. to Ramesh
10. State the correct statement of the following sentences.
 - a. An individual with aggressive risk appetite is likely to follow consolidation.
 - b. An individual with aggressive risk profile is likely to follow wealth accumulation
 - c. An individual with high risk profile is likely to follow gifting
 - d. A person with risk aggressive style is likely to follow spending.
11. At what stage in one's life savings will make an impact on him?
 - a. Post retirement.
 - b. While he is earning
 - c. while he is a student
 - d. When he is just married.
12. State which of the following is an accumulation product.
 - a. Bank Deposits.
 - b. Non life Insurance policy.
 - c. Life Insurance.
 - d. Shares.

13. Which policy is suited to clear off a client's liability for mortgage loan?
- Endowment policy.
 - Whole Life Policy.
 - Money Back Policy.
 - Mortgage Redemption policy.
14. Which is correct about a decreasing Term Insurance?
- Premium will increase over time.
 - Premium will decrease over time
 - In decreasing term insurance the premium is constant through the term.
 - Premium is returned periodically.
15. Pick out the incorrect statement out of the following ones.
- In decreasing term policy the premium will fall each year.
 - In decreasing term cover the premium is the same throughout the policy duration.
 - Policy benefits will also decrease over the policy period.
 - Mortgage redemption policy is nothing but a term insurance cover.
16. Which is correct?
- It is easy to know cash value and savings value components in a traditional plan.
 - In a traditional life insurance it is not easy to ascertain the rate of return
 - Surrender value can easily be arrived at in such policies.
 - Rate of return is always high in such policies.
17. Who are the likely buyers of variable life policies?
- Persons with low risk appetite.
 - Persons who look for predetermined and fixed returns of interest.
 - Persons with comfort in equity on account of their knowledge.
 - Generally young persons.
18. Which is incorrect statement of these?
- Unit holder can choose different kinds of funds for investment purposes.
 - Unit values are guaranteed by the insurer. Purchase of units either through periodical payments of premium or one single payment is possible.
 - All components of expenses are transparent in ULIP policies.
19. State the correct option?
- Risk of longevity is best managed through pensions.
 - Early death can be handled through pension.
 - Investment risk cannot be addressed through pensions.
 - Inflation risk is not managed through pensions.
20. What is the basic contingency associated with pensions?
- Morbidity.
 - Post-retirement income security.
 - Disability.
 - Mortality.
21. State the correct option?
- In an ordinary annuity payments are made or received at the beginning of each period.
 - On maturity.
 - 3 months before expiry.
 - At the end of each period.
22. State the correct option?
- Health Insurance cover can come only as a standalone policy.
 - Health Insurance cover can come with life insurance cover provided by a life insurer.
 - Health cover can be issued only by a non-life insurer.
 - There is no limit on the benefits in a health cover.
23. Which group of persons is not eligible for group health cover?
- Employees of a Bank.
 - Credit card holders of a bank that issues the card.
 - Members of a professional association
 - Association of individuals formed only for the purpose of getting the benefit of a group health cover.
24. Who is an inpatient seeking medical attention for his medical problem?
- He is a patient who receives medical attention without admission in a hospital
 - He is after admission in a hospital receiving medical attention and treatment while being there.

- c. He is a day care patient for treatment.
d. He is a patient in a house receiving care of doctors.
25. State the correct option?
- In a MWP Act policy claim moneys can be paid to a near relative of the assured.
 - Policy claim moneys can be paid to the assured in a maturity claim.
 - Policy claim money can be paid only to the named trustee as the policy is a separate trust.
 - Death claim may be paid to the nominee in a WWP Policy.
26. State which of the following assets is beyond the scope of the creditors.
- Ramakant's indebtedness after his demise can lead to the creditors taking away his property.
 - Ramakant's bank accounts can be attached to clear off his debts.
 - Mutual funds proceeds can be attached by the creditors.
 - Term policy proceeds under MWP Act.
27. Which of the following policies is most suitable for a home loan mortgage?
- MRI.
 - Whole Life Policy.
 - Term Insurance policy.
 - Property insurance under non-life category.
28. State the correct option?
- In endowment policies for 20 years premium is payable for all years under all circumstances.
 - There cannot be a single premium policy of 20 years.
 - In a 20 year endowment policy there can be provision for payment of premium only for a few years.
 - In life insurance terminology premium and price are different.
29. State the correct one of the following ones.
- A policy lapses if the premium is not paid on the due date.
 - A policy lapses if the premium is not paid within the grace period
 - A policy does not lapse at all under any conditions.
 - Investment risk in a ULIP policy is borne by the Insurer.
30. Identify the correct statement in the following.
- In determination of premium higher the rate of interest assumed the lower is the premium.
 - In determination of premium higher the rate of interest assumed higher is the premium
 - In determination of premium lower the rate of interest assumed lower is the premium.
 - Premium is not determined by rate of interest assumed to be earned by the insurer.
31. What is correct?
- Life Insurance contract is between a proposer and his agent for protection of his life's economic worth.
 - Prospectus is in lieu of policy in certain cases.
 - Prospectus is an introductory document giving details of features and benefits of life insurance products to a proposer.
 - There is no difference between a proposal and prospectus.
32. Identify the correct statement out of the following.
- Free look period enables the policyholder to return the policy and ask for refund subject to certain conditions.
 - Passport & School certificate is a standard proof of age.
 - Ration card is a non-standard proof of age.
 - All the above.
33. Pick out the incorrect statement.
- In a medical examiner's report physical features like height, weight, blood pressure etc need to be stated for proper risk assessment.
 - If a proposal cannot be considered as a non-medical case for underwriting, a medical report is essential.
 - There is no such thing as non-medical underwriting.
 - Medical report like Agent's report is required for risk assessment.

34. Choose the correct statement.
- Policy is an evidence of contract between the life assured and the insurer.
 - FPR signifies the commencement of the contract.
 - A Life Insurance policy is subject to Indian stamp Act.
 - All the above.
35. Rights and privileges in a policy will be found in
- Standard provisions in a policy document.
 - Policy schedule.
 - Preamble to the policy.
 - Clauses in the policy document.
36. Identify the correct option?
- Revival of a lapsed policy is subject to certain conditions as set out by the underwriter.
 - Revival of a lapsed policy cannot increase the risk for the insurer.
 - Fresh medical examination report is not always required for revival of a lapsed policy.
 - All the above.
37. State the correct statement out of the following ones.
- Nominee is in every circumstance the owner of the policy proceeds.
 - Nomination is entitled to give a valid discharge to an insurer for payment of claim.
 - Assignment and nomination are one and the same.
 - Even if a policy is assigned to the insurer for a loan it cancels the existing nomination made earlier.
38. What is correct
- Insurer in certain circumstances may waive subsequent premiums.
 - Policy document and FPR are one and the same.
 - RPRs are revival premium receipt.
 - After issue of FPR subsequent premiums are to be paid by the assured.
39. What is correct?
- A minor cannot be named as a nominee in a policy.
 - Where nominee is a minor, an appointee has to be appointed by the assured.
 - There can only be one nominee and not more.
 - If more than one nominee is appointed the policy claim moneys can be shared amongst them.
40. Pick out the incorrect sentence.
- Underwriting is risk assessment in a proposal on the life of the proposer for offering him life cover.
 - Prevention of selection against the insurer is the purpose of underwriting.
 - Underwriting is a needless exercise in today's environment of inadequate coverage of population for life insurance
 - Underwriting process defines and determines the premium chargeable on the proposal for covering risk.
41. Indicate the correct sentence
- In complex cases the underwriter may adopt judgment method, rather than numerical method only.
 - Decision as to acceptability of risk is that of the underwriter.
 - Postponement of risk is also a kind of underwriting decision.
 - All the above
42. State the correct sentence
- A minor is not eligible for insurance.
 - Proposal on the life of a minor can be submitted by his parent or guardian after the need for insurance is established
 - A minor has no insurable interest in his life and therefore, is ineligible for insurance.
 - Proposal on a minor life can be submitted by anyone.
43. What is correct in the following sentences?
- Claim is a demand on the insurer to honour contractual commitment to pay the policy money to the claimant.
 - It s request made to the insurer by the claimant to settle payment.
 - While in some claims, the contract comes to an end with payment in other cases the contract continues.
 - All the above

44. State the correct position in a missing assureds' death claim
- Payment is subject to an order from a competent court of law.
 - Payment will depend on the policy status as on the date of the court order.
 - Seven year waiting period is as per the Indian Evidence Act.
 - All the above
45. . What is the main objective of IRDA Regulations 2000?
- Protection of Insurance Company.
 - Protection of policyholder and development of orderly growth of insurance business
 - Protection of insurance intermediaries
 - To earn for the Government.
46. In accidental death claim what reports are required to be submitted by the beneficiary?
- Certificate of cremation or burial.
 - Treating physician's certificate.
 - Inquest report of the Govt. agency.
 - All the above
47. State which is incorrect statement
- Life Insurance agents desirous of doing stand alone Health insurance business will have to be certified under IC-34 separately.
 - Such life agents as above are exempt from passing IC-34 if they have been certified under IC-33 and if they undergo some internal training for 25 hours given by Health Insurance Company.
 - Agents certified under IC 34 for non life insurer can do standalone Health insurance business after undergoing internal training for 25 hrs from the standalone health insurance company.
 - No agent, individual or corporate of life and or non-life insurer shall offer his services to more than one standalone health insurance Company.
48. Identify the incorrect statement out of the following ones.
- An agent today cannot work for more than one non-life insurance company.

- An agent can work only for one life insurance Company as also for only one Non-life Company.
 - An agent today can work for more than one Life Insurance company.
 - Such an agent who works for one life and one non-life insurance company is called composite agent.
49. Identify the correct statement.
- There is no harm if an agent shares his commission with his client who has taken a policy from him.
 - Sharing a part of the agent's commission is after all trade practice and, therefore, not objectionable.
 - The agent is not obliged to disclose his commission to his client even if asked by the latter.
 - The agent has to show his licence to his prospect-customer on demand.
50. What is correct out of the following statements?
- An agent licensed to act as such for an insurer has to have a licence under sec.42 of the Insurance Act'38 for procuring n continuing insurance business against payment of commission by the insurer
 - An agent can only be a trained individual for working for an insurance company.
 - A bank can also act as a broker for life insurance business.
 - A bank cannot act as an agent of whatever description.

ANSWER

Q.No	Ans	Q.No	Ans	Q.No	Ans	Q.No	Ans
1	C	14	C	27	A	40	C
2	A	15	A	28	C	41	D
3	D	16	B	29	B	42	B
4	D	17	C	30	A	43	D
5	A	18	B	31	C	44	D
6	C	19	A	32	D	45	B
7	A	20	B	33	C	46	D
8	B	21	D	34	D	47	A
9	D	22	B	35	A	48	C
10	B	23	D	36	D	49	D
11	A	24	B	37	B	50	A
12	D	25	C	38	D		
13	D	26	D	39	B		

RNIS COLLEGE OF INSURANCE

NEW IC 33 – MODEL TEST 2

1. State the correct statement
 - a. Risk prevention aims at avoidance of loss through insurance.
 - b. Chances of risk are reduced by retention of risk.
 - c. Loss prevention is nothing but retention of risk.
 - d. Chances of occurrence of risk are achieved through transfer of such risks.
2. Identify the correct statement
 - a. Risk retention would mean absence of possibility of loss or damage.
 - b. The event of loss is insignificant.
 - c. Assets are covered by insurance.
 - d. The owner of assets is prepared to accept the uninsured risks and its effects.
3. State the correct statement
 - a. Survey and inspection of property is essential before acceptance of risk to assess the risk for rating purpose.
 - b. to find out the true value of asset.
 - c. To find out how the asset came into the owner's possession.
 - d. To know whether any other property in the neighbourhood can be insured.
4. With whom do we associate the concept of Human Life Value?
 - a. Martin Luther
 - b. Prof.H.S.Huebner
 - c. J.M.Keynes.
 - d. Warren Buffet.
5. State which of the following is not a risk fit for insurance.
 - a. Early death.
 - b. Early death in an accident.
 - c. Disability
 - d. Natural wear and tear to an asset.
6. Choose the correct statement.
 - a. Lower yields are a disadvantage in cash value contracts.
 - b. Discipline in saving is not an advantage in cash value contracts.
 - c. Income Tax advantage is not an advantage in cash value contracts.
 - d. Safe and secure investment is not an advantage in cash value contracts.
7. Inaccurate statements in proposal without any fraudulent intention are
 - a. Representation.
 - b. Merely misrepresentation
 - c. Contributing statement
 - d. Offer by the party.
8. Who of the below mentioned parties is not eligible to enter into a contract?
 - a. Housewife.
 - b. Businessman.
 - c. Government employee.
 - d. Minor.
9. Proximate cause in this case is this
 - a. His contracting pneumonia after falling into a water body from the horseback.
 - b. Dying of the illness in the hospital
 - c. Ramesh falling off a horseback and suffers a grave injury.
 - d. Falling off the horseback
10. Which is the following item is good for wealth accumulation purposes?
 - a. Bank loans.
 - b. Investment in shares.
 - c. Investment in Term Insurance.
 - d. Investment in savings bank accounts.
11. How does investment duration affect returns?
 - a. There is no relationship whatsoever.
 - b. With greater duration of investment returns are larger.
 - c. If the duration is larger the rate of returns is likely to be smaller.
 - d. With greater duration of investment larger tax possibility is likely.
12. What is responsible for a rise in general price levels of goods and services in a nation's economy?
 - a. Inflation.
 - b. Deflation
 - c. Reflation.
 - d. Stagflation.
13. State which is correct out of the following
 - a. A Term Insurance policy cannot be converted into any other policy during its duration.
 - b. Term policy is available both a separate policy and as a rider in another policy.

- c. Term policy can be issued with lifelong renewability option
- d. All Term covers will have a disability rider.
14. Which is correct?
- A convertible Term policy cannot be converted into a whole life policy .
 - A convertible policy can be converted into a money back cover also.
 - A Convertible Term policy can be converted into a whole life policy.
 - A converting term policy can be converted into a decreasing term policy.
15. Stet the correct statement?
- In endowment assurance survival up to the end of the term as well as in between death will give the claimant the benefits of the policy.
 - An endowment policy only survival benefit is available.
 - In endowment cover only death benefit is there
 - Endowment plan and Term insurance are similar in benefits.
16. Universal Life Insurance is associated with
- Universal Life Insurance is associated with Germany.
 - Universal Life plan was first introduced in the UK.
 - France is the home of universal Life policies.
 - USA is known for introducing such policies.
17. State the correct options
- ULIPS are bundled products.
 - ULIPS have clear aspects of term, expenses and savings components.
 - In ULIP Plans the investment risk is borne by the Insurer.
 - Value of units is determined in advance as per a formula of the Insurer.
18. State the correct statement
- As per IRDA norms ULIPs are allowed but not Variable life plans.
 - Only variable plans are allowed but not ULIP policies as per IRDA norms.
 - Neither of the above plans is allowed in India.
- d. Both plans are allowed by the IRDA in India. State the correct statement.
19. Liquidation period refers to
- Time taken to build up a corpus.
 - Period during which Annuity payments are made by the insurer.
 - Insolvency period.
 - Time between purchase of annuity and start of payment of annuity payments by the insurer.
20. Who provides public pensions?
- Insurance company.
 - NGOs who get Govts' money.
 - State.
 - Employees.
21. An annuity with infinite life with continuous payments of annuities by the insurer is
- Amortised plan of loan.
 - Annuity in perpetuity.
 - APR.
 - Principal
22. State the correct option
- Premium paid by a client for health cover enjoys income tax deduction under 80.C of the Income Tax Act.
 - Premium paid towards health cover earns income tax rebate under sec.80D of the Income Tax Act.
 - Premium paid for a health cover does not qualify for tax benefit under any provision of the Income Tax Act.
 - There is no upper limit to sum assured in a health insurance policy.
23. What is the grace period allowed by the Regulator for renewal in health insurance policy?
- 60 days
 - 45 days.
 - 30 days.
 - 15 days only.
24. State which is a correct statement of the following.
- Cashless facility means no cash need to be paid by anybody to the care provider.
 - Cashless facility means a facility extended by an insurer to the insured where payments are made directly by the insurer to the network provider subject to preauthorisation.

- c. In cashless facility treatment is free for anyone seeking medical care.
- d. Cashless facility means that payments are split between the hospital and the insurer.
25. Which is correct?
- Policy proceeds on surrender may be paid to the assured in an emergency.
 - Only wife can be a trustee in such policy.
 - If a trustee is not appointed the policy money can only be paid to the official trustee of the state.
 - Only children can be beneficiaries of the policy.
26. In a keyman's policy
- the premium paid by the employer is treated as an allowable business expense
 - In a death claim the policy money is payable to the company.
 - Death claim proceeds are treated as taxable income of the employer.
 - All the above.
27. What is the essential feature of an MRI?
- To bargain for cheaper mortgage rates from loan provider.
 - To continuously protect the value of the mortgaged property.
 - To escape court action of attachment in case of default or indebtedness.
 - To act as a collateral for ensuring financial protection for home loan borrowers.
28. Identify the correct statement?
- Rebate in premium is a discount allowed by the insurer in festival seasons to boost business.
 - Rebate is an allowed deduction in large sums assured and low frequency mode of payment.
 - Rebate is illegal as it is a kind of bribery.
 - All modes of payment are treated as equal for rebate purposes by the insurer.
29. When is a policy said to be withdrawn?
- On surrender of the policy in return for surrender value.
 - When the premiums are not paid as and when due.
 - When a policy is upgraded.
 - When a policy is downgraded.
30. State the correct statement
- Market value of assets is always taken by the insurer.
 - In periodical valuation of assets and liabilities book value of assets is normally taken by the insurer.
 - Discounted present value of the assets is taken by the insurer.
 - Discounted future value of the assets is taken by the insurer.
31. What is correct
- Moral Hazard is about the intention and post purchase behaviour of an assured in most cases.
 - Proposal is the basis of contract between a person seeking insurance cover and the insurer.
 - Insurers should view very seriously the conduct of the persons for life insurance cover whenever they seek profit by purchase of insurance.
 - All the above
32. State the incorrect sentence.
- Free look period enables the insured to return the policy within 30 days of receipt of the policy bond.
 - If the policy is returned as above, no premium is refunded by the insurer.
 - PMLA is not applicable to life insurance.
 - All the above.
33. Pick out the incorrect statement.
- Material information is required by the insurer about a proposer for correctly estimating risk in his life for life cover purposes.
 - All information as contained in the proposal is equally binding on the parties to a life insurance contract.
 - Proposal is not always necessary from proposer's point of view.
 - IRDA has standardised the proposal form since 2013.
34. Identify the incorrect statement.

- a. A policy has three parts viz. Policy schedule, standard provisions & special policy provisions.
- b. A policy is the most important document evidencing the relationship between life assured and the insurance company.
- c. With issue of FPR further premiums are not required to be paid.
- d. Any interpretation of a complex provision of the policy in case of conflict should be in favour of the assured.

35. State the incorrect statement.

- a. Code of conduct is optional for a successful agent.
- b. Ethical standards may sometimes conflict with drive to do good volume of business.
- c. Persistency of policies is beyond the control of agents as well as the insurer.
- d. All the above.

36. Pick out the incorrect statement out of the following ones.

- a. A policy document has to be signed by a competent authority authorised by the company, but it need not be stamped as per Indian Stamp act.
- b. Stamping the document is compulsory but it may be signed by anyone in the insurer's office.
- c. Policy itself need not be issued by the insurer.
- d. All the above.

37. State the correct option

- a. In a policy document it is now compulsory to indicate the address of the local Ombudsman.
- b. Address of the insured is optional in the policy document.
- c. The address of the IRDA is also necessarily shown in the policy document.
- d. Either the local ombudsman's address or that of the IRDA needs to be shown in the policy.

38. Pick out the incorrect statement.

- a. As per law if the premium is paid for three years, it shall earn a guaranteed surrender value.
- b. With discontinuance of premium even after three years no surrender value is guaranteed.
- c. Special revival of a lapsed policy is convenient both from assureds' point of view and that of the insurer.
- d. The most important condition for a policy lapsed for a considerable length of time is evidence of insurable interest.

39. Pick out the correct statement.

- a. If a claim arises in a policy with death of the assured and if the due premium is not paid and as grace period has not expired, claim will be paid only for paid up value.
- b. Nomination is governed by Sec 38 of the Insurance Act 1938.
- c. In the above case full claim for the original sum assured will be paid after deducting the unpaid premium.
- d. Assignment is governed by Sec 39 of the Insurance Act 1939.

40. State the incorrect sentence.

- a. In assignment the rights of the assured are transferred to the assignee.
- b. There is no difference between nomination and assignment.
- c. In a policy loan the loanee-policyholder is not obligated to pay off the loan.
- d. As a general rule, no alteration is allowed in the first year of the policy.

41. Which is the correct statement?

- a. Agent is primary underwriter as also field underwriter.
- b. Numerical method of underwriting is by far the most objective method.
- c. Risk in substandard lives is likely to be higher than standard lives on account of increased mortality risk.
- d. All the above

42. Which is incorrect?

- a. Special reports like ECG, EEG, Chest x-ray reports etc are called for in large sums

- proposed and where the ages of the proposers are higher than otherwise.
- First insurance at age of 50 for a large sum proposed is a sign of moral hazard.
 - Family history has no role in risk assessment.
 - If there is no relationship between the proposer's income and the sum proposed moral hazard is suspected.
43. True reward for a successful agent is
- Job satisfaction on performing a challenging role to influence his client to go in for his life's protection.
 - Recognition in his circles as a knowledgeable and ethical life insurance adviser with social respect.
 - Handsome income through hard work by winning the trust and confidence of his clients.
 - All the above.
44. Life Insurance marketing differs from marketing of products and services because
- Life insurance needs to be sold, rather than bought.
 - Life insurance is intangible unlike a tangible product.
 - Value of life insurance is not seen at the time of purchase unlike a consumable product.
 - All the above.
45. What is known as cold call?
- It is direct approach of the prospect for insurance purposes without any prior announcement or appointment.
 - Cold call is not with warmth of familiarity or friendliness.
 - It is without any energy or hope as to the result of the effort.
 - Cold call is an aimless exercise not serious about the final outcome.
46. Key to successful closing is helping the prospect to say
- No, not at this stage.
 - Don't know.
 - Yes
 - I will have to think again.
47. Three elements that promote trust are
- Communication, assertiveness and punctuality.
 - Attraction, communication and punctuality.

- Politeness, affirmation and ability to effectively communicate.
 - Affirmation, assertiveness and attraction.
48. Identify the correct statement.
- It is not always possible or even necessary for ethics in selling life insurance.
 - Ethical behaviour will quite often conflict with business dealings.
 - Ethical behaviour on the part of an agent will help in developing trust and confidence between an agent and his client.
 - Ethics should matter to top management and not agents.
49. IGMS stands for
- Individual Grievance Management Service.
 - Integrated Grievance Management System
 - Indian Grievance Management System
 - Insurance Grievance Management System.
50. Identify the correct statement.
- After sales service in insurance is more critical and necessary than in other marketing of products and services.
 - Commitment to serving customers is the secret of success in life insurance selling and marketing.
 - Customer lifetime value is the sum of economic benefits arising out of a long time sound and productive business relationship with customers.
 - All the above.

ANSWER

Q.No	Ans	Q.No	Ans	Q.No	Ans	Q.No	Ans
1	A	14	C	27	D	40	B
2	D	15	A	28	B	41	D
3	A	16	D	29	A	42	C
4	B	17	B	30	B	43	D
5	D	18	D	31	D	44	D
6	A	19	B	32	D	45	A
7	B	20	C	33	C	46	C
8	D	21	B	34	C	47	B
9	C	22	B	35	D	48	C
10	B	23	C	36	D	49	B
11	B	24	B	37	A	50	D
12	A	25	C	38	B		
13	B	26	D	39	C		

RNIS COLLEGE OF INSURANCE

NEW IC 33 – MODEL TEST 3

1. What fee is payable by the aggrieved person to the District Consumer Forum while filing his complaint?
 - a. Rs.250
 - b. Rs.100
 - c. 10% of the relief sought and given.
 - d. No fee is payable.
2. State the correct position.
 - a. If dispute is not settled through mediation, ombudsman will pass an award within 3 months of receipt of the complaint.
 - b. If the award is acceptable to the insured it is binding on the insurer to implement the award.
 - c. If the insured does not accept the award, it is not implementable at insurer's level.
 - d. All the above.
3. State the incorrect sentence.
 - a. In a non-medical case risk cannot be assessed in the absence of medical report.
 - b. Risk assessment is possible in a non-medical proposal.
 - c. More than 90% of people who submit proposals on their lives are accepted at ordinary rates.
 - d. In preferred lives the level of anticipated mortality is likely to be lower than even standard lives.
4. State the correct position
 - a. In Money Back Claim on maturity the balance sum alone is payable along with attached bonus, if any.
 - b. In the above case full sum assured is payable.
 - c. Nothing more is payable after the instalments are paid to the assured.
 - d. On death before the end of the policy in the above case the balance sum is payable.
5. As per IRDA Regulations 2002, a decision in a claim is to be taken by the insurer within how many days of submission of requirements by the claimant?
 - a. 6 months.
 - b. 3 months.
 - c. 45 days.
 - d. 30 days.
6. State the correct position out of the following.
 - a. No licence is actually needed by the agent if he is authorised by the Insurer.
 - b. No agent can do insurance business without a valid licence under sec.42 of the Insurance Act 1938.
 - c. An agent of insurance works for salary in an Insurance company.
 - d. A Director of an Insurance company can be an insurance Agent.
7. Fees payable to the IRDA for issue of licence to act as an agent of an insurance company are
 - a. Rs.500
 - b. Rs.100
 - c. Rs.250
 - d. Rs.1000
8. Pick out the correct statement.
 - a. Educational qualification for becoming an agent in all circumstances is 12th STD pass.
 - b. Educational qualification for becoming an agent in all cases is 10th STD pass.
 - c. There is no minimum educational qualification for becoming an agent of an insurer.
 - d. None of the above.
9. Pick out the incorrect statement from the below mentioned statements.
 - a. Insurance agent represents his client in the first place.
 - b. Insurance agent represents his company in the first place and always.
 - c. There is a difference between an agent and a broker.
 - d. Broker represents his client unlike an agent.
10. What are the correct statements?
 - a. Bancassurance model can either be a bank forming an insurance company on its own or acting as an agent for another Insurance company without capital participation.
 - b. Such an agency of bank acting for an insurer is known as corporate agency.

- c. A commercial bank is not barred from acting as an agent for insurance companies.
- d. All the above.
11. Success in life insurance agency career depends on
- Self-motivation for accepting challenges in the profession with fire in his belly.
 - Positive self-image with high morale.
 - A spirit of entrepreneurial skill
 - All the above.
12. Four major areas of unethical behaviour are
- Misrepresentation.
 - Illustrations without giving both optimistic and conservative estimation of returns.
 - Replacement of an existing policy by a fresh policy without any specific need.
 - All the above
13. Which is correct
- Prospecting is building list of persons who can be approached for life insurance.
 - Marketing includes an exercise to meet the account holders of a bank.
 - Meeting known and familiar people who can give an agent interview for life insurance purposes is useful.
 - All the above.
14. Qualified prospects are those people who
- Have a need for life insurance.
 - Meet the underwriting requirements.
 - Can be approached for this purpose.
 - All the above.
15. In Needs-analysis the following act is done
- Location of areas where people need life insurance protection.
 - Identifying people who may work as agents.
 - Estimating assets of prospects.
 - Estimating the net worth of prospects.
16. What is not a true index of service quality?
- Reliability b. Smartness
 - Empathy and understanding.
 - Responsiveness.
17. Identify the incorrect statement.
- In interview of the prospect agent is knowledge alone is not important.
 - Listening is not important as the prospect may not know much about life insurance.
 - The agent should avoid being judgmental. It is necessary for the agent to pay attention to what the prospect says as also to his body language.
 - Attention to what the prospect says as also to his body language.
18. For effective interaction for one with his workers and customers what special ability is needed?
- Hard skills of being a good taskmaster.
 - Soft skills
 - Negotiating skills for better outcomes.
 - Questioning skills.
19. What is the jurisdictional limit of a District Forum in Consumer Disputes case?
- Rs.20 lakhs. b. Rs.50 lakhs.
 - Rs.100 lakhs. d. There is no limit.
20. Deficiency in service giving rise to a customer dispute arises in the following situations.
- If the shopkeeper charges a price higher than MRP.
 - Faulty products including expiry date crossed while selling.
 - Allergy warning not stated clearly on the front of a drug bottle.
 - All the above.
21. Which is incorrect?
- Ombudsman is appointed by the central Govt under powers of the Insurance Act '38 and under Redressal of Public Grievance Rules 1998.
 - The recommendations of the Ombudsman are always binding on the insured
 - The Ombudsman can act as a mediator by mutual agreement between the insurer and the insured.
 - If mediated, the decision of the Ombudsman is final whether to accept or reject the complaint.
22. Which is correct
- By transferring risks to an insurer one can be careless about one's assets.
 - If there is a loss it can lead to payment of money by the insurer.
 - Potential loss to assets can be ignored.

- d. If assets are insured the owner of such assets can have comfort of peace of mind and look after his business without worries.
23. Identify the correct statement
- Assets are protected by insurance
 - Insurance prevents loss to assets.
 - Insurance compensates for the loss of the value of assets.
 - Probabilities of loss are considerably reduced by insurance.
24. Of 400 houses costing each Rs.20, 000 if on an average 4 houses are damaged in fire causing a total loss of Rs80,000 what should be the annual contribution of each house owner.
- Rs.800
 - Rs.200
 - Rs.100
 - Rs.400
25. Which is correct
- In insurance subsidy plays a part in fixing premium.
 - Losses are shared by subsidy.
 - A few persons have to share the loss of many.
 - Losses of a few persons are shared by many persons thus reducing the burden of contribution to loss compensation.
26. Which of the following statement is correct?
- Endowment assurance has no saving element.
 - Whole Life Plan has no saving element at all.
 - Term Insurance has little or no saving element.
 - Money Back plan has no savings element.
27. Choose the incorrect sentence out of the following ones.
- Life Insurance policies are contracts of indemnity.
 - Life insurance contracts are valued contracts and not contracts of indemnity.
 - In Non-Life contracts there is no assurance.
 - There is no certainty of risk occurrence in non-Life contracts.
28. Which is an advantage in cash value contracts?
- Reduced returns on account of inflation.
 - Low accumulation in earlier years.
 - Lower yields.
 - Secure and safe investment
29. Pressure applied on parties to the contract through criminal means are
- Fraud
 - Undue influence
 - Coercion
 - Mistake.
30. Define the concept of Uberrima Fides.
- Not disclosing medical facts and information in the proposal.
 - Not revealing all material facts known only to the proposer in the proposal.
 - Paying premium in time and as and when it is due.
 - Fully disclosing all material facts about the proposed by him in the proposal.
31. Which of the following is not a valid consideration for a contract?
- Bribe.
 - Property.
 - Jewellery.
 - Money cannot.
32. Which of the two decisions are involved in a savings proposition?
- Retention of risk and reduced consumption.
 - Gifting and accumulation
 - Spending and accumulation
 - Postponement of consumption and parting with liquidity.
33. Which of the following is a contingency product
- Shares
 - Bonds
 - Life insurance
 - Bank Deposits.
34. Discretionary income is not maximised by
- Debt restructuring
 - Transfer of loans.
 - Restructuring of investment
 - Purchase of insurance policy.
35. State which is correct sentence in the following ones.
- Higher premium will give the beneficiary higher benefits at the time of claim.
 - With lower premium in a life insurance policy higher benefits are available to the beneficiary in a claim.

- c. Higher premium in a life policy will result in lower benefits to the claimant.
- d. None of the above.
36. What is the essential purpose of Life Insurance?
- it is tax rebates.
 - It is a good investment.
 - It is protection for loss of economic value of human life in the event of death or disability.
 - It leads to wealth accumulation.
37. State the correct statement out of the following ones.
- Credit Life Insurance policy is an endowment plan.
 - Mortgage Redemption plan is also an endowment plan.
 - Whole life plan is also an endowment plan.
 - Money Back plan is a kind of endowment plan.
38. Which is correct
- Inter-temporal allocation of resources refers to timing of such decisions for better returns.
 - It refers to temporary allocation of resources.
 - It refers to allocation of resources over time
 - In this method resources are diversified in allocation.
39. State the incorrect statement
- Cash value is not guaranteed
 - Minimum death benefit is guaranteed in variable insurance plans.
 - Where to keep the money invested is the decision of the policyholder
 - Flexible premium payments are allowed in such policies.
40. Unbundling of life insurance products refers to
- Correlation of life insurance with bonds.
 - Correlation of life insurance with equities.
 - Combination of protection with savings element.
 - Separation of protection and savings element.
41. State the correct option
- Amount of annuity depends on duration of annuity payments, principal sum of money, investment period and rate of return
 - Amount of annuity does not depend on the principal sum of money.
 - Investment period has no relation to the amount of annuity.
 - Annuity is independent of rate of return.
42. State the correct statement out of these.
- Every pension is a kind of annuity
 - Every annuity is also a pension
 - Pension and annuity are one and the same
 - Every pension is not an annuity.
43. Which of the following schemes have an element of Govt admn?
- Insurance pension fund
 - Public pension fund
 - Private pension fund.
 - Market pension fund.
44. Pick out the correct sentence from the flowing ones.
- Family floater policy does not cover parents
 - Family floater is for self and spouse only.
 - Family floater policy covers self, spouse, parents and dependants
 - Uncle and aunt can be covered in a family floater.
45. Which is correct
- It may lead to community rating.
 - It may lead to abuse of health insurance cover.
 - Moral Hazard in health insurance would mean adverse selection
 - Risk pooling will be there in moral hazard.
46. Identify the correct statement out of the following ones.
- In emergencies insurer may waive preauthorisation for entering into a hospital for treatment.
 - In all cases preauthorisation either by the insurer or TPA is a must before getting admitted into a hospital.
 - There is no provision for nomination in a health insurance cover.

- d. Summary of benefits, terms and conditions for each product in a health cover is not mandatory.
47. In keyman insurance policy the basis for issue of such a policy is
- Income of the keyman.
 - History of the business.
 - Profitability of the business and the role of the keyman in that profitability.
 - State of the national economy and rate of inflation.
48. What is the jurisdictional limit of a District Forum in Consumer Disputes case?
- Rs.20 lakhs.
 - Rs.50 lakhs.
 - Rs.100 lakhs.
 - There is no limit.
49. Which is incorrect of the following?
- Being judgmental is the opposite of listening.
 - Sometimes prospect's objection to accepting the agent's recommendation may arise out of past experience of hurt ego and unfair dealings by some others connected with insurance.
 - Genuine interest in the other person is always respecting him in social relationships as also in insurance dealings.
 - Prospect should feel obliged to the agent for being enlightened on life insurance.
50. Pick out the incorrect statement.
- Life insurance is sold, not bought.
 - Selling is neither a science nor an art.
 - In prospecting for life insurance, members of a community association will be classified as a natural market.
 - Loss assessment is not part of sales process.
-

ANSWER

Q.No	Ans	Q.No	Ans	Q.No	Ans	Q.No	Ans
1	D	14	D	27	A	40	D
2	D	15	A	28	D	41	A
3	A	16	B	29	C	42	A
4	A	17	B	30	D	43	B
5	D	18	B	31	A	44	C
6	B	19	A	32	D	45	C
7	C	20	D	33	C	46	A
8	D	21	B	34	D	47	C
9	A	22	D	35	A	48	A
10	D	23	C	36	C	49	D
11	D	24	B	37	D	50	B
12	D	25	D	38	C		
13	D	26	C	39	B		

RNIS COLLEGE OF INSURANCE

NEW IC 33 – MODEL TEST 4

1. Insurance needed by a person can be determined by
 - a. Human Life Value method
 - b. Life Term proposition method
 - c. Future Life value method.
 - d. Human Economic value method
2. Insurable interest is not present in the following case
 - a. A person insuring his own life.
 - b. A father taking out a life policy on the life of his son.
 - c. A person insuring his colleague.
 - d. Employer taking a life insurance policy on his employees.
3. State which of the following ones is a transactional product.
 - a. Bank Deposit.
 - b. Life Insurance
 - c. Shares in stock market.
 - d. Bonds and debentures
4. Term Policy is ideally suited for
 - a. One who needs periodical sums of money in his life?
 - b. One who has a high insurance budget.
 - c. One who has a low insurance budget.
 - d. One who looks for high returns?
5. State which is correct.
 - a. Policyholder cannot earn market rate of interest on his cash value.
 - b. In universal Life plan policyholder can vary payments of premium.
 - c. Universal Life plan is a traditional plan of assurance
 - d. Variable life insurance is a temporary plan of insurance.
6. Which one of the below is not a case of annuity?
 - a. Payment of Rs.10, 000 received today last year on the same day and likely payment of a similar sum by the insurer next year.
 - b. Electricity Bill.
 - c. Car payments made by the loanee car owner.
 - d. Periodical mortgage payments.
7. State the correct statement out of the following ones.
 - a. Primary care means acute care to a patient in a hospital
 - b. It means extensive care provided to a patient in a acute setting.
 - c. First point of contact for health care to a needy person.
 - d. Care provided by experts to solve a medical problem faced by a patient.
8. State the incorrect statement of the following ones.
 - a. Premium for an MRP as a collateral for a bank loan need not be paid as the bank is expected to pay the same.
 - b. Keyman life policy can compensate for losses incurred due to stoppage of work following the absence of the keyman from work.
 - c. Keyman life policy proceeds can be set off against lost income from lost business.
 - d. Keyman can provide compensation to protect profits.
9. Mortgage Redemption Insurance is nothing but
 - a. It is a constant term insurance
 - b. It is an increasing term insurance.
 - c. It is savings insurance like universal life insurance.
 - d. Decreasing Term Insurance
10. Which is correct?
 - a. Extra benefits are allowed by the insurer in a life policy on payment of an extra premium
 - b. Double Accident benefit is a free item in a life policy.
 - c. Permanent Disability, like DAB, is also a free benefit not chargeable.
 - d. Extra premium for health and extra premium for extra benefits are like each other.

11. State the incorrect statement of the following ones.
- In a term insurance the benefits are fixed throughout the duration.
 - In an MRI the insurance benefit on account of cover will decrease year after year.
 - There is no material difference between a term insurance policy and an MRI as far as benefits are concerned.
 - MRI is suitable for a loan sought from a bank as a mortgage cover.
12. What are the factors in determining premium in a life policy?
- Policy reserves.
 - Mortality.
 - Expenses.
 - All the above.
13. Surplus is defined as
- Excess value of assets over liabilities.
 - When turnover of the insurer is high.
 - Excess value of liabilities over assets.
 - Excess of liabilities.
14. State the correct statements.
- KYC document is to be collected by the insurer from the proposer.
 - Identity of the proposer is the main purpose of KYC.
 - Pan card is a proof of one's identity while seeking life cover.
 - All the above.
15. Identify the correct statement
- Bonus is not allowed on surrender of a policy.
 - In compound reversionary bonus it is a percentage of basic benefit and already attached bonus.
 - Terminal bonus and compound bonus are one and the same.
 - Persistence bonus is allowed by the insurer at its discretion in certain cases.
16. State which is correct out of the following
- Horoscope like a certificate of baptism is a standard age proof.
 - Horoscope like certified extract from a family bible as to the date of birth is a standard age proof
 - Horoscope like a marriage certificate issued by a Roman catholic church is a standard age proof.
 - Horoscope is a non-standard proof of age for life insurance purposes.
17. What is the incorrect statement out of the following ones?
- Agent's report is not always compulsory.
 - Agent's report should contain details of proposer's health, habits, occupation, income and family.
 - Agent is a primary underwriter from insurer's point of view.
 - Prospectus is a legal document.
18. State the incorrect statement.
- Money laundering is an illegal practice of bringing into nation's economy by hiding the source of the money and the true identity of the person involved.
 - Life Insurance Company will return the entire premium under free look provisions.
 - Moral Hazard is not easily assessable unlike physical risk of the proposer.
 - Standard and non-standard age proofs are not mutually interchangeable.
19. State the incorrect statement
- In the event of loss of policy document, no fresh proposal needed.
 - The insurer will in such an event issue a duplicate policy without making any change in the contract.
 - No fresh underwriting is involved for issue of a duplicate policy.
 - The assured has to approach a competent court of law and obtain an order directing the insurer to issue a duplicate policy.
20. The first part of the policy document deals with
- Policy claim settlement procedure.
 - Policy schedule.
 - Standard provisions.
 - Specific policy provisions.
21. State the incorrect of the following.
- Amount of premium need not be shown; only sum assured is to be shown.
 - There is no provision for name of the nominee in the policy.

- c. Mode of payment of claim is also shown in the policy.
- d. Date of birth of the assured has to be shown in the policy.
22. Out of the following what is the specific provision in a policy?
- First Pregnancy clause.
 - General provisions.
 - Policy schedule.
 - Standard provisions.
23. What is correct
- Loan is a privilege available only in some policies.
 - If interest on loan is not paid, it becomes part of the loan.
 - Nomination can be made by the proposer in the proposal itself.
 - All the above.
24. Pick out the correct statement.
- Extension of premium paying period is normally allowed as an alteration in a policy.
 - Increase in sum assured will be welcomed as a preferred alteration in a policy.
 - Splitting of a policy into two or more is allowed as an alteration.
 - Notice is not always necessary in an assignment to be given by the assured to the insurer.
25. What is the duration of grace period in a policy?
- 30 days.
 - One month
 - One month or 30 days.
 - 31 days.
26. Pick out the correct ones.
- Nomination can be changed at will by the assured during the course of the policy.
 - Assignment can also be changed at will by the assured without referring to the assignee
 - Witness for an assignment is not mandatorily required.
 - Like nomination, assignment can also be effected in the proposal
27. Who of the following may not qualify for a non-medical underwriting?
- An IT manager in TCS.
 - A bank officer for a large sum proposed.
 - A worker aged 50 in an underground coal mine.
 - A manager in a shopping mall.
28. In which case is the moral hazard present?
- A Bank manager with moderate occasional consumption of alcohol.
 - A race goer with betting habits and usually a heavy consumer of alcohol.
 - A university professor asking for a large cover on his life.
 - Where in a proposal the nominee is a near dependant of the proposer.
29. Pick out the correct statement.
- Personal history and family history of a proposer are equally important.
 - In a non-medical proposal family history is not asked for.
 - Large sum assured is not a factor to be considered in non-medical underwriting.
 - Moral Hazard is not relevant in non-medical underwriting.
30. What is defined an early claim?
- Whenever the claim arises before the end of the policy term it is an early claim.
 - If the claim arises after 5 years, it is an early claim.
 - All death claims are early claims.
 - A claim by death within three years of commencement.
31. State the incorrect sentence
- No Maturity claim is paid on the close of Term insurance.
 - In Money Back policy interim payments are made after certain frequencies.
 - In Money back policy on death within the policy duration full sum assured is payable without deducting the interim instalments already paid?
 - There is no such thing as rider benefit in a policy contract.
32. In a ULIP claim before the date of maturity will give
- Higher of the sum assured or the fund value.
 - Lower of the sum assured or the fund value.

- c. Return of premiums with savings bank rate of interest.
- d. Surrender value.
33. State which is correct.
- There is no difference between an individual agent and a corporate agent as both of them represent an insurance company.
 - An agent can work for a life insurer as also a non-life insurer, either individually or together.
 - A composite agent means an agent working for one life and one non-life insurer.
 - All the above.
34. Who will issue licence to an applicant on his certification as per regulations?
- Designated person in the insurer's office as authorised by the IRDA.
 - An officer of the IRDA.
 - Controller of Insurance in the Ministry of Finance.
 - An official of the Insurance Institute of India.
35. Identify the incorrect statement out of the following ones.
- There is a bar on appointment of a minor as agent of an insurance company.
 - A person found guilty of fraud or any criminal offence is ineligible for appointment as agent of an insurer.
 - A minor can be appointed agent of a life insurance company.
 - No applicant is exempt from mandatory training before appointment as agent.
36. What is correct?
- Agency licence is to be renewed once in 3 years.
 - An agent's licence has to be renewed after 5 years of issue.
 - A licence has to be renewed once in 10 years.
 - There is provision for life time licence, once issued.
37. Identify the correct options.
- Life insurance selling is different from selling of other items.
 - Life insurance involves concept selling and hence challenging.
 - An agent has to create in his client's mind need for life insurance.
 - All the above.
38. Identify two most important and basic qualities for a good and successful agent.
- Self-respect and high knowledge.
 - Empathy and ego drive.
 - Wealth and desire to increase it through life insurance agency.
 - Blessings of elders and help from bosses.
39. Direct marketing involves
- Bancassurance
 - Insurance agents.
 - Telemarketing
 - All the above categories.
40. An agent can work on the following basis for successful results.
- Natural market is a source of market for a life insurance agent.
 - A satisfied client can be an effective referral to an agent for further references.
 - Family and friends can offer an easy opportunity for being contacted for life insurance selling.
 - All the above.
41. Pick out the incorrect statement.
- Being open, confident and positive is not so important for an agent.
 - Being punctual for appointments is important for an agent.
 - Presenting oneself appropriately is important for an agent.
 - Being fully prepared for the interview with facts and details is important.
42. Active listening is
- Paying close attention to the speaker and occasionally smiling or nodding one's head.
 - Giving one's comments on the points raised by the other party.

- c. While being attentive to the speaker, giving occasional nod and smile along with feedback.
- d. All the above.
43. Which of the following is not a tangible good?
- Life Insurance.
 - A television set.
 - Iphone.
 - A farmhouse.
44. In Need Analysis the steps followed are
- Analysis of present and future needs of the client
 - Financial value of the above needs.
 - Gap between funds needed for goals fulfilment and the available funds with the client.
 - All the above.
45. Identify the incorrect statements.
- Consumer Disputes involving private insurance companies can be heard by Consumer Forum or commission.
 - Life Insurance does not come under Consumer Protection Act 1986.
 - Complaints can be lodged against private insurers as also public sector companies/corporation like LIC.
 - Complaints can be lodged only life insurance companies as also non-life insurance companies.
46. The limit of the National Consumer Disputes Commission is
- Rs.100 lakhs.
 - Rs. No limit[.Unlimited]
 - Rs.150 lakhs only.
 - Rs.75 lakhs.
47. Which is incorrect statement?
- Complainant has to approach a consumer forum before moving the Ombudsman.
 - The complaint has to be lodged with in two year of the insurer rejecting the compliant.
 - There is no separate financial limit of various forum and commissions
 - All the above.
48. State which of the following sentences is correct.
- There is an Ombudman for defined territorial limits.

- There is one Ombudsman for each state in India.
 - There is only one Chief Ombudsman for the whole country.
 - Ombudsman has no upper financial limit.
49. Identify the correct option out of the following.
- Licence for agency is issued by the Insurance company.
 - Licence for a non-life insurance agency is issued by SEBI.
 - Life Insurance agency licence is issued by Life Insurance Council.
 - Agency licence in all cases is issued by the IRDA through the Designated Parson of the Insurer.
50. Identify the correct statement.
- Closing a sale is the art of persuading the prospect to buy now based on the recommendation of the agent.
 - Offering alternatives as to mode of payments will quicken the closing.
 - Undue pressure tactics on the prospect are to be always avoided in a close of sales interview.
 - All the above

ANSWER

Q.No	Ans	Q.No	Ans	Q.No	Ans	Q.No	Ans
1	A	14	D	27	C	40	D
2	C	15	B	28	B	41	A
3	A	16	D	29	A	42	D
4	C	17	A	30	D	43	A
5	B	18	B	31	D	44	D
6	B	19	D	32	A	45	B
7	C	20	B	33	D	46	B
8	A	21	C	34	A	47	D
9	D	22	A	35	C	48	A
10	A	23	D	36	A	49	D
11	C	24	C	37	D	50	D
12	D	25	D	38	B		
13	A	26	A	39	C		

RNIS COLLEGE OF INSURANCE

NEW IC 33 – MODEL TEST 1

1. Which is correct?
 - a. Insurance is a kind of investment.
 - b. Insurance is nothing but a gamble.
 - c. Insurance is risk transfer of pooling of similar risks.
 - d. Insurance is nothing but a savings scheme. Ans. C

2. Identify the correct statement
 - a. Lloyds is the originator of insurance.
 - b. Modern insurance is traceable to bottomry.
 - c. Malhotra committee is the originator of modern insurance.
 - d. Modern insurance traces itself to Rhodes. Ans. A

3. Identify the correct statement
 - a. Insurance transfer s risk from one asset to another asset.
 - b. Losses to assets are sought to be shared by a few only.
 - c. Gains of a few people are sought to be shared by many in insurance.
 - d. Losses suffered by a few people are sought to be shared by many in insurance. Ans. d

4. Which is incorrect statement out of the following ones?
 - a. Risk is not an essential element of insurance.
 - b. Asset is not an essential element of insurance.
 - c. Principle of mutuality is not an essential element of insurance.
 - d. Subsidy is an essential element of insurance. Ans. d

5. Find out which one below is not an asset.
 - a. Air.
 - b. Car
 - c. House
 - d. Human Life. Ans. a

6. Young persons are charged lower premium as compared to older persons because
 - a. Young persons may not have much income to pay for the insurance.
 - b. Older persons can afford to pay more for their insurance.
 - c. Younger persons have lower mortality on account of lower age.
 - d. Younger the age higher the mortality Ans. c

7. Which element deals with premium in a valid contract?
 - a. Consideration.
 - b. Offer and Acceptance.
 - c. Free Consent by the parties to the contract.
 - d. Capacity to contract. Ans. a

8. Which is correct statement?
 - a. Life Insurance contract is a verbal contract through custom and usage.
 - b. Life Insurance is a legally enforceable contract between the insurer and the insured as per the Indian Contract Act, 1872
 - c. Verbal contracts like Life Insurance are enforceable.
 - d. Life Insurance like a wagering contract is a business practice. Ans. B

9. If a policy is absolutely assigned to Ramesh and on death of Srikant, the life assured, to whom will be paid the claim amount ?
- Srikant's wife.
 - Nominee in Srikant's policy.
 - Srikant's widow and children.
 - To Ramesh.
- Ans. D.
10. State the correct statement of the following sentences.
- An individual with aggressive risk appetite is likely to follow consolidation.
 - An individual with aggressive risk profile is likely to follow wealth accumulation
 - An individual with high risk profile is likely to follow gifting
 - A person with risk aggressive style is likely to follow spending.
- Ans. b
11. At what stage in one's life savings will make an impact on him?
- Post retirement.
 - While he is earning
 - while he is a student
 - When he is just married.
- Ans. a
12. State which of the following is an accumulation product.
- Bank Deposits.
 - Non life Insurance policy.
 - Life Insurance.
 - Shares.
- Ans. d
13. Which policy is suited to clear off a client's liability for mortgage loan?
- Endowment policy.
 - Whole Life Policy.
 - Money Back Policy.
 - Mortgage Redemption policy.
- Ans. d
14. Which is correct about a decreasing Term Insurance?
- Premium will increase over time.
 - Premium will decrease over time
 - In decreasing term insurance the premium is constant through the term.
 - Premium is returned periodically.
- Ans. c
15. Pick out the incorrect statement out of the following ones.
- In decreasing term policy the premium will fall each year.
 - In decreasing term cover the premium is the same throughout the policy duration.
 - Policy benefits will also decrease over the policy period.
 - Mortgage redemption policy is nothing but a term insurance cover.
- Ans. a
16. Which is correct?
- It is easy to know cash value and savings value components in a traditional plan.
 - In a traditional life insurance it is not easy to ascertain the rate of return
 - Surrender value can easily be arrived at in such policies.
 - Rate of return is always high in such policies.
- Ans. b
17. Who are the likely buyers of variable life policies?
- Persons with low risk appetite.
 - Persons who look for predetermined and fixed returns of interest.
 - Persons with comfort in equity on account of their knowledge.
 - Generally young persons.
- Ans. c

18. . Which is incorrect statement of these?
- Unit holder can choose different kinds of funds for investment purposes.
 - Unit values are guaranteed by the insurer.
 - Purchase of units either through periodical payments of premium or one single payment is possible.
 - All components of expenses are transparent in ULIP policies. Ans. b
19. State the correct option?
- Risk of longevity is best managed through pensions.
 - Early death can be handled through pension.
 - Investment risk cannot be addressed through pensions.
 - Inflation risk is not managed through pensions. Ans. a
20. What is the basic contingency associated with pensions?
- Morbidity.
 - Post-retirement income security.
 - Disability.
 - Mortality. Ans. b
21. State the correct option?
- In an ordinary annuity payments are made or received at the beginning of each period.
 - On maturity.
 - 3 months before expiry.
 - At the end of each period. Ans. d
22. State the correct option?
- Health Insurance cover can come only as a standalone policy.
 - Health Insurance cover can come with life insurance cover provided by a life insurer.
 - Health cover can be issued only by a non-life insurer.
 - There is no limit on the benefits in a health cover. Ans. b
23. Which group of persons is not eligible for group health cover?
- Employees of a Bank.
 - Credit card holders of a bank that issues the card.
 - Members of a professional association Ans. d
 - Association of individuals formed only for the purpose of getting the benefit of a group health cover.
24. Who is an inpatient seeking medical attention for his medical problem?
- He is a patient who receives medical attention without admission in a hospital
 - He is after admission in a hospital receiving medical attention and treatment while being there.
 - He is a day care patient for treatment.
 - He is a patient in a house receiving care of doctors. Ans. b
25. State the correct option?
- In a MWP Act policy claim moneys can be paid to a near relative of the assured.
 - Policy claim moneys can be paid to the assured in a maturity claim.
 - Policy claim money can be paid only to the named trustee as the policy is a separate trust.
 - Death claim may be paid to the nominee in a WWP Policy. Ans. c
26. State which of the following assets is beyond the scope of the creditors.
- Ramakant's indebtedness after his demise can lead to the creditors taking away his property.
 - Ramakant's bank accounts can be attached to clear off his debts.
 - Mutual funds proceeds can be attached by the creditors.
 - Term policy proceeds under MWP Act. Ans. d

27. Which of the following policies is most suitable for a home loan mortgage?
- MRI.
 - Whole Life Policy.
 - Term Insurance policy.
 - Property insurance under non-life category. Ans. a
28. State the correct option?
- In endowment policies for 20 years premium is payable for all years under all circumstances.
 - There cannot be a single premium policy of 20 years.
 - In a 20 year endowment policy there can be provision for payment of premium only for a few years.
 - In life insurance terminology premium and price are different. Ans. c
29. State the correct one of the following ones.
- A policy lapses if the premium is not paid on the due date.
 - A policy lapses if the premium is not paid within the grace period.
 - A policy does not lapse at all under any conditions.
 - Investment risk in a ULIP policy is borne by the Insurer. Ans. b
30. Identify the correct statement in the following.
- In determination of premium higher the rate of interest assumed the lower is the premium.
 - In determination of premium higher the rate of interest assumed higher is the premium.
 - In determination of premium lower the rate of interest assumed lower is the premium.
 - Premium is not determined by rate of interest assumed to be earned by the insurer. Ans. a
31. What is correct?
- Life Insurance contract is between a proposer and his agent for protection of his life's economic worth.
 - Prospectus is in lieu of policy in certain cases.
 - Prospectus is an introductory document giving details of features and benefits of life insurance products to a proposer.
 - There is no difference between a proposal and prospectus. Ans. c
32. Identify the correct statement out of the following.
- Free look period enables the policyholder to return the policy and ask for refund subject to certain conditions.
 - Passport & School certificate is a standard proof of age.
 - Ration card is a non-standard proof of age.
 - All the above. Ans. d.
33. Pick out the incorrect statement.
- In a medical examiner's report physical features like height, weight, blood pressure etc need to be stated for proper risk assessment.
 - If a proposal cannot be considered as a non-medical case for underwriting, a medical report is essential.
 - There is no such thing as non-medical underwriting.
 - Medical report like Agent's report is required for risk assessment. Ans. c
34. Choose the correct statement.
- Policy is an evidence of contract between the life assured and the insurer.
 - FPR signifies the commencement of the contract.
 - A Life Insurance policy is subject to Indian stamp Act.
 - All the above. Ans. d.

35. Rights and privileges in a policy will be found in
- Standard provisions in a policy document.
 - Policy schedule.
 - Preamble to the policy.
 - Clauses in the policy document.
- Ans. a
36. Identify the correct option?
- Revival of a lapsed policy is subject to certain conditions as set out by the underwriter.
 - Revival of a lapsed policy cannot increase the risk for the insurer.
 - Fresh medical examination report is not always required for revival of a lapsed policy.
 - All the above.
- Ans. d.
37. State the correct statement out of the following ones.
- Nominee is in every circumstance the owner of the policy proceeds.
 - Nomination is entitled to give a valid discharge to an insurer for payment of claim.
 - Assignment and nomination are one and the same.
 - Even if a policy is assigned to the insurer for a loan it cancels the existing nomination made earlier.
- Ans. b
38. What is correct
- Insurer in certain circumstances may waive subsequent premiums.
 - Policy document and FPR are one and the same.
 - RPRs are revival premium receipt.
 - After issue of FPR subsequent premiums are to be paid by the assured.
- Ans. d
39. What is correct?
- A minor cannot be named as a nominee in a policy.
 - Where nominee is a minor, an appointee has to be appointed by the assured.
 - There can only be one nominee and not more.
 - If more than one nominee is appointed the policy claim moneys can be shared amongst them.
- Ans. b
40. Pick out the incorrect sentence.
- Underwriting is risk assessment in a proposal on the life of the proposer for offering him life cover.
 - Prevention of selection against the insurer is the purpose of underwriting.
 - Underwriting is a needless exercise in today's environment of inadequate coverage of population for life insurance.
 - Underwriting process defines and determines the premium chargeable on the proposal for covering risk.
- Ans. c
41. Indicate the correct sentence
- In complex cases the underwriter may adopt judgment method, rather than numerical method only.
 - Decision as to acceptability of risk is that of the underwriter.
 - Postponement of risk is also a kind of underwriting decision.
 - All the above.
- Ans. d.
42. State the correct sentence
- A minor is not eligible for insurance.
 - Proposal on the life of a minor can be submitted by his parent or guardian after the need for insurance is established
 - A minor has no insurable interest in his life and therefore, is ineligible for insurance.
 - Proposal on a minor life can be submitted by anyone.
- Ans. b

43. What is correct in the following sentences?
- Claim is a demand on the insurer to honour contractual commitment to pay the policy money to the claimant.
 - It s request made to the insurer by the claimant to settle payment.
 - While in some claims, the contract comes to an end with payment in other cases the contract continues.
 - All the above
- Ans. d
44. State the correct position in a missing assureds' death claim
- Payment is subject to an order from a competent court of law.
 - Payment will depend on the policy status as on the date of the court order.
 - Seven year waiting period is as per the Indian Evidence Act.
 - All the above
- Ans. d.
45. . What is the main objective of IRDA Regulations 2000?
- Protection of Insurance Company.
 - Protection of policyholder and development of orderly growth of insurance business
 - Protection of insurance intermediaries
 - To earn for the Government.
- Ans. b
46. In accidental death claim what reports are required to be submitted by the beneficiary?
- Certificate of cremation or burial.
 - Treating physician's certificate.
 - Inquest report of the Govt. agency.
 - All the above
- Ans. d
47. State which is incorrect statement
- Life Insurance agents desirous of doing stand alone Health insurance business will have to be certified under IC-34 separately.
 - Such life agents as above are exempt from passing IC-34 if they have been certified under IC-33 and if they undergo some internal training for 25 hours given by Health Insurance company.
 - Agents certified under IC 34 for non life insurer can do standalone Health insurance business after undergoing internal training for 25 hrs from the standalone health insurance company.
 - No agent, individual or corporate of life and or non-life insurer shall offer his services to more than one standalone health insurance Company.
- Ans. a.
48. Identify the incorrect statement out of the following ones.
- An agent today cannot work for more than one non-life insurance company.
 - An agent can work only for one life insurance Company as also for only one Non-life Company.
 - An agent today can work for more than one Life Insurance company.
 - Such an agent who works for one life and one non-life insurance company is called composite agent.
- Ans. c.
49. Identify the correct statement.
- There is no harm if an agent shares his commission with his client who has taken a policy from him.
 - Sharing a part of the agent's commission is after all trade practice and, therefore, not objectionable.
 - The agent is not obliged to disclose his commission to his client even if asked by the latter.
 - The agent has to show his licence to his prospect-customer on demand.
- Ans. D
50. What is correct out of the following statements?
- An agent licensed to act as such for an insurer has to have a licence under sec.42 of the Insurance Act '38 for procuring n continuing insurance business against payment of commission by the insurer
 - An agent can only be a trained individual for working for an insurance company.
 - A bank can also act as a broker for life insurance business.
 - A bank cannot act as an agent of whatever description.
- Ans. a

RNIS COLLEGE OF INSURANCE

NEW IC 33 – MODEL TEST 2

1. State the correct statement
 - a. Risk prevention aims at avoidance of loss through insurance.
 - b. Chances of risk are reduced by retention of risk.
 - c. Loss prevention is nothing but retention of risk.
 - d. Chances of occurrence of risk are achieved through transfer of such risks. Ans. a
2. Identify the correct statement
 - a. Risk retention would mean absence of possibility of loss or damage.
 - b. The event of loss is insignificant.
 - c. Assets are covered by insurance.
 - d. The owner of assets is prepared to accept the uninsured risks and its effects. Ans. D
3. State the correct statement
 - a. Survey and inspection of property is essential before acceptance of risk to assess the risk for rating purpose.
 - b. to find out the true value of asset.
 - c. To find out how the asset came into the owner's possession.
 - d. To know whether any other property in the neighbourhood can be insured. Ans. a.
4. With whom do we associate the concept of Human Life Value?
 - a. Martin Luther
 - b. Prof.H.S.Huebner
 - c. J.M.Keynes.
 - d. Warren Buffet. Ans. b
5. State which of the following is not a risk fit for insurance.
 - a. Early death.
 - b. Early death in an accident.
 - c. Disability
 - d. Natural wear and tear to an asset. Ans. d
6. Choose the correct statement.
 - a. Lower yields are a disadvantage in cash value contracts.
 - b. Discipline in saving is not an advantage in cash value contracts.
 - c. Income Tax advantage is not an advantage in cash value contracts.
 - d. Safe and secure investment is not an advantage in cash value contracts. Ans. a
7. Inaccurate statements in proposal without any fraudulent intention are
 - a. Representation.
 - b. Merely misrepresentation
 - c. Contributing statement
 - d. Offer by the party. Ans. b
8. Who of the below mentioned parties is not eligible to enter into a contract?
 - a. Housewife.
 - b. Businessman.
 - c. Government employee.
 - d. Minor. Ans. d

9. Proximate cause in this case is this
- His contracting pneumonia after falling into a water body from the horseback.
 - Dying of the illness in the hospital
 - Ramesh falling off a horseback and suffers a grave injury.
 - Falling off the horseback
- Ans. c
10. Which is the following item is good for wealth accumulation purposes?
- Bank loans.
 - Investment in shares.
 - Investment in Term Insurance.
 - Investment in savings bank accounts.
- Ans. b
11. How does investment duration affect returns?
- There is no relationship whatsoever.
 - With greater duration of investment returns are larger.
 - If the duration is larger the rate of returns is likely to be smaller.
 - With greater duration of investment larger tax possibility is likely.
- Ans. b
12. What is responsible for a rise in general price levels of goods and services in a nation's economy?
- Inflation.
 - Deflation
 - Reflation.
 - Stagflation.
- Ans. A
13. State which is correct out of the following
- A Term Insurance policy cannot be converted into any other policy during its duration.
 - Term policy is available both a separate policy and as a rider in another policy.
 - Term policy can be issued with lifelong renewability option
 - All Term covers will have a disability rider.
- Ans. b
14. Which is correct?
- A convertible Term policy cannot be converted into a whole life policy .
 - A convertible policy can be converted into a money back cover also.
 - A Convertible Term policy can be converted into a whole life policy.
 - A converting term policy can be converted into a decreasing term policy.
- Ans. c
15. Stet the correct statement?
- In endowment assurance survival up to the end of the term as well as in between death will give the claimant the benefits of the policy.
 - An endowment policy only survival benefit is available.
 - In endowment cover only death benefit is there
 - Endowment plan and Term insurance are similar in benefits.
- Ans. a
16. Universal Life Insurance is associated with
- Universal Life Insurance is associated with Germany.
 - Universal Life plan was first introduced in the UK.
 - France is the home of universal Life policies.
 - USA is known for introducing such policies.
- Ans. D
17. State the correct options
- ULIPS are bundled products.
 - ULIPS have clear aspects of term, expenses and savings components.
 - In ULIP Plans the investment risk is borne by the Insurer.
 - Value of units is determined in advance as per a formula of the Insurer.
- Ans. b

18. State the correct statement

- a. As per IRDA norms ULIPs are allowed but not Variable life plans.
- b. Only variable plans are allowed but not ULIP policies as per IRDA norms.
- c. Neither of the above plans is allowed in India.
- d. Both plans are allowed by the IRDA in India. State the correct statement.

Ans. D

19. Liquidation period refers to

- a. Time taken to build up a corpus.
- b. Period during which Annuity payments are made by the insurer.
- c. Insolvency period.
- d. Time between purchase of annuity and start of payment of annuity payments by the insurer.

Ans. B

20. Who provides public pensions?

- a. Insurance company.
- b. NGOs who get Govts' money.
- c. State.
- d. Employees.

Ans. c

21. An annuity with infinite life with continuous payments of annuities by the insurer is

- a. Amortised plan of loan.
- b. Annuity in perpetuity.
- c. APR.
- d. Principal

Ans. b

22. State the correct option

- a. Premium paid by a client for health cover enjoys income tax deduction under 80.C of the Income Tax Act.
- b. Premium paid towards health cover earns income tax rebate under sec.80D of the Income Tax Act.
- c. Premium paid for a health cover does not qualify for tax benefit under any provision of the Income Tax Act.
- d. There is no upper limit to sum assured in a health insurance policy.

Ans. B

23. What is the grace period allowed by the Regulator for renewal in health insurance policy?

- a. 60 days
- b. 45 days.
- c. 30 days.
- d. 15 days only.

Ans. c

24. State which is a correct statement of the following.

- a. Cashless facility means no cash need to be paid by anybody to the care provider.
- b. Cashless facility means a facility extended by an insurer to the insured where payments are made directly by the insurer to the network provider subject to preauthorisation.
- c. In cashless facility treatment is free for anyone seeking medical care.
- d. Cashless facility means that payments are split between the hospital and the insurer.

Ans. B

25. Which is correct?

- a. Policy proceeds on surrender may be paid to the assured in an emergency.
- b. Only wife can be a trustee in such policy.
- c. If a trustee is not appointed the policy money can only be paid to the official trustee of the state.
- d. Only children can be beneficiaries of the policy.

Ans. c

26. In a keyman's policy

- a. the premium paid by the employer is treated as an allowable business expense
- b. In a death claim the policy money is payable to the company.
- c. Death claim proceeds are treated as taxable income of the employer.
- d. All the above.

Ans. d.

27. What is the essential feature of an MRI?
- To bargain for cheaper mortgage rates from loan provider.
 - To continuously protect the value of the mortgaged property.
 - To escape court action of attachment in case of default or indebtedness.
 - To act as a collateral for ensuring financial protection for home loan borrowers. Ans. D
28. Identify the correct statement?
- Rebate in premium is a discount allowed by the insurer in festival seasons to boost business.
 - Rebate is an allowed deduction in large sums assured and low frequency mode of payment.
 - Rebate is illegal as it is a kind of bribery.
 - All modes of payment are treated as equal for rebate purposes by the insurer. Ans. B
29. When is a policy said to be withdrawn?
- On surrender of the policy in return for surrender value.
 - When the premiums are not paid as and when due.
 - When a policy is upgraded.
 - When a policy is downgraded. Ans. A
30. State the correct statement
- Market value of assets is always taken by the insurer.
 - In periodical valuation of assets and liabilities book value of assets is normally taken by the insurer.
 - Discounted present value of the assets is taken by the insurer.
 - Discounted future value of the assets is taken by the insurer. Ans. b
31. What is correct
- Moral Hazard is about the intention and post purchase behaviour of an assured in most cases.
 - Proposal is the basis of contract between a person seeking insurance cover and the insurer.
 - Insurers should view very seriously the conduct of the persons for life insurance cover whenever they seek profit by purchase of insurance.
 - All the above. Ans. d.
32. State the incorrect sentence.
- Free look period enables the insured to return the policy within 30 days of receipt of the policy bond.
 - If the policy is returned as above, no premium is refunded by the insurer.
 - PMLA is not applicable to life insurance.
 - All the above. Ans. d.
33. Pick out the incorrect statement.
- Material information is required by the insurer about a proposer for correctly estimating risk in his life for life cover purposes.
 - All information as contained in the proposal are equally binding on the parties to a life insurance contract.
 - Proposal is not always necessary from proposer's point of view.
 - IRDA has standardised the proposal form since 2013. Ans. c
34. Identify the incorrect statement.
- A policy has three parts viz. Policy schedule, standard provisions & special policy provisions.
 - A policy is the most important document evidencing the relationship between life assured and the insurance company.
 - With issue of FPR further premiums are not required to be paid.
 - Any interpretation of a complex provision of the policy in case of conflict should be in favour of the assured. Ans. c

35. State the incorrect statement.
- Code of conduct is optional for a successful agent.
 - Ethical standards may sometimes conflict with drive to do good volume of business.
 - Persistency of policies is beyond the control of agents as well as the insurer.
 - All the above.
- Ans. d.
36. Pick out the incorrect statement out of the following ones.
- A policy document has to be signed by a competent authority authorised by the company, but it need not be stamped as per Indian Stamp act.
 - Stamping the document is compulsory but it may be signed by anyone in the insurer's office.
 - Policy itself need not be issued by the insurer.
 - All the above.
- Ans. d.
37. State the correct option
- In a policy document it is now compulsory to indicate the address of the local Ombudsman.
 - Address of the insured is optional in the policy document.
 - The address of the IRDA is also necessarily shown in the policy document.
 - Either the local ombudsman's address or that of the IRDA needs to be shown in the policy.
- Ans. a
38. Pick out the incorrect statement.
- As per law if the premium is paid for three years, it shall earn a guaranteed surrender value.
 - With discontinuance of premium even after three years no surrender value is guaranteed.
 - Special revival of a lapsed policy is convenient both from assureds' point of view and that of the insurer.
 - The most important condition for a policy lapsed for a considerable length of time is evidence of insurable interest.
- Ans. b
39. Pick out the correct statement.
- If a claim arises in a policy with death of the assured and if the due premium is not paid and as grace period has not expired, claim will be paid only for paid up value.
 - Nomination is governed by Sec 38 of the Insurance Act 1938.
 - In the above case full claim for the original sum assured will be paid after deducting the unpaid premium.
 - Assignment is governed by Sec 39 of the Insurance Act 1939.
- Ans. c.
40. State the incorrect sentence.
- In assignment the rights of the assured are transferred to the assignee.
 - There is no difference between nomination and assignment.
 - In a policy loan the loanee-policyholder is not obligated to pay off the loan.
 - As a general rule, no alteration is allowed in the first year of the policy.
- Ans. B
41. Which is the correct statement?
- Agent is primary underwriter as also field underwriter.
 - Numerical method of underwriting is by far the most objective method.
 - Risk in substandard lives is likely to be higher than standard lives on account of increased mortality risk.
 - All the above
- Ans. d.
42. Which is incorrect?
- Special reports like ECG, EEG, Chest x-ray reports etc are called for in large sums proposed and where the ages of the proposers are higher than otherwise.
 - First insurance at age of 50 for a large sum proposed is a sign of moral hazard.
 - Family history has no role in risk assessment.
 - If there is no relationship between the proposer's income and the sum proposed moral hazard is suspected.
- Ans. c

43. True reward for a successful agent is
- Job satisfaction on performing a challenging role to influence his client to go in for his life's protection.
 - Recognition in his circles as a knowledgeable and ethical life insurance adviser with social respect.
 - Handsome income through hard work by winning the trust and confidence of his clients.
 - All the above. Ans. d.
44. Life Insurance marketing differs from marketing of products and services because
- Life insurance needs to be sold, rather than bought.
 - Life insurance is intangible unlike a tangible product.
 - Value of life insurance is not seen at the time of purchase unlike a consumable product.
 - All the above. Ans. d.
45. What is known as cold call?
- It is direct approach of the prospect for insurance purposes without any prior announcement or appointment.
 - Cold call is not with warmth of familiarity or friendliness.
 - It is without any energy or hope as to the result of the effort.
 - Cold call is an aimless exercise not serious about the final outcome. Ans. a
46. Key to successful closing is helping the prospect to say
- No, not at this stage.
 - Don't know.
 - Yes
 - I will have to think again. Ans. c
47. Three elements that promote trust are
- Communication, assertiveness and punctuality.
 - Attraction, communication and punctuality.
 - Politeness, affirmation and ability to effectively communicate.
 - Affirmation, assertiveness and attraction. Ans. B
48. Identify the correct statement.
- It is not always possible or even necessary for ethics in selling life insurance.
 - Ethical behaviour will quite often conflict with business dealings.
 - Ethical behaviour on the part of an agent will help in developing trust and confidence between an agent and his client. Ans. c
 - Ethics should matter to top management and not agents.
49. IGMS stands for
- Individual Grievance Management Service.
 - Integrated Grievance Management System
 - Indian Grievance Management System
 - Insurance Grievance Management System. Ans. b
50. Identify the correct statement.
- After sales service in insurance is more critical and necessary than in other marketing of products and services.
 - Commitment to serving customers is the secret of success in life insurance selling and marketing.
 - Customer lifetime value is the sum of economic benefits arising out of a long time sound and productive business relationship with customers.
 - All the above. Ans. d.

RNIS COLLEGE OF INSURANCE

NEW IC 33 – MODEL TEST 3

1. What fee is payable by the aggrieved person to the District Consumer Forum while filing his complaint?
 - a. Rs.250
 - b. Rs.100
 - c. 10% of the relief sought and given.
 - d. No fee is payable. Ans. d
2. State the correct position.
 - a. If dispute is not settled through mediation, ombudsman will pass an award within 3 months of receipt of the compliant.
 - b. If the award is acceptable to the insured it is binding on the insurer to implement the award.
 - c. If the insured does not accept the award, it is not implementable at insurer's level.
 - d. All the above. Ans. d
3. State the incorrect sentence.
 - a. In a non-medical case risk cannot be assessed in the absence of medical report.
 - b. Risk assessment is possible in a non-medical proposal.
 - c. More than 90% of people who submit proposals on their lives are accepted at ordinary rates.
 - d. In preferred lives the level of anticipated mortality is likely to be lower than even standard lives. Ans. A
4. State the correct position
 - a. In Money Back Claim on maturity the balance sum alone is payable along with attached bonus, if any.
 - b. In the above case full sum assured is payable.
 - c. Nothing more is payable after the instalments are paid to the assured.
 - d. On death before the end of the policy in the above case the balance sum is payable. Ans. A
5. As per IRDA Regulations 2002, a decision in a claim is to be taken by the insurer within how many days of submission of requirements by the claimant?
 - a. 6 months.
 - b. 3 months.
 - c. 45 days.
 - d. 30 days. Ans. d
6. State the correct position out of the following.
 - a. No licence is actually needed by the agent if he is authorised by the Insurer.
 - b. No agent can do insurance business without a valid licence under sec.42 of the Insurance Act 1938.
 - c. An agent of insurance works for salary in an Insurance company.
 - d. A Director of an Insurance company can be an insurance Agent. Ans. b
7. Fees payable to the IRDA for issue of licence to act as an agent of an insurance company are
 - a. Rs.500
 - b. Rs.100
 - c. Rs.250
 - d. Rs.1000 Ans. c
8. Pick out the correct statement.
 - a. Educational qualification for becoming an agent in all circumstances is 12 th std pass.
 - b. Educational qualification for becoming an agent in all cases is 10th STD pass.
 - c. There is no minimum educational qualification for becoming an agent of an insurer.
 - d. None of the above. Ans. d

9. Pick out the incorrect statement from the below mentioned statements.
- Insurance agent represents his client in the first place.
 - Insurance agent represents his company in the first place and always.
 - There is a difference between an agent and a broker.
 - Broker represents his client unlike an agent. Ans. a
10. What are the correct statements?
- Bancassurance model can either be a bank forming an insurance company on its own or acting as an agent for another Insurance company without capital participation.
 - Such an agency of bank acting for an insurer is known as corporate agency.
 - A commercial bank is not barred from acting as an agent for insurance companies.
 - All the above. Ans. d.
11. Success in life insurance agency career depends on
- Self-motivation for accepting challenges in the profession with fire in his belly.
 - Positive self-image with high morale.
 - A spirit of entrepreneurial skill
 - All the above. Ans. d.
12. Four major areas of unethical behaviour are
- Misrepresentation.
 - Illustrations without giving both optimistic and conservative estimation of returns.
 - Replacement of an existing policy by a fresh policy without any specific need.
 - All the above Ans. d.
13. Which is correct
- Prospecting is building list of persons who can be approached for life insurance.
 - Marketing includes an exercise to meet the account holders of a bank.
 - Meeting known and familiar people who can give an agent interview for life insurance purposes is useful.
 - All the above. Ans. d.
14. Qualified prospects are those people who
- Have a need for life insurance.
 - Meet the underwriting requirements.
 - Can be approached for this purpose.
 - All the above. Ans. d
15. In Needs-analysis the following act is done
- Location of areas where people need life insurance protection.
 - Identifying people who may work as agents.
 - Estimating assets of prospects.
 - Estimating the net worth of prospects. Ans. a
16. What is not a true index of service quality?
- Reliability
 - Smartness
 - Empathy and understanding.
 - Responsiveness. Ans. b
17. Identify the incorrect statement.
- In interview of the prospect agent is knowledge alone is not important.
 - Listening is not important as the prospect may not know much about life insurance.
 - The agent should avoid being judgmental. Ans. b.
 - It is necessary for the agent to pay attention to what the prospect says as also to his body language.

18. For effective interaction for one with his workers and customers what special ability is needed?
- Hard skills of being a good taskmaster.
 - Soft skills
 - Negotiating skills for better outcomes.
 - Questioning skills.
- Ans. b
19. What is the jurisdictional limit of a District Forum in Consumer Disputes case?
- Rs.20 lakhs.
 - Rs.50 lakhs.
 - Rs.100 lakhs.
 - There is no limit.
- Ans. a
20. Deficiency in service giving rise to a customer dispute arises in the following situations.
- If the shopkeeper charges a price higher than MRP.
 - Faulty products including expiry date crossed while selling.
 - Allergy warning not stated clearly on the front of a drug bottle.
 - All the above.
- Ans. d.
21. Which is incorrect?
- Ombudsman is appointed by the central Govt under powers of the Insurance Act'38 and under Redressal of Public Grievance Rules 1998.
 - The recommendations of the Ombudsman are always binding on the insured
 - The Ombudsman can act as a mediator by mutual agreement between the insurer and the insured.
 - If mediated, the decision of the Ombudsman is final whether to accept or reject the complaint.
- Ans. b.
22. Which is correct
- By transferring risks to an insurer one can be careless about one's assets.
 - If there is a loss it can lead to payment of money by the insurer.
 - Potential loss to assets can be ignored.
 - If assets are insured the owner of such assets can have comfort of peace of mind and look after his business without worries.
- Ans. D
23. Identify the correct statement
- Assets are protected by insurance
 - Insurance prevents loss to assets.
 - Insurance compensates for the loss of the value of assets.
 - Probabilities of loss are considerably reduced by insurance.
- Ans. C
24. Of 400 houses costing each Rs.20, 000 if on an average 4 houses are damaged in fire causing a total loss of Rs80,000 what should be the annual contribution of each house owner.
- Rs.800
 - Rs.200
 - Rs.100
 - Rs.400
- Ans. b
25. Which is correct
- In insurance subsidy plays a part in fixing premium.
 - Losses are shared by subsidy.
 - A few persons have to share the loss of many.
 - Losses of a few persons are shared by many persons thus reducing the burden of contribution to loss compensation.
- Ans. d

26. Which of the following statement is correct?
- Endowment assurance has no saving element.
 - Whole Life Plan has no saving element at all.
 - Term Insurance has little or no saving element.
 - Money Back plan has no savings element.
- Ans. c
27. Choose the incorrect sentence out of the following ones.
- Life Insurance policies are contracts of indemnity.
 - Life insurance contracts are valued contracts and not contracts of indemnity.
 - In Non-Life contracts there is no assurance.
 - There is no certainty of risk occurrence in non-Life contracts.
- Ans. A
28. Which is an advantage in cash value contracts?
- Reduced returns on account of inflation.
 - Low accumulation in earlier years.
 - Lower yields.
 - Secure and safe investment
- Ans. D
29. Pressure applied on parties to the contract through criminal means are
- Fraud
 - Undue influence
 - Coercion
 - Mistake.
- Ans. c.
30. Define the concept of Uberrima Fides.
- Not disclosing medical facts and information in the proposal.
 - Not revealing all material facts known only to the proposer in the proposal.
 - Paying premium in time and as and when it is due.
 - Fully disclosing all material facts about the proposed by him in the proposal.
- Ans. D
31. Which of the following is not a valid consideration for a contract?
- Bribe.
 - Property.
 - Jewellery.
 - Money cannot.
- Ans. A
32. Which of the two decisions are involved in a savings proposition?
- Retention of risk and reduced consumption.
 - Gifting and accumulation
 - Spending and accumulation
 - Postponement of consumption and parting with liquidity.
- Ans. D
33. Which of the following is a contingency product
- Shares
 - Bonds
 - Life insurance
 - Bank Deposits.
- Ans. c
34. Discretionary income is not maximised by
- Debt restructuring
 - Transfer of loans.
 - Restructuring of investment
 - Purchase of insurance policy.
- Ans. D

35. State which is correct sentence in the following ones.
- Higher premium will give the beneficiary higher benefits at the time of claim.
 - With lower premium in a life insurance policy higher benefits are available to the beneficiary in a claim.
 - Higher premium in a life policy will result in lower benefits to the claimant.
 - None of the above.
- Ans. a
36. What is the essential purpose of Life Insurance?
- it is tax rebates.
 - It is a good investment.
 - It is protection for loss of economic value of human life in the event of death or disability.
 - It leads to wealth accumulation.
- Ans. c
37. State the correct statement out of the following ones.
- Credit Life Insurance policy is an endowment plan.
 - Mortgage Redemption plan is also an endowment plan.
 - Whole life plan is also an endowment plan.
 - Money Back plan is a kind of endowment plan.
- Ans. d
38. Which is correct
- Inter-temporal allocation of resources refers to timing of such decisions for better returns.
 - It refers to temporary allocation of resources.
 - It refers to allocation of resources over time
 - In this method resources are diversified in allocation.
- Ans. C
39. State the incorrect statement
- Cash value is not guaranteed
 - Minimum death benefit is guaranteed in variable insurance plans.
 - Where to keep the money invested is the decision of the policyholder
 - Flexible premium payments are allowed in such policies.
- Ans. b
40. Unbundling of life insurance products refers to
- Correlation of life insurance with bonds.
 - Correlation of life insurance with equities.
 - Combination of protection with savings element.
 - Separation of protection and savings element.
- Ans. d
41. State the correct option
- Amount of annuity depends on duration of annuity payments, principal sum of money, investment period and rate of return
 - Amount of annuity does not depend on the principal sum of money.
 - Investment period has no relation to the amount of annuity.
 - Annuity is independent of rate of return.
- Ans. a
42. State the correct statement out of these.
- Every pension is a kind of annuity
 - Every annuity is also a pension
 - Pension and annuity are one and the same
 - Every pension is not an annuity.
- Ans. A
43. Which of the following schemes have an element of Govt admn?
- Insurance pension fund
 - Public pension fund
 - Private pension fund.
 - Market pension fund.
- Ans. B

44. Pick out the correct sentence from the following ones.
- Family floater policy does not cover parents
 - Family floater is for self and spouse only.
 - Family floater policy covers self, spouse, parents and dependants
 - Uncle and aunt can be covered in a family floater.
- Ans. C
45. Which is correct
- It may lead to community rating.
 - It may lead to abuse of health insurance cover.
 - Moral Hazard in health insurance would mean adverse selection
 - Risk pooling will be there in moral hazard.
- Ans. c
46. Identify the correct statement out of the following ones.
- In emergencies insurer may waive preauthorisation for entering into a hospital for treatment.
 - In all cases preauthorisation either by the insurer or TPA is a must before getting admitted into a hospital.
 - There is no provision for nomination in a health insurance cover.
 - Summary of benefits, terms and conditions for each product in a health cover is not mandatory.
- Ans. A
47. In keyman insurance policy the basis for issue of such a policy is
- Income of the keyman.
 - History of the business.
 - Profitability of the business and the role of the keyman in that profitability.
 - State of the national economy and rate of inflation.
- Ans. c
48. What is the jurisdictional limit of a District Forum in Consumer Disputes case?
- Rs.20 lakhs.
 - Rs.50 lakhs.
 - Rs.100 lakhs.
 - There is no limit.
- Ans. a
49. Which is incorrect of the following?
- Being judgmental is the opposite of listening.
 - Sometimes prospect's objection to accepting the agent's recommendation may arise out of past experience of hurt ego and unfair dealings by some others connected with insurance.
 - Genuine interest in the other person is always respecting him in social relationships as also in insurance dealings.
 - Prospect should feel obliged to the agent for being enlightened on life insurance.
- Ans. D
50. Pick out the incorrect statement.
- Life insurance is sold, not bought.
 - Selling is neither a science nor an art.
 - In prospecting for life insurance, members of a community association will be classified as a natural market.
 - Loss assessment is not part of sales process.
- Ans. b

RNIS COLLEGE OF INSURANCE

NEW IC 33 – MODEL TEST 4

1. Insurance needed by a person can be determined by
 - a. Human Life Value method
 - b. Life Term proposition method
 - c. Future Life value method.
 - d. Human Economic value methodAns. A
2. Insurable interest is not present in the following case
 - a. A person insuring his own life.
 - b. A father taking out a life policy on the life of his son.
 - c. A person insuring his colleague.
 - d. Employer taking a life insurance policy on his employees.Ans. C
3. State which of the following ones is a transactional product.
 - a. Bank Deposit.
 - b. Life Insurance
 - c. Shares in stock market.
 - d. Bonds and debenturesAns. A
4. Term Policy is ideally suited for
 - a. One who needs periodical sums of money in his life?
 - b. One who has a high insurance budget.
 - c. One who has a low insurance budget.
 - d. One who looks for high returns.Ans. c
5. State which is correct.
 - a. Policyholder cannot earn market rate of interest on his cash value.
 - b. In universal Life plan policyholder can vary payments of premium.
 - c. Universal Life plan is a traditional plan of assurance
 - d. Variable life insurance is a temporary plan of insurance.Ans. b
6. Which one of the below is not a case of annuity?
 - a. Payment of Rs.10, 000 received today last year on the same day and likely payment of a similar sum by the insurer next year.
 - b. Electricity Bill.
 - c. Car payments made by the loanee car owner.
 - d. Periodical mortgage payments.Ans. b
7. State the correct statement out of the following ones.
 - a. Primary care means acute care to a patient in a hospital
 - b. It means extensive care provided to a patient in a acute setting.
 - c. First point of contact for health care to a needy person.
 - d. Care provided by experts to solve a medical problem faced by a patient.Ans. c
8. State the incorrect statement of the following ones.
 - a. Premium for an MRP as a collateral for a bank loan need not be paid as the bank is expected to pay the same.
 - b. Keyman life policy can compensate for losses incurred due to stoppage of work following the absence of the keyman from work.
 - c. Keyman life policy proceeds can be set off against lost income from lost business.
 - d. Keyman can provide compensation to protect profits.Ans. a

9. Mortgage Redemption Insurance is nothing but
- It is a constant term insurance
 - It is an increasing term insurance.
 - It is savings insurance like universal life insurance.
 - Decreasing Term Insurance
- Ans. d.
10. Which is correct?
- Extra benefits are allowed by the insurer in a life policy on payment of an extra premium
 - Double Accident benefit is a free item in a life policy.
 - Permanent Disability, like DAB, is also a free benefit not chargeable.
 - Extra premium for health and extra premium for extra benefits are like each other.
- Ans. A
11. State the incorrect statement of the following ones.
- In a term insurance the benefits are fixed throughout the duration.
 - In an MRI the insurance benefit on account of cover will decrease year after year.
 - There is no material difference between a term insurance policy and an MRI as far as benefits are concerned.
 - MRI is suitable for a loan sought from a bank as a mortgage cover.
- Ans. c
12. What are the factors in determining premium in a life policy?
- Policy reserves.
 - Mortality.
 - Expenses.
 - All the above.
- Ans. d
13. Surplus is defined as
- Excess value of assets over liabilities.
 - When turnover of the insurer is high.
 - Excess value of liabilities over assets.
 - Excess of liabilities.
- Ans. a
14. State the correct statements.
- KYC document is to be collected by the insurer from the proposer.
 - Identity of the proposer is the main purpose of KYC.
 - Pan card is a proof of one's identity while seeking life cover.
 - All the above.
- Ans. d.
15. Identify the correct statement
- Bonus is not allowed on surrender of a policy.
 - In compound reversionary bonus it is a percentage of basic benefit and already attached bonus.
 - Terminal bonus and compound bonus are one and the same.
 - Persistence bonus is allowed by the insurer at its discretion in certain cases.
- Ans. b
16. State which is correct out of the following
- Horoscope like a certificate of baptism is a standard age proof.
 - Horoscope like certified extract from a family bible as to the date of birth is a standard age proof
 - Horoscope like a marriage certificate issued by a Roman catholic church is a standard age proof.
 - Horoscope is a non-standard proof of age for life insurance purposes.
- Ans. d
17. What is the incorrect statement out of the following ones?
- Agent's report is not always compulsory.
 - Agent's report should contain details of proposer's health, habits, occupation, income and family.
 - Agent is a primary underwriter from insurer's point of view.
 - Prospectus is a legal document.
- Ans. a

18. State the incorrect statement.
- Money laundering is an illegal practice of bringing into nation's economy by hiding the source of the money and the true identity of the person involved.
 - Life Insurance Company will return the entire premium under free look provisions.
 - Moral Hazard is not easily assessable unlike physical risk of the proposer.
 - Standard and non-standard age proofs are not mutually interchangeable. Ans. b.
19. State the incorrect statement
- In the event of loss of policy document, no fresh proposal needed.
 - The insurer will in such an event issue a duplicate policy without making any change in the contract.
 - No fresh underwriting is involved for issue of a duplicate policy.
 - The assured has to approach a competent court of law and obtain an order directing the insurer to issue a duplicate policy. Ans. d.
20. The first part of the policy document deals with
- Policy claim settlement procedure.
 - Policy schedule.
 - Standard provisions.
 - Specific policy provisions. Ans. b
21. State the incorrect of the following.
- Amount of premium need not be shown; only sum assured is to be shown.
 - There is no provision for name of the nominee in the policy.
 - Mode of payment of claim is also shown in the policy.
 - Date of birth of the assured has to be shown in the policy. Ans. c.
22. Out of the following what is the specific provision in a policy?
- First Pregnancy clause.
 - General provisions.
 - Policy schedule.
 - Standard provisions. Ans. a
23. What is correct
- Loan is a privilege available only in some policies.
 - If interest on loan is not paid, it becomes part of the loan.
 - Nomination can be made by the proposer in the proposal itself.
 - All the above. Ans. d.
24. Pick out the correct statement.
- Extension of premium paying period is normally allowed as an alteration in a policy.
 - Increase in sum assured will be welcomed as a preferred alteration in a policy.
 - Splitting of a policy into two or more is allowed as an alteration.
 - Notice is not always necessary in an assignment to be given by the assured to the insurer. Ans. c.
25. What is the duration of grace period in a policy?
- 30 days.
 - One month
 - One month or 30 days.
 - 31 days. Ans. d.
26. Pick out the correct ones.
- Nomination can be changed at will by the assured during the course of the policy.
 - Assignment can also be changed at will by the assured without referring to the assignee
 - Witness for an assignment is not mandatorily required.
 - Like nomination, assignment can also be effected in the proposal Ans. a

27. Who of the following may not qualify for a non-medical underwriting?
- An IT manager in TCS.
 - A bank officer for a large sum proposed.
 - A worker aged 50 in an underground coal mine.
 - A manager in a shopping mall.
- Ans. c
28. In which case is the moral hazard present?
- A Bank manager with moderate occasional consumption of alcohol.
 - A race goer with betting habits and usually a heavy consumer of alcohol.
 - A university professor asking for a large cover on his life.
 - Where in a proposal the nominee is a near dependant of the proposer.
- Ans. b.
29. Pick out the correct statement.
- Personal history and family history of a proposer are equally important.
 - In a non-medical proposal family history is not asked for.
 - Large sum assured is not a factor to be considered in non-medical underwriting.
 - Moral Hazard is not relevant in non-medical underwriting .
- Ans. a
30. What is defined an early claim?
- Whenever the claim arises before the end of the policy term it is an early claim.
 - If the claim arises after 5 years, it is an early claim.
 - All death claims are early claims.
 - A claim by death within three years of commencement.
- Ans. d
31. State the incorrect sentence
- No Maturity claim is paid on the close of Term insurance.
 - In Money Back policy interim payments are made after certain frequencies.
 - In Money back policy on death within the policy duration full sum assured is payable without deducting the interim instalments already paid.
 - There is no such thing as rider benefit in a policy contract.
- Ans. d.
32. In a ULIP claim before the date of maturity will give
- Higher of the sum assured or the fund value.
 - Lower of the sum assured or the fund value.
 - Return of premiums with savings bank rate of interest.
 - Surrender value.
- Ans. a
33. State which is correct.
- There is no difference between an individual agent and a corporate agent as both of them represent an insurance company.
 - An agent can work for a life insurer as also a non-life insurer, either individually or together.
 - A composite agent means an agent working for one life and one non-life insurer.
 - All the above.
- Ans. d.
34. Who will issue licence to an applicant on his certification as per regulations?
- Designated person in the insurer's office as authorised by the IRDA.
 - An officer of the IRDA.
 - Controller of Insurance in the Ministry of Finance.
 - An official of the Insurance Institute of India.
- Ans. a

35. Identify the incorrect statement out of the following ones.
- There is a bar on appointment of a minor as agent of an insurance company.
 - A person found guilty of fraud or any criminal offence is ineligible for appointment as agent of an insurer.
 - A minor can be appointed agent of a life insurance company.
 - No applicant is exempt from mandatory training before appointment as agent.
- Ans. c
36. What is correct?
- Agency licence is to be renewed once in 3 years.
 - An agent's licence has to be renewed after 5 years of issue.
 - A licence has to be renewed once in 10 years.
 - There is provision for life time licence, once issued.
- Ans. a
37. Identify the correct options.
- Life insurance selling is different from selling of other items.
 - Life insurance involves concept selling and hence challenging.
 - An agent has to create in his client's mind need for life insurance.
 - All the above.
- Ans. d.
38. Identify two most important and basic qualities for a good and successful agent.
- Self-respect and high knowledge.
 - Empathy and ego drive.
 - Wealth and desire to increase it through life insurance agency.
 - Blessings of elders and help from bosses.
- Ans. b
39. Direct marketing involves
- Bancassurance
 - Insurance agents.
 - Telemarketing
 - All the above categories.
- Ans. c
40. An agent can work on the following basis for successful results.
- Natural market is a source of market for a life insurance agent.
 - A satisfied client can be an effective referral to an agent for further references.
 - Family and friends can offer an easy opportunity for being contacted for life insurance selling.
 - All the above.
- Ans. d.
41. Pick out the incorrect statement.
- Being open, confident and positive is not so important for an agent.
 - Being punctual for appointments is important for an agent.
 - Presenting oneself appropriately is important for an agent.
 - Being fully prepared for the interview with facts and details is important.
- Ans. a
42. Active listening is
- Paying close attention to the speaker and occasionally smiling or nodding one's head.
 - Giving one's comments on the points raised by the other party.
 - While being attentive to the speaker, giving occasional nod and smile along with feedback.
 - All the above.
- Ans. d
43. Which of the following is not a tangible good?
- Life Insurance.
 - A television set.
 - Iphone.
 - A farmhouse.
- Ans. a

44. In Need Analysis the steps followed are
- Analysis of present and future needs of the client
 - Financial value of the above needs.
 - Gap between funds needed for goals fulfilment and the available funds with the client.
 - All the above.
- Ans. d.
45. Identify the incorrect statements.
- Consumer Disputes involving private insurance companies can be heard by Consumer Forum or commission.
 - Life Insurance does not come under Consumer Protection Act 1986.
 - Complaints can be lodged against private insurers as also public sector companies/corporation like LIC.
 - Complaints can be lodged only life insurance companies as also non-life insurance companies.
- Ans. b.
46. The limit of the National Consumer Disputes Commission is
- Rs.100 lakhs.
 - Rs. No limit[.Unlimited]
 - Rs.150 lakhs only.
 - Rs.75 lakhs.
- Ans. b
47. Which is incorrect statement?
- Complainant has to approach a consumer forum before moving the Ombudsman.
 - The complaint has to be lodged with in two year of the insurer rejecting the compliant.
 - There is no separate financial limit of various forum and commissions
 - All the above.
- Ans. d.
48. State which of the following sentences is correct.
- There is an Ombudman for defined territorial limits.
 - There is one Ombudsman for each state in India.
 - There is only one Chief Ombudsman for the whole country.
 - Ombudsman has no upper financial limit.
- Ans. a
49. Identify the correct option out of the following.
- Licence for agency is issued by the Insurance company.
 - Licence for a non-life insurance agency is issued by SEBI.
 - Life Insurance agency licence is issued by Life Insurance Council.
 - Agency licence in all cases is issued by the IRDA through the Designated Parson of the Insurer.
- Ans. d
50. Identify the correct statement.
- Closing a sale is the art of persuading the prospect to buy now based on the recommendation of the agent.
 - Offering alternatives as to mode of payments will quicken the closing.
 - Undue pressure tactics on the prospect are to be always avoided in a close of sales interview.
 - All the above
- Ans. d.

SELF EXAMINATION QUESTIONS -NEW IC-33

(w.e.f 01.08.2014)

CHAPTER - 1

1. Risk transfer through risk pooling is called____
A) Savings B) Investments
C) Insurance D) Risk Mitigation
2. The measures to reduce chances of occurrence of risk are known as _____
A) Risk retention B) Loss prevention
C). Risk transfer D) Risk avoidance
3. By transferring risk to insurer , it becomes possible ____
(A) To become careless about our assets
(B) To make money from insurance in the event of a loss
(C) To ignore the potential risks facing our assets
(D) To enjoy peace of mind and plan one's business more effectively
4. Origins of modern insurance business can be traced to _____.
A) Bottomry B) Lloyds
C). Rhodes D) Malhotra committee
5. Insurance context 'risk retention' indicate a situation where _____.
(A) Possibility of loss or damage is not there
(B) Loss producing event has no value
(C) Property is covered by insurance
(D) One decides to bear the risk and its effects.
6. Which of the following statement is true?.
(A) Insurance protects the asset
(B) Insurance prevents its loss
(C) Insurance reduces possibilities of loss
(D) Insurance pays when there is loss of asset.
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?
(A) Rs.100/- (B) Rs.200/- (C) Rs.80/- (D) Rs.400/-

8. Which of the following statements is true?
(A) Insurance is a method of sharing the losses of a 'few' by ' many'
(B) Insurance is a method of transferring the risk of an individual to another individual
(C) Insurance is a method sharing the losses of a 'many' by a few
(D) Insurance is a method of transferring the gains of a few to the many
9. Why do insurers arrange for survey and inspection of the property before acceptance of a risk?
(A) To assess the risk for rating purposes
(B) To find out how the insured purchased the property
(C) To find out whether other insurers have also inspected the property.
(D) To find out whether neighboring property also can be insured.
10. Which of the below option best describes the process of insurance
(A) Sharing the losses of many by a few
(B) Sharing the losses of few by many
(C) One sharing the losses of few
(D) Sharing of losses through subsidy

CHAPTER-2

11. Which of the below is not an element of the life Insurance business?
A) Asset B) Risk
C). principle of mutuality D) Subsidy
12. Who devised the concept of HLV?
A) Dr. Martin Luther King B) Warren Buffet
C). Prof. Hubener D) George Soros
13. Which of the below mentioned insurance plans has the least or no amount of savings element?
(A) Term insurance plan B). Endowment plan
C). Whole life plan D). Money back plan
14. Which among the following cannot be termed as an asset?
(A) Car (B) Human Life (C) Air (D)House
15. Which of the below cannot be categorized under risks?
A). Dying too young B). Dying too early
C). Natural wear and tear D). Living with disability

16. Which of the below statement is true ?
- (A) Life insurance policies are contracts of indemnity while general Insurance policies are contracts of assurance
 - (B) Life insurance policies are contracts of assurance while general insurance policies are contracts of indemnity
 - (C) In case of general insurance the risk event protected against is certain
 - (D) The certainty of risk event in case of general insurance increases with time
17. Which among the following methods is a traditional method that can help determine the insurance needed by an individual?
- (A) Human Economic Value
 - (B) Life Term Proposition
 - (C) Human Life Value (D) Future Life Value
18. 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 ?:
- (A) Young people are mostly dependant
 - (B) Old people can afford to pay more
 - (C) Mortality is related to age
 - (D) Mortality is inversely related to age
19. Which of the below is not an advantage of cash value insurance contracts?
- (A) Safe and secure investment
 - (B) Inculcates saving discipline
 - (C) Lower yields (D) Income tax advantages
20. Which of the below is an advantage of cash value insurance contracts?
- (A) Returns subject to corroding effect of inflation
 - (B) Low accumulation
 - (C) Lower yields (D) Secure Investment
-
- CHAPTER-03**
21. Which element of a valid contract deals with premium
- A) Offer and acceptance B). Consideration
 - C). Free consent D) Capacity of parties to contract
22. _____relates of inaccurate statements, which are made without any fraudulent intention.
- (A) Misrepresentation
 - (B) Contribution
 - (C) Offer (D) Representation
23. ____Involves Pressure applied through criminal means.
- A) Fraud (B) Undue Influence
 - C) Coercion (D) Mistake
24. Which among the following is true regarding life insurance contracts?
- (A) They are verbal contracts not legally enforceable.
 - (B) They are verbal which are legally enforceable
 - (C) They are contracts between two parties (Insurer and insured) as per requirements of Indian Contract Act, 1872. (D) They are Similar to wager contracts
25. Which of the below is not valid consideration for a contract?
- (A) Money (B) Property (C) Bribe (D) Jewelry
26. Which of the below party is not eligible to enter into a life insurance contract?
- (A) Business owner (B) Minor
 - (C) House wife (D) Government Employee
27. Which of the below action showcases the principle of “Uberrima Fides”?
- (A) Lying about known medical conditions on an insurance proposal from
 - (B) Not revealing known material facts on an insurance proposal from
 - (C) Disclosing known material facts on an Insurance proposal from
 - (D) Paying premium on time
28. Which of the below is not correct with regards to insurable interest?
- (A) Father taking out Insurance policy on his son
 - (B) Spouses taking out insurance on one another
 - (C) Friends taking out insurance on one another
 - (D) Employer raking out insurance on employees.
29. When is it essential for insurable interest to be present in case of life insurance?:
- (A) At the time of taking out insurance
 - (B) At the time claim (C) insurable interest is not required in case of life insurance (D) Either at time of policy purchase or at the time of claim
30. Find out the proximate cause for death n the following scenario ? Ajay falls off a horse and breaks his back. He lies there and a pool of water and contracts pneumonia. He is admitted to the hospital and dies because of pneumonia.
- (A) Pneumonia (B) Broken back
 - (C) Falling off a horse (D) Surgery
-

CHAPTER-04

31. An individual with an aggressive risk profile is likely to follow wealth _____
(A) Consolidation (B) Gifting
(C) Accumulation (D) Spending
32. Which among the following is a wealth accumulation product?
(A) Bank Loans (B) Shares
(C) Term Insurance policy (D) Saving Bank Account
33. Savings can be considered as a composite of two decisions. Choose them from the list below
(A) Risk retention and reduced consumption
(B) Gifting and accumulation.
(C) Spending and accumulation
(D) Postponement of consumption and parting with liquidity.
34. During which stage of life an individual appreciate past savings the most?
(A) Post retirement (B) Earner
(C) Learner (D) Just Married
35. What is the relation between investment horizon and returns?
(A) Both are not related at all
(B) Greater the investment horizon the larger the returns
(C) Greater the investment horizon the smaller the returns
(D) Greater the investment horizon more tax on the returns
36. Which among the following can be categorized under transactional products?
(A) Bank deposits (B) life insurance
(C) Shares (D) Bonds
37. Which among the following can be categorized under contingency products?
(A) Bank deposits (B) Life insurance
(C) Shares (D) Bonds
38. Which of the below can be categorized under wealth accumulation products?
(A) Bank deposits (B) Life insurance
(C) General Insurance (D) Shares

39. _____ is a rise in the general level of prices of goods and services in an economy over a period of time.
(A) Deflation (B) Inflation
(C) Stagflation (D) Hyperinflation
40. Which of the below is not a strategy to maximise discretionary income?
(A) Debt restructuring (B) Loan transfer
(C) Investment restructuring (D) Insurance purchase

CHAPTER-05

41. _____ Life Insurance pays off a policyholder mortgage in the event of the person's death.
(A) Term (B) Mortgage (C) Whole (D) Endowment
42. 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.
(A) Higher , Higher (B) Lower , Higher
(C) Higher, Lower (D) Faster, Slower
43. Which of the below option is correct with regards to a term Insurance plan?
(A) Term insurance plans come with life – long renewability option
(B) All term Insurance plans come with a built-in disability rider
(C) Term insurance can be bought as stand –alone policy well as a rider with another policy
(D) There is no provision in a term insurance plans to convert it into a whole life insurance plan
44. In decreasing – term insurance the premiums paid _____ over time.
(A) Increase (B) Decrease
(C) Remain Constant (D) are returned
45. Using the conversion option present in a term policy you can convert the same to _____ .
(A) Whole life policy (B) Mortgage policy
(C) Bank FD (D) Decreasing term policy
46. What is the primary purpose of a life insurance product?
(A) Tax rebates (B) Safe Investment avenue
(C). Protection against the loss of economic value of an individual's productive abilities.
(D). Wealth accumulation.

47. Who among the following is best advised to purchase a term plan?
- (A) An individual who needs money at the end of insurance term
 (B) An individual who needs insurance and has a high budget
 (C) An individual who needs insurance but has a low budget.
 (D) An individual who needs an insurance product that gives high returns.
48. Which of the below statement is incorrect with regards to decreasing term assurance?
- (A) Death benefit amount decreases with term of coverage
 (B) Premium amount decreases with the term of coverage
 (C) Premium remains level throughout the term
 (D) Mortgage redemption plans are an example of decreasing term assurance plans.
49. Which of the below statement is correct with regards to endowment assurance plan ?
- (A) It has a death benefit component only
 (B) It has a survival benefit component only
 (C) It has both a death benefit as well as a survival component
 (D). It is similar to a term plan
50. Which of the below as an example of an endowment assurance plan?
- (A) Mortgage Redemption Plan
 (B) Credit Life Insurance Plan
 (C) Money Back Plan (D) Whole Life Plan
-
53. Where was the Universal Life Policy introduced first?
- (A) USA (B) Great Britain
 (C) Germany (D) France
54. .who among the following is most to buy variable life insurance?
- (A) People seeking fixed return
 (B) People who are risk averse and do not dabble in equity
 (C) Knowledgeable people comfortable with equity
 (D) Young people in General.
55. Which of the below statement is true regarding ULIP?
- (A) Value of the units is determined by a formula fixed in advance
 (B) Investment risk is borne by the insurer
 (C) ULIP's are opaque with regards to their term , expenses and saving components
 (D) ULIP,s are bundled products
56. All of the following are characteristics of variable life insurance EXCEPT:
- (A) Flexible premium payment
 (B) Cash value is not guaranteed
 (C) Policy owner selects where savings reserve is invested
 (D) Minimum death benefit is guaranteed.
57. 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
- (A) I is true (B) II is true
 (C) I and II are true (D) I and II are false.

CHAPTER - 06

51. What does inter –temporal allocation of resources refer to?
- (A) Postponing allocation of resources until the time is right (B) Allocation of resources over time
 (C). Temporary allocation of resources
 (D) Diversification of resource allocation
52. Which among the following is a limitation of traditional life insurance products?
- (A) Yields on these policies is high
 (B) Clear and visible method of arriving at surrender value
 (C) Well defined cash and savings value component
 (D) Rate of return is not easy to ascertain
58. All of the following is true regarding ULIP,s EXCEPT:
- (A) Unit holder can choose between different kind of funds
 (B) Life insurer provides guarantee for unit values
 (C) Units may be purchased by payment of a single premium or via regular premium payments
 (D) ULIP policy structure transparent with regards to the to the insurance expenses component
59. As per IRDA norms products company can provide which of the below non –traditional saving life insurance products are permitted in India? Choice I:- Unit linked Insurance plans Choice II :- Variable Insurance plans
- (A) I only (B) II Only
 (C) I and II both (D) Neither I and nor II.

75. As per IRDA regulations issued in February 2013, what is the grace period allowed beyond the expiry date of the policy for renewal?
 (A) 15 Days (B) 30Days (C) 45Days (D) 60Days
76. Identify the term of insurance that is depicted in the following scenario.
 Scenario: patient pays the health provider and is subsequently reimbursed by the health insurance company.
 (A) Service Benefit (B) Direct Contracting
 (C) Indemnity (D) Casualty
77. Moral hazard by health insurance companies can result in _____.
 (A) Community rating (B) Adverse selection
 (B) Abuse of health insurance (D) Risk Pooling
78. Primary care can be described as _____.
 (A) Care provided to patient in an acute setting
 (B) Care provided in hospitals
 (C) First point of contact for people seeking healthcare.
 (D) Care provided by doctors
79. _____ is an insured who undergoes treatment after getting admitted in a hospital.
 (A) Inpatient (B) Outpatient
 (C) Day patient (D) House patient
80. _____ refers to a hospital /health care provide enlisted by an insurer to provide medical services to an insured on payment by a cashless facility .
 (A) Day care centre (B) network provider
 (C) Third party Administrator (D) Domiciliary
-
81. The sum assured under keyman insurance policy is generally linked to which of the following?
 (A) Keyman income (B) Business profitability
 (C). Business history (D) Inflation Index
82. Mortgage redemption insurance (MRI) can be categorized under _____.
 (A) Increasing term life assurance
 (B) Deceasing term life assurance
 (C) Variable life assurance
 (D) Universal life assurance
83. Which of the below losses are covered under keyman insurance?
 (A) Property theft
 (B) Losses related to the period when a key person is unable to work
 (C) General liability
 (D) Losses caused due to errors and omission
84. A policy is affected 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 become payable to the _____.
 (A) Next of kin (B) Official trustee of the State
 (C). Insurer (D) Insured
85. 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?
 (A) Property under Mahesh's name
 (B) Mahesh's bank accounts
 (C) Term life insurance policy purchased under section 6of MWP Act.
 (D) Mutual funds owned by Mahesh
86. Which of the below option is true with regards to MWP Act cases?
 Statement I: - Maturity claims cheques are paid to policyholder statement
 Statement II: - Maturity Claims cheques are paid to trustee
 (A) I is true (B) II is true
 (C). both I and II are true (D) Neither I nor II is true
87. Which of the below option is true with regards to MWP act cases?
 Statement I: - Death claims are settled in favor of nominees
 Statement II: - Death Claims are settled in favour of trustees
 (A) I is true (B) II is True
 (B) Both I and II are true (D) Neither I Nor II is true
88. 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
 (A) I only (B) II Only
 (C) Both I and II (D) Neither I and nor II.

CHAPTER- 09

89. The practice of charging interest to borrowers who pledge their property as collateral but leaving them in possession of the property is called _____.
- (A) Security (B) Mortgage
(C) Usury (D) Hypothecation
90. Which of the below policy can provide to home loan borrowers?
- (A) Life Insurance (B) Disability insurance
(C) Mortgage Redemption Insurance
(D) General Insurance

CHAPTER-10

91. What does the term "premium" denote in relation to an insurance policy?
- (A) Profit earned by the insurer
(B) Price paid by insured for purchasing the policy
(C) Margins of an insurer on a policy
(D) Expenses incurred by an insurer on a policy
92. Which of the below is not a factor in determining life insurance premium?
- (A) Mortality (B) Rebate
(C) Reserves (D) Management Expenses
93. What is a policy withdrawal?
- (A) Discontinuation of premium payment by policyholder
(B) Surrender of policy in return for acquired surrender value
(C) Policy upgrades (D) Policy downgrade.
94. Which of the below is one of the ways of defining surplus?
- (A) Excessive liabilities (B) Excessive turnover
(C) Excess value of liabilities over assets
(D) Excess value of assets over liabilities
95. Which the below is not component of ULIP premiums?
- (A) Policy allocation charge
(B) Investment risk premium
(C) Mortality charge (D) Social security charge
96. Life insurance companies may offer rebate to the buyer on the premium that is payable on the basis of _____
- (A) Sum assured chosen by the buyer
(B) Type of policy chosen by the buyer
(C) Term of the plan chosen by the buyer
(D) Mode of payment (Cash , cheque ,cards) Chosen by the buyer

97. 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?
- (A) Lower the interest rate assumed , lower the premium
(B) Higher the interest rate assumed , higher the premium
(C) Higher the interest rate assumed , lower the premium
(D) The interest rates don't affect premiums
98. Which of the below statement is correct?
- (A) The typical loading to 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 .
(B) 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
(C) The typical loading to a net premium would have 3parts :- a) a percentage of premiums , b) a constant percentage for each '1000 sum assured ' and c) constant amount per policy
(D) The typical loading to a net premium would have 3 parts :- a) percentage of premiums b) a constant amount for each '1000 sum assured ' and c) a percentage amount per policy
99. With regards to valuation of assets by insurance companies, _____ is the value at which the life insurer has purchased or acquired its assets.
- (A) Discounted future value
(B) Discounted present value
(C) Market value (D) Book value
100. In case of____ , a company expresses the bonus as a percentage of basic benefits and already attached bonuses
- (A) Reversionary bonus (B) Compound bonus
(C) Terminal bonus
(D) Persistency bonus

CHAPTER-11

101. Which of the below is an example of standard age proof?
- (A) Ration card (B) Horoscope
(C) Passport (D) Village panchayat Certificate

102. Which of the below can be attributed to moral hazard?
 (A) Increased risky behavior following the purchase of insurance
 (B) Increased risky behavior prior to the purchase of insurance
 (C) Decreased risky behavior following the purchase of insurance
 (D) Engaging in criminal acts post being insured
103. Which of the below features will be checked in a medical examiner's report?
 (A) Emotional behavior of the proposer
 (B) Height , weight and blood pressure
 (C) Social status (D) Truthfulness
104. A _____ is a formal legal document used by insurance companies that provides details about the product.
 (A) Proposal form (B) Proposal quote
 (B) Information docket (D) Prospectus
105. The application document used making the proposal is commonly known as the _____.
 (A) Application form (B) Proposal form
 (C). Registration form (D) Subscription form
106. From the below given age proof document, identify the one which is classified as non- standard by insurance companies.
 (A) School certificate
 (B) Identity card in case of defence personnel
 (C) Ration cards (D) Certificate of baptism
107. Money laundering is the process of bringing _____ money into an economy by hiding its _____ origin so that it appears to be legally acquired.
 (A) Illegal , illegal (B) Legal , legal
 (C). Illegal, legal (D) Legal, illegal
108. In case the policyholder is not satisfied with the policy , he/she can return the policy within the free-look period i.e. within _____ of receiving the policy document
 (A) 60days (B) 45 days (C) 30days (D) 15 days
109. Which of the below statement is correct with regards to policy returned by policyholder during the free look period?
 (A) The insurance company will refund 100% of the premium
 (B) The insurance company will refund 50% of the premium
 (C) The insurance company will refund the premium after adjusting for proportionate risk premium for the period on cover medical examination expenses and stamp duty charge
 (D) The insurance company will forfeit the entire premium..
110. Which of the below is not a valid address proof?
 (A) PAN Card (B) Voter ID cards
 (C). Bank Passbook (D) Driving License
-
- CHAPTER-12**
111. Which of the following document is an evidence of the contract between insurer and insured?
 (A) Proposal form (B) Policy document
 (C). Prospectus (D) Claim from
112. Complex language is used to word a certain policy document and it has given rise to an ambiguity, how will it generally be construed.
 (A) In favour of insured (B) In favour of insurer
 (C). The policy will be declared as void and the insurer will be asked to return the premium with interest to the insured
 (B) The policy will be declared as void and the insurer will be asked to return the premium to the insured without any interest.
113. Select the option that best describes a policy document.
 (A) It is evidence of the insurance contract
 (B) It is evidence of the interest expressed by the insured in buying an insurance policy from the company.
 (C) It is evidence of the policy (procedures) following by an insurance company when dealing with channel partners like banks, brokers and other entities
 (D) It is an acknowledgment slip issued by the insurance company on payment of the first premium
114. Which of the below statement is correct?
 (A) The proposal form acceptance is the evidence that the policy contract has begun
 (B) The acceptance of premium is evidence that the policy has begun
 (C) The first premium receipt is the evidence that the policy contract has begun
 (D) The premium quote is evidence that the policy contract has begun.

115. For the subsequent premiums received by the insurance company after the first premium, the company will issue _____.
- (A) Revival premium receipt
 (B) Restoration premium receipt
 (C) Reinstatement premium receipt
 (D) Renewal premium receipt
116. What will happen if the insured person loses the original life insurance policy document?
- (A) The insurance company will issue a duplicate policy without making any changes to the contract
 (B) The insurance contract will come to an end
 (C) The insurance company will issue a duplicate policy with renewed terms and conditions based on the current health declarations of the life insured.
 (D) The insurance company will issue a duplicate policy without making any changes to the contract, but only after a court order.
117. Which of the below statement is correct?
- (A) The policy document has to be signed by a competent authority but need not be compulsorily stamped according to the Indian stamp Act.
 (B) The policy document has to be signed by a competent authority and should stamped according to the Indian Stamp Act
 (C) The policy document need not be signed by a competent authority but should be stamped according to the Indian stamp Act
 (D) 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..
118. Which of the below forms first part of a standard insurance policy document?
- (A) Policy schedule (B) Standard provisions
 (C). Specific policy provisions (D) Claim procedure
119. In a standard insurance policy document the standard provisions section will have information on which of the below?
- (A) Date of commencement , date of maturity and due date of last premium (B)Name of nominee
 (C).The rights and privileges and other conditions, which are applicable under the contract
 (D).The signature of the authorized signatory and policy stamp.
120. “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 ?
- (A) Policy schedule (B) General provisions
 (C). Standard provisions (D) Specific policy provisions
-
- CHAPTER-13**
121. Which of the below statement is false with regards to nomination?
- (A) Policy nomination is not cancelled if the policy is assigned to the insurer in return for a loan
 (B) Nomination can be done at the time of policy purchase or subsequently
 (C) Nomination can be changed by making an endorsement is the policy
 (D) A nominee has full rights on the whole of the claim
122. In order for the policy to acquire a guaranteed surrender value, for how long must the premium be paid as per law?
- (A) Premiums must be paid for least 2consecuitve years
 (B) Premiums must be paid for least 3consecuitve years
 (C) Premiums must be paid for least 4consecuitve years
 (D) Premiums must be paid for least 5consecuitve years
123. When is a policy deemed to be lapsed?
- (A) If the premiums are not paid on due date
 (B) If the premium are not paid before the due date
 (C) If the premium has not been paid even during days of grace (D) If the policy is surrendered
124. Which of the below statement is correct with regards to grace period of an insurance policy?
- (A) The standard length of the grace period is one month
 (B) The standard length of the grace period is 30 days
 (C) The standard length of the grace period is one month or 30 days
 (D) The standard length of the grace period is one month or 31days

125. What will happen if the policy holder does not pay the premium by the due date and dies during the grace period?
- (A) The insurer will consider the policy void due to non-payment of premium by the due date and hence reject claim
 - (B) The insurer will pay claim and waive off the last unpaid premium
 - (C) The insurer will pay the claim after deducting the unpaid premium
 - (D) 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.
126. 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.
- (A) Evidence of insurability at revival
 - (B) Revival of the policy leading to increase in risk for the insurance company
 - (C) Payment of unpaid premium with interest
 - (D) Insured submitting the revival application within a specified time frame
127. For an insurance policy nomination is allowed under _____ of the insurance Act, 1938
- (A) Section 10
 - (B) Section 38
 - (C) Section 39
 - (D) Section 45
128. Which of the below statement is incorrect with regards to a policy against which a loan has been taken from the insurance company?
- (A) The policy will have to be assigned in favour of the insurance company
 - (B) The nomination of such policy will get cancelled due to assignment of the policy in favour of the insurance company
 - (C) The nominee's right will be affected to the extent of the insurer's interest in the policy
 - (D) The policy loan is usually limited to a percentage of the policy's surrender value
129. Which of the below statement is incorrect with regards to assignment of an insurance policy?
- (A) 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.
 - (B) The assignment of a life insurance policy implies the act of transferring the rights, title and interest in the policy (as property) from one person to another
 - (C) It is necessary that the policyholder must give notice of assignment to the insurer.
 - (D) 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
130. Which of the below alteration will be permitted by an insurance company?
- (A) Splitting up of the policy into two more policies
 - (B) Extension of the premium paying term
 - (C) Change of the policy from with profit policy to without profit policy
 - (D) Increase in the sum assured
-
- CHAPTER - 14**
131. Which of the following denotes the underwriter's role in an insurance company?
- (A) Process claims
 - (B) Decide acceptability of risks
 - (C) Product design architect
 - (D) Customer relations manager
132. Which of the following is not an underwriting decision?
- (A) Risk acceptance at standard rates
 - (B) Declinature of risk
 - (C) Postponement of risk
 - (D) Claim rejection
133. Which of the following is not a standard age proof?
- (A) Passport
 - (B) School leaving certificate
 - (C) Horoscope
 - (D) Birth certificate
134. Which of the following condition will affect a person's insurability negatively?
- (A) Daily jogs
 - (B) Banned substance abuse
 - (C) Lazy nature
 - (D) Procrastination
135. Under what method of underwriting does an underwriter assign positive rating points for all negative or adverse (negative points for any positive or favorable factors)?
- (A) Judgment
 - (B) Arbitrary
 - (C) Numerical rating
 - (D) Single step

136. Under risk classification _____ consist of those whose anticipated mortality corresponds to the standard lives represented by the mortality table.
 (A) Standard lives (B) Preferred risks
 (C) Sub-standard lives (D) Declined lives
137. Amrita 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 Amrita? Choose the most likely option.
 (A) Acceptance at ordinary
 (B) Acceptance with extra premium
 (C) Decline the proposal
 (D) Acceptance with a restrictive clause
138. Which of the below insurance proposal is not likely to qualify under non-medical underwriting?
 (A) Savita aged 26 years, working in an IT company as a software engineer
 (B) Mahesh , aged 50 years, working in a coal mine
 (C) Satish , aged 28 years working in bank and has applied for an insurance cover of Rs.1 crore
 (D) Pravin , aged 30year , working in a department store and has applied for an endowment insurance plan for a tenure of 10 years
139. 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.
 (A) Judgment method (B) Numerical method.
 (B) Any of the above method since an illness like diabetes does not play a major role in the underwriting process
 (C) Neither of the above method as diabetes cases is rejected outright.
140. 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_____.
 (A) Standard lives (B) Preferred risks
 (C). Substandard lives (D) Declined lives

CHAPTER-15

141. Given below is a list of policies. Identify which type policy; the claim payment is made in the form of periodic payments?
 (A) Money-back policy
 (B) Unit linked insurance policy
 (C) Return of premium policy
 (D) Term insurance policy
142. Mahesh has brought a life insurance policy with a critical illness rider. He has made absolute assignment of the policy in favor of Khan. 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?
 (A) Mahesh (B) Karan
 (C). The payment will be shared equally by Mahesh and Karan
 (B) Neither of the two because Mahesh has suffered the heart attack but the policy is assigned in the favor of Karan
143. 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.
 (A) Certificate of burial or cremation
 (B) Treating physician's certificate
 (C) Employer's certificate (D) Inquest report
144. Which of the below death claim will be treated as an early death claim?
 (A) If the insured dies within three years of policy duration
 (B) If the insured dies within five years of policy duration
 (C) If the insured dies within seven years of policy duration
 (D) If the insured dies within ten years of the policy duration
145. Given below are some events that will trigger survival claims. Identify which of the below statement is incorrect?
 (A) Claim paid on maturity of a term Insurance policy
 (B) An installment payable upon reaching the milestone under a money –back policy
 (C) Claim paid for critical illnesses covered under the policy as a rider benefit
 (D) Surrender value paid on surrender of an endowment policy by the policyholder

146. A payment made under a money-back policy upon reaching a milestone will be classified under which type of claim
 (A) Death claim (B) Maturity claim
 (C). Periodical survival claim (D) Surrender claim
147. 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?
 (A) Lower of sum assured or fund value
 (B) Higher of sum assured or fund value
 (C) Premiums paid will be returned with 2% higher interest rate as compared to a bank's saving deposit
 (D) Surrender value
148. Based on classification of claim (Early or non-early), pick the odd one out?
 (A) Ramya dies after 6 moths of buying a term insurance plan
 (B) Manoj dies after one and half year of buiyng a term insurance plan
 (C) David dies after two and half years of buying a term insurance plan
 (D) Pravin dies after five and half years of buying a term plan insurance plan.
149. Given below is a list of document 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.
 (A) Inquest report (B) Claim form
 (B) Certificate of burial cremation
 (C) Hospital's certificate
150. As per IRDA (Protection of policy holder's 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.
 (A) 7 days (B) 15 days (C) 30 days (D) 45 days
-
151. Applicant shall complete _____ hours training to become an insurance agent
 (A) 50 (B) 100 (C) 30 (D) 25
152. Insurance agent represents the _____.
 (A) Insurance company (B) Sub-agent
 (C). Co-agent (D) Broker
153. License to work as an insurance agent is issued by _____.
 (A) General Insurance Corporation (GIC)
 (B) Insurance Regulatory & Development Authority (IRDA)
 (C) State bank of India (SBI) (D) Post office
154. Agent's license is to be renewed _____.
 (A) Every Year (B) After 5 Year
 (C). After 3 year (D) After 15 year
155. Identify the statement which is not correct. Insurance agent should _____.
 (A) Indicate the scale of commission if asked by the customer
 (B) Share the commission by way of rebate
 (C) Disclose his license on demand
 (D) Indicate the premium to be charged.
156. _____ is the fees payable to the authority for issue / renewal of license to act as an insurance agent or composite insurance agent.
 (A) 250 (B) 150 (C) 520 (D) 100
157. The authority may issue duplicate licence in case it is _____.
 (A) Lost (B) Destroyed
 (C) Mutilated (D) All of the above
158. If an agent is found guilty of criminal misappropriation the designated person will _____.
 (A) Cancel the license
 (B) Issue a duplicate license
 (C) Renew the existing license
 (D) Take some fees from the agent
159. Minimum qualification required for insurance agent is _____ pass.
 (A) Graduate (B) 10th (C) Post-Graduate (D) 7th
160. _____ may deal with more than one life Insurance company or general insurance Company of both.
 (A) Agent (B) Sureyor
 (C). Composite agent (D) None of the above
-

CHAPTER - 16

151. Applicant shall complete _____ hours training to become an insurance agent
 (A) 50 (B) 100 (C) 30 (D) 25
152. Insurance agent represents the _____.
 (A) Insurance company (B) Sub-agent
 (C). Co-agent (D) Broker

CHAPTER - 17

161. An insurance agent is typically a representative of _____.
 (A) Customer (B) Insurance company
 (B) Government (D) IRDA

162. Direct marketing involves which of the below?
 (A) Telemarketing (B) Insurance agents
 (C) Bancassurance (E) All of the above
163. "Hurt not others with that which pains you". This golden rule of ethics is given in the teaching of which religion?
 (A) Buddhism (B) Christianity
 (C) Hinduism (D) Judaism
164. 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.
 (A) 25 Hrs (B) 50 Hrs (C) 75 Hrs (D) 100 Hrs
165. The license issued to the agent is valid for
 (A) One year (B) Two years
 (C) Three years (D) Five years
166. 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 .
 (A) Principal officer (B) Proxy
 (C) Mediator (D) Agent
167. An insurance broker represents _____.
 (A) Insurance company (B) Insured
 (C) Association of insurance companies
 (D) Community of people who have already taken insurance.
168. Which of the below reflects principle 2 of the Insurance market place standards association (IMSA) principles?
 (A) To provide competent and customer and focused sales and service
 (B) To engage in active and fair competition
 (C) To provide for fair and expeditious handling of complaints and disputes.
 (D) To maintain a a system of supervision and review that is reasonably designed to achieve compliance with these principles of ethical market conduct.
169. Before the composite license could be renewed. The applicant needs to undergo renewal training of _____ from an approved institution.
 (A) 25 Hrs (B) 50 Hrs (C) 35 Hrs (D) 75 Hrs

170. IRDA has decided to implement guidelines on persistency from _____.
 (A) 1st July 2011 (B) 1st July 2012
 © 1st July 2013 (D) 1st July 2014

CHAPTER-18

171. The key to successful closing lies helping the prospect to say _____.
 (A) No (B) Don't know (C) Yes (D) May be
172. Which of the following is not part of sales process?
 (A) Prospecting (B) Sales interview
 (C) Loss assessment (D) Closing
173. Prospecting Is an insurance sale is _____.
 (A) Gathering the names of people who may be interested in insurance
 (B) Preparing a list of all the persons in the city
 (C) Enlisting all the policyholders of the branch office
 (D) Preparing list of all the agents in the neighborhood
174. In insurance , need-gap analysis involves_____.
 (A) Identifying the areas where the prospect needs insurance protection
 (B) Identifying people to work as insurance agents
 (C) Identifying how much assets a prospect has
 (D) Identifying the poverty level of the prospects
175. Cold Calling is_____.
 (A) Meeting customer in winter
 (B) Meeting customer when they are suffering from cold
 (C) Meeting people unannounced
 (D) Meeting customer after fire was extinguished
176. _____ 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
 (A) Marketing (B) Selling
 (B) Advertising (D) promotion
177. Which of the below statement is correct?
 (A) Life insurance is sold , not bought
 (B) Life insurance is bought not sold

- (C) Life insurance is neither bought nor sold ; it is a necessity and hence should be bought by every individual
(D) None of the above
178. Which of the below statement is correct?
(A) selling is an art and not science
(B) selling is a science and not an art
(C) selling is neither an art or a science
(D) selling is both an art and a science
179. While prospecting for selling insurance, approaching the members of a caste or community association will be classified under which company?
(A) immediate group (B) natural market
(C). centers of influence
(B) references and introductions
180. Identify the incorrect statement with regards to a qualified prospect
(A) A qualified prospect is one who can pay for insurance
(B) A qualified prospect is one who can be approached on a favorable basis.
(C) A qualified prospect is one who is academically well qualified to buy insurance
(D) A qualified prospect is one who can pass the company underwriting requirements.

CHAPTER--19

181. _____ is not a tangible good
(A) House (B) Insurance
(C). Mobile phone (D) A pair of jeans
182. _____ is not indicator of service quality
(A) Cleverness (B) Reliability
(B) Empathy (B) Responsiveness
183. In customer relationship the first impression is created
(A) By being confident (B) By being on time
(B) By showing interest
(C) By being on time , showing interest and being confident
184. Select the correct statement :
(A) Ethical behavior is impossible while selling insurance
(B) Ethical behavior is not necessary for insurance agents

- (C) Ethical behavior helps in developing trust between the agent and the insurer
(D) Ethical behavior is expected from the top management only.
185. Active listening involves:
(A) Paying attention to the speaker
(B) Giving an occasional nod and smile
(C) Providing feedback
(D) Paying attention to the speaker giving an occasional nod and smile and providing feedback.
186. _____ refers to the ability to perform the promised service dependably and accurately.
(A) Reliability (B) Responsiveness
(C). Assurance (D) Empathy
187. _____ relate to one's ability to interact effectively with other workers and customers, both at work and out side
(A) Hard skills (B) Soft skills
(C). Negotiating skills (D) Questioning skills
188. Which of the below element promote trust?
(A) Communication , assertiveness and being present
(B) Politeness ,affirmation and communication
(C) Attraction , communication and being present
(D) Affirmation , assertiveness and attraction
189. Which of the below tips are useful making a good first impression?
(A) Being on time always
(B) Presenting yourself appropriately
(C) Being open , confident and positive
(D) All of the above
190. _____ is reflected in the caring attitude and individualized attention provided to customers?
(A) Assurance (B) Empathy
(C). Reliability (D) Responsiveness

CHAPTER -20

191. Expand the term IGMS.
(A) Insurance General Management system
(B) Indian General Management System
(C) Integrated Grievance Management System
(D) Intelligent Grievance Management System

192. Which of the below consumer grievance redressal agencies would handle consumer disputes amounting between Rs.20 lakhs and 100 lakhs?
 (A) District forum (B) State commission
 (B) National commission (D) Zilla parishad
193. Which among the following cannot form the basis for valid consumer complaint
 (A) Shopkeeper charging a price above the MRF for a product
 (B) Shopkeeper not advising the customer on the best product in a category
 (C) Allergy warning not provided on a drug bottle
 (D) Faulty products.
194. Which of the below will be the most appropriate option for a customer to lodge an insurance policy related complaint?
 (A) Police (B) Supreme court
 (C). Insurance Ombudsman (D) District Court
195. Which of the below statement is correct with regards to the territorial of the jurisdiction of the insurance ombudsman?
 (A) Insurance Ombudsman has National jurisdiction
 (B) Insurance Ombudsman has state jurisdiction
 (C) Insurance Ombudsman has Direct jurisdiction
 (D) Insurance Ombudsman operates only within the specified territorial limits
196. How is the complaint to be launched with an insurance ombudsman?
 (A) The complaint is to be made in writing
 (B) The complaint is to be made orally over the phone
 (C) The complaint is to be made by orally in case a face to face manner
 (D) The complaint is to be made through newspaper advertisement
197. What is the time for approaching an insurance ombudsman?
 (A) Within two years of rejection of the complaint by the insurer
 (B) Within three years of rejection of the complaint by the insurer
 (C) Within one year of rejection of the complaint by the insurer
 (D) Within one month of rejection of the complaint by the insurer
198. Which among the following is not a pre-requisite for launching a complaint with ombudsman?
 (A) The complaint must be by an individual on a 'Personal Lines' Insurance
 (B) The complaint must be lodged within 1 year of the Insurer rejecting the complaint
 (C) Complainant has to approach a consumer forum prior to the ombudsman
 (D) The total relief sought must be within an amount of Rs.20 Lakhs .
199. Are there any fee / charges that need to be paid for lodging the complaint with the ombudsman?
 (A) A fee of Rs 100 needs to be paid
 (B) No fee or charges need to be paid
 (C) 20% of relief sought must be paid as free
 (D) 10% of the relief sought must be paid as fee
200. Can a complaint be launched against a private insurer?
 (A) Complaints can be launched against public insurers only
 (B) Yes, complaint can be launched against private insurers
 (C) Complaint can be launched against private Insurers only in the Life sector
 (D) Complaint can be launched against private insurers only in the Non-life .

ANSWERS

Q.No	ANSWER	Q.No	ANSWER
1	C	16	B
2	B	17	C
3	D	18	C
4	B	19	C
5	D	20	D
6	D	21	B
7	B	22	A
8	A	23	C
9	A	24	C
10	B	25	C
11	D	26	B
12	C	27	C
13	A	28	C
14	C	29	A
15	C	30	C

Q.No	ANSWER	Q.No	ANSWER
31	C	76	C
32	B	77	B
33	D	78	C
34	A	79	A
35	B	80	B
36	A	81	B
37	B	82	B
38	D	83	B
39	B	84	B
40	D	85	C
41	B	86	B
42	A	87	B
43	C	88	B
44	C	89	B
45	A	90	C
46	C	91	B
47	C	92	B
48	B	93	B
49	C	94	D
50	C	95	D
51	B	96	A
52	D	97	C
53	A	98	B
54	C	99	D
55	C	100	B
56	A	101	C
57	C	102	A
58	B	103	B
59	C	104	D
60	D	105	B
61	D	106	C
62	B	107	A
63	D	108	D
64	D	109	C
65	C	110	A
66	B	111	B
67	B	112	A
68	B	113	A
69	C	114	C
70	B	115	D
71	C	116	A
72	C	117	B
73	D	118	A
74	D	119	C
75	B	120	D

Q.No	ANSWER	Q.No	ANSWER
121	D	166	D
122	B	167	B
123	C	168	A
124	D	169	C
125	C	170	D
126	A	171	C
127	C	172	C
128	B	173	A
129	D	174	A
130	A	175	C
131	B	176	B
132	D	177	A
133	C	178	D
134	B	179	B
135	C	180	C
136	A	181	B
137	D	182	A
138	B	183	D
139	A	184	C
140	B	185	D
141	A	186	A
142	B	187	B
143	D	188	C
144	A	189	D
145	A	190	B
146	C	191	C
147	B	192	B
148	D	193	B
149	A	194	C
150	C	195	D
151	A	196	A
152	A	197	C
153	B	198	C
154	C	199	B
155	B	200	B
156	A		
157	D		
158	A		
159	B		
160	C		
161	B		
162	A		
163	A		
164	B		
165	C		

MODEL TEST 1

Time : 1 hour

Marks : 1 mark each

1. The emergence of which of the following necessitates insurance as a form of security?
 - (A) Joint family system
 - (B) Nuclear family system
 - (C) Both the above
 - (D) None of the above
2. Which was the first Act to regulate life insurance industry in India?
 - (A) Insurance Act, 1938
 - (B) Life Insurance Companies Act, 1912
 - (C) IRDA Act, 1999
 - (D) LIC Act, 1956
3. Government of India transacts life insurance business in India through which of the following:
 - (A) LIC of India
 - (B) GIC of India
 - (C) Postal Life Insurance
 - (D) All the above.
4. Which of the following entity is exempt from the purview of the IRDA?
 - (A) LIC of India
 - (B) GIC of India
 - (C) Postal Life Insurance
 - (D) None.
5. The losses of a few are shared amongst many through the mechanism of –
 - (A) Nuclear family
 - (B) Insurance
 - (C) Government
 - (D) All the above
6. consists of collecting premiums from numerous individuals to compensate the few who may suffer losses.
 - (A) Pooling
 - (B) Contract
 - (C) Guarantee
 - (D) IRDA
7. Which of the following is correct?

Statement A – Insurance reduces burdens

Statement B – Insurance is a system of mutual support.

Statement C – Insurance the only method to manage risks.

 - (A) A is correct
 - (B) B is correct
 - (C) A, B & C correct
 - (D) A & B correct.
8. Which of the following can easily be compensated thro' insurance?
 - A. Primary burden of risk
 - B. Secondary burden of risk
 - C. Both
 - D. None
9. Secondary burden of risk consists of and one has to bear if exposed to loss situation.
 - (A) Trials, tribulations
 - (B) Costs, Strains
 - (C) Situations, Safeguards
 - (D) Circumstances, Conflicts
10. Which are the methods to manage risks?
 - (A) Risk Avoidance
 - (B) Risk Retention
 - (C) Risk Reduction
 - (D) All the above
11. and refer to measures to reduce chance of occurrence and measures to reduce degree of losses.
 - (A) Loss Prevention, Loss damage
 - (B) Loss Control, Loss management
 - (C) Loss advantage, Loss prevention
 - (D) Loss Prevention, Loss Reduction
12. Risk reduction and control involves steps like –
 - (A) Education and training
 - (B) Making environmental changes
 - (C) Spreading out items to various locations
 - (D) All the above
13. Risk Financing includes -
 - (A) Risk Retention
 - (B) Risk Transfer
 - (C) A & B correct
 - (D) Both A & B wrong
14. Risk Retention means –
 - (A) Insuring with an insurance company
 - (B) Insuring with another individual
 - (C) Insuring with the owner of the company
 - (D) Self-insurance
15. Risk Transfer means –
 - (A) Insuring with an insurance company
 - (B) Insuring with another individual
 - (C) Insuring with the owner of the company
 - (D) Risk retention
16. Insurance refers to protection against an event that happen whereas Assurance refers to protection against an event that happen.
 - (A) may, may not
 - (B) might, will
 - (C) must, need not
 - (D) will, will not
17. Cost of the risk is product of which of the following 2 factors:
 - (A) Insurance and Assurance
 - (B) Happenings and result
 - (C) Cause and effect
 - (D) Probability and impact
18. Cost of the risk would with the probability and amount of loss
 - (A) Increase
 - (B) Decrease
 - (C) Vary
 - (D) None of the above
19. Considering insuring an ordinary ball pen is an example of –
 - (A) Don't risk more than you can afford to lose
 - (B) Don't risk a lot for a little
 - (C) Both are correct
 - (D) Both are wrong
20. Considering insuring an oil refinery is example of
 - (A) Don't risk more than you can afford to lose
 - (B) Don't risk a lot for a little
 - (C) Both are correct
 - (D) Both are wrong
21. Which of the following is correct?

Statement A. The system of insurance benefits individual, family and the society

Statement B. Insurance companies could invest in speculative ventures.

 - (A) A is correct
 - (B) B is correct
 - (C) Both A and B correct
 - (D) A & B wrong

22. Which of the following is untrue?
 A. Insurance promotes efficient use of existing resources
 B. Insurance contributes to healthy economy and national productivity
 C. Insurance policy can be used as a collateral security
 (A) A is true (B) B is true
 (C) A and B true (D) None
23. Providing social security is the obligation of
 (A) State (B) Insurance companies
 (C) Private companies (D) Individuals
24. Which is not an example of social security schemes of the Government?
 (A) Rajeev Gandhi Equity Scheme
 (B) Janata Personal Accident
 (C) Jan Arogya Scheme
 (D) Employees State Insurance Corporation
25. Human Life Value concept measures the value of a human life on the basis of his -
 (A) Gross earnings (B) Net earnings
 (C) Total earnings (D) Expenses
26. Human Life Value can be arrived at by dividing . by...
 (A) Gross earnings, Rate of interest
 (B) Net earnings, Gross earnings
 (C) Gross earnings, Net earnings
 (D) Net earnings, Rate of interest
27. As per HLV concept, the amount of insurance one can buy could be times of one's annual income.
 (A) 5 to 10 times (B) 10 to 15 times
 (C) 25 to 50 times (D) 50 to 100 times
28. HLV concept helps to determine the limit beyond which life insurance could be speculative.
 (A) Upper (B) Lower
 (C) Middle (D) All the above
29. Life Insurance covers the risk of -
 (A) Dying too early (B) Living too longer
 (C) Both are correct (D) Both are wrong
30. means that insurer would assess and compensate only the exact amount of loss.
 (A) Certainty (B) Uncertainty
 (C) Probability (D) Indemnity
31. Which is not a contract of indemnity?
 (A) Personal Accident (B) Fire
 (C) Marine (D) Motor
32. In which type of contract, the happening of event is certain but its timing is not known?
 (A) Life Insurance (B) General Insurance
 (C) Both (D) None
33. How life insurance is possible?
 (A) Timing of death is certain
 (B) Timing of death is uncertain
 (C) Death is certain but its timing is uncertain
 (D) None of the above
34. With increase in premium with age, healthy people tended to withdraw leaving unhealthy people. This lead to development of -
 (A) Gross premiums (B) Single premiums
 (C) Advance premiums (D) Level premiums
35. Which of the following is correct?
 A. Life insurance is a long term contract
 B. General insurance is a short term contract
 (A) A is correct (B) B is correct
 (C) Both A and B correct (D) None
36. Life insurance policy, in general, is a mixture of -
 (A) Protection and security
 (B) Insurance and Assurance
 (C) Protection and Savings
 (D) Protection and Tax relief
37. principle means flow of resources from many to one.
 (A) Mutuality or Pooling
 (B) Mutuality or co-operation
 (C) Pooling or funding
 (D) Resourcing or pooling
38. Which of the following is incorrect?
 A. Mutuality means funds from various individuals are combined
 B. Diversification means spreading out funds to various destinations.
 (A) A is correct (B) B is correct
 (C) Both (D) None
39. An Insurance contract has to fulfill the requirements of
 (A) Insurance Act 1938
 (B) IRDA Act, 1999 (C) LIC Act, 1956
 (D) Indian Contract Act, 1872
40. Which is not an element of a valid contract?
 (A) Offer and Acceptance
 (B) Capacity to pay premiums
 (C) Consideration
 (D) Capacity of the parties
41. The person who makes the offer is called the and the person who accepts the offer in an insurance contract is called the
 (A) Offerer, Acceptor
 (B) Insurer, Insured (C) Proposer, Insured
 (D) Proposer, Insurer
42. If any condition is put by the Insurer then it is -
 (A) Acceptance (B) Offer
 (C) Counter offer (D) Conditional acceptance
43. Which is evidence of contract?
 (A) Proposal (B) First Premium Receipt
 (C) Deposit amount (D) Policy bond
44. Which is the 'consideration' from the insured in an insurance contract?
 (A) Premium (B) Proposal
 (C) Understanding (D) Acceptance

45. Which is the 'consideration' from the insurer in an insurance contract?
 (A) Premium (B) Promise to indemnify
 (C) Policy bond (D) Proposal
46. Consent is not said to be free when it is caused by
 (A) Coercion (B) Fraud
 (C) Misrepresentation (D) All the above
47. Which is not a capacity to enter into contract?
 (A) Minor (B) Major
 (C) Sound mind (D) Not disqualified under law
48. means every party to an insurance contract must disclose all material information.
 (A) Insurable Interest (B) Indemnity
 (C) Proximity (D) Uberrima Fides
49. In commercial contracts, the principle to be observed is –
 (A) Caveat Emptor (B) Indemnity
 (C) Proximity (D) Uberrima Fides
50. Material facts are those that would help the insurer to decide :
 (A) The acceptability of risk
 (B) The rate of premium to be charged
 (C) Both A and B correct
 (D) None are correct
51. Which of the following is not a material fact?
 (A) Hazardous occupation
 (B) Previous policies of the proposer
 (C) Health (D) None of the above
52. Which of the following material facts need not be disclosed?
 (A) Matters of law
 (B) Fact which proposer was not aware
 (C) Fact which could have been discovered by reasonable diligence (D) All the above
53. Duty to disclose arises in which of the following instances?
 (A) At the time of taking the policy
 (B) At the time of revival of lapsed ins.
 (C) Both A and B correct
 (D) None of the above situations

QN	ANS.	QN	ANS.
1	B	29	C
2	B	30	D
3	C	31	A
4	C	32	A
5	B	33	C
6	A	34	D
7	D	35	C
8	A	36	C
9	B	37	A
10	D	38	D
11	D	39	D
12	D	40	B
13	C	41	D
14	D	42	C
15	A	43	D
16	B	44	A
17	D	45	B
18	A	46	D
19	B	47	A
20	A	48	D
21	A	49	A
22	D	50	C
23	A	51	D
24	A	52	D
25	B	53	C
26	D		
27	B		
28	A		

MODEL TEST 2

Time : 1 hour

Marks : 1 mark each

1. Which of the following constitute Breach of Utmost Good faith?
(A) Non-Disclosure (B) Misrepresentation
(C) Both (D) NOTA
2. Which of the following could be classified as Non-disclosure?
(A) Inadvertent omission of information
(B) Intentional suppression of information (Concealment)
(C) A & B are correct (D) A & B are wrong
3. Which of the following could be termed Misrepresentation?
(A) Innocent misrepresentation
(B) Fraudulent misrepresentation
(C) A & B are correct (D) A & B are wrong
4. When an insurance contract can be declared void?
(A) Innocent misrepresentation
(B) Fraudulent misrepresentation
(C) A & B are correct (D) A & B are wrong
5. Insurance is not Gambling because of presence of –
(A) Principle of Utmost good faith
(B) Insurable Interest (C) Indemnity Principle
(D) Principle of indemnity
6. According to common law, when insurable interest should be present in a life insurance contract?
(A) At the time of taking policy (B) At the time of claim
(C) Both A and B (D) NOTA
7. According to common law, when insurable interest should be present in a General insurance contract?
(A) At the time of taking policy (B) At the time of claim
(C) Both A and B (D) NOTA
8. Proximate Cause refer to the cause which set in motion a chain of events producing loss.
(A) Active (B) Efficient
(C) A & B are wrong (D) Both A & B correct
9. Why insurance contract is an Adhesion Contract?
(A) Insurance Co. has all the bargaining power
(B) Client has also great bargaining power
(C) Both A & B correct (D) Both A & B wrong
10. Which facility is given to the policyholder to neutralize the bargaining power in adhesion contracts?
(A) Surrender (B) Loan
(C) Assignment (D) Free look period
11. Which of the following is not a long term goal of an individual?
(A) Education/marriage of child
(B) Retirement provision
(C) Buying a TV set (D) All the above
12. Savings is a composite of which of the following decisions:
(A) Postponement of consumption
(B) Parting with liquidity
(C) Both the above (D) None of the above
13. Which of the following could be termed the need of an individual?
(A) Specific transaction needs
(B) General transaction needs
(C) Meeting contingencies (D) All the above.
14. Which of the following could be termed Transactional products?
(A) Insurance (B) Shares
(C) Real Estate (D) Bank deposits
15. Which of the following is not a Wealth accumulation product?
(A) Shares (B) Insurance
(C) Bonds (D) Real Estate
16. Which of the following is a Contingency product?
(A) Bank deposits (B) Real Estate
(C) Postal savings (D) Insurance
17. Contingency products typically address which type of need?
(A) Cash requirements (B) Against uncertainties
(C) Wealth creation (D) All above
18. Bank deposit addresses which type of need?
(A) Uncertainties (B) Wealth creation
(C) Savings (D) Contingencies
19. At young age, one tends to be –
(A) Progressive (B) Aggressive
(C) Secured (D) Conservative
20. When one nears his retirement years, the Risk profile of an individual could be -
(A) Progressive (B) Aggressive
(C) Secured (D) Conservative
21. Which is not an appropriate reason for a proper financial planning?
(A) Break up of joint family system
(B) Changing lifestyles (C) Underwriting
(D) Change in behavioral patterns
22. When is the right age to start financial planning?
(A) Young ages (B) Middle ages
(C) Advanced ages (D) First salary
23. Which of the following is incorrect?
(i) - The longer the period of investment, the more they will multiply.
(ii) - The lesser the period of investment, the greater they will multiply.
(A) Statement (i) (B) Statement (ii)
(C) Both (i) and (ii) (D) Neither (i) nor (ii)
24. Which of the following is incorrect?
(A) Financial planning is for wealthy individuals only. (B) A disciplined approach and dedicated savings are necessary (C) An unplanned impulsive approach could spell financial distress
(D) Investment should suit one's risk appetite.

25. With reference to Inflation, which of the following statement is not correct?
 (A) Inflation leads to rise in prices
 (B) Inflation means more purchasing power
 (C) Inflation means erosion of money value
 (D) Inflation plays havoc.
26. Of late, changing lifestyles of people lead to more ...
 (A) Savings (B) Investments
 (C) insurance (D) borrowings
27. Which is not a part of Cash planning exercise?
 (A) Managing income and expenditure flow
 (B) Creating surplus for capital investment
 (C) Predicting future expenses
 (D) Buying less insurance
28. Restructuring of debts refers to –
 (A) Swapping less interest loans with more interest loans
 (B) Clearing more interest loans and pay them with less interest loans
 (C) Closing all outstanding loans
 (D) Going for more and more borrowings
29. Which does not form part of insurance planning?
 (A) Life Insurance (B) Housing loans
 (C) Protection of assets (D) Health Ins.
30. Selecting an appropriate investment vehicle would not depend on –
 (A) Liquidity (B) Tax benefit
 (C) Time horizon (D) Insurability
31. Which is not a phase in retirement planning?
 (A) Accumulation (B) Inflation
 (C) Conservation (D) Distribution
32. Estate planning would take care of devolution of one's estate soon after his
 (A) Illness (B) Birth
 (C) Marriage (D) Death
33. Which of the following process does not cover Estate planning?
 (A) Surrender (B) Nomination
 (C) Assignment (D) Writing a will
34. Which of the following statement is not correct?
 (A) One should avail potential tax saving opportunities
 (B) Purpose of tax saving is to minimize taxes and not to evade tax
 (C) Tax planning helps to gain maximum advantage of tax laws.
 (D) Agents are not much helpful in advising on tax planning.
35. Which of the following statements is incorrect?
 (A) A product can be differentiated, but a commodity cannot.
 (B) Products are need satisfiers
 (C) Product is an end by itself
 (D) The appropriateness of a product would depend on its features.
36. Which of the following statement in respect of Riders is incorrect?
 (A) Rider means the basic death cover of a life insurance policy.
 (B) Riders can be added thro an endorsement
 (C) Riders refers to supplementary benefits in life insurance policies.
 (D) Riders help customize individual's preferences.
37. Term insurance is mainly suitable for which of the following needs?
 (A) Tax planning (B) Savings
 (C) Disease (D) Income replacement
38. Which of the following is not a traditional type of product offered by ins.cos?
 (A) Whole life plan (B) Endowment plan
 (C) Moneyback plan (D) ULIP
39. Which of the following Statement is incorrect?
 (A) Term Insurance can be taken as a standalone policy;
 (B) Term insurance cannot be taken as a rider
 (C) Term insurance policies are sold by life insurance companies
 (D) Term insurance policies provide cover for a fixed period.
40. Which of the following policies are suitable for a person who cannot temporarily afford to pay high premiums now?
 (A) Convertible Endowment
 (B) Convertible money back
 (C) Convertible ULIP (D) Convertible whole life
41. Which among the following is not a variant of term assurance?
 (A) Mortgage redemption insurance
 (B) Return of premiums
 (C) Increasing term assurance
 (D) Endowment assurance
42. Endowment assurance does not possess which of the following property?
 (A) Savings benefit (B) Death benefit
 (C) Survival Benefit (D) Bonus benefit
43. Which plan is suitable for accumulation of specific sum of monies?
 (A) Whole life (B) Endowment
 (C) Money back (D) Term insurance
44. A policy with cover for an indefinite term is called –
 (A) Whole life (B) Endowment
 (C) Money back (D) Term insurance
45. The main advantage of term insurance lies in –
 (A) Protection (B) Thrift
 (C) Savings (D) Price

46. Endowment insurance is a combination of which of the following 2 features:-
 (A) A decreasing term insurance with decreasing investment element
 (B) An increasing term insurance with decreasing investment element
 (C) A increasing term insurance with increasing investment element
 (D) A decreasing term insurance with increasing investment element
47. Which of the following statement is correct in respect of Endowment policy?
 (A) Shorter the policy term, lesser the investment element
 (B) Shorter the policy term, larger the investment element
 (C) Longer the policy term, larger the investment element
 (D) Term and investment element do not bear any relationship
48. Identify the correct statement from the following:-
 (A) Par policies do not participate in the profits of the insurance companies.
 (B) Under Traditional plans, investments are made without any regulatory supervision.
 (C) Non-participating policies could be offered in linked or non-linked platform.
 (D) Non-par policies are with profit policies.
49. Which of the following is untrue as per IRDA's regulations on non-par policies?
 (A) The benefits shall be stated at the outset
 (B) The benefits shall be linked to some index
 (C) The additional benefit under these policies shall be laid out at the outset
 (D) The return shall be stated at the beginning of the contract itself.
50. Which of the new guidelines for traditional products is not true?
 (A) For participating policies, bonus is linked to performance of the fund
 (B) Bonus once announced becomes a guarantee
 (C) Such a bonus is called Terminal Bonus
 (D) For Non-par policies, returns are disclosed at the beginning of the policy.
51. The method in which Profits of the ins.co. could be shared in the form of dividends are--
 (A) Portfolio method (B) Current money method (C) Both are correct (D) NOTA
52. State which of the following is incorrect under Portfolio method?
 (A) The total investment return was shared between policyholders.
 (B) No attempt was made to distinguish between investments of previous years over current investments
 (C) Portfolio method gave homogenized rates of return (D) None of the above
53. Which is true of Current Money method of dividend payment?
 (A) Returns depended on when the investment was made
 (B) Different investment blocks got different dividends
 (C) It is also called segmented or investment block method
 (D) All of the above.

QN	ANS.	QN	ANS.
1	C	29	B
2	C	30	D
3	C	31	B
4	C	32	D
5	B	33	A
6	A	34	D
7	C	35	C
8	D	36	A
9	A	37	D
10	D	38	D
11	C	39	B
12	C	40	D
13	D	41	D
14	D	42	C
15	B	43	B
16	D	44	A
17	B	45	D
18	C	46	D
19	B	47	B
20	D	48	C
21	C	49	B
22	D	50	C
23	B	51	C
24	A	52	D
25	B	53	D
26	D		
27	D		
28	B		

MODEL TEST 3

Time : 1 hour

Marks : 1 mark each

1. Inter temporal allocation of resources means allocation of resources across
(A) Needs (B) sectors (C) Space (D) Time
2. Traditional cash value plans are also known as –
(A) Unbundled plans (B) Bundled plans
(C) ULIP (D) Annuity
3. Which of the following plans have several limitations :
(A) Traditional cash value plans
(B) Non-traditional plans
(C) Both A and B (D) Neither A nor B
4. In respect of Traditional cash value plans, which is incorrect:-
(A) Bonuses do not reflect the investment performance of the insurer.
(B) The method for arriving at surrender value is not easily visible.
(C) Cash value component is well defined.
(D) None of the above.
5. In which type of products, protection and saving elements were separated?
(A) Traditional cash value plans
(B) Non-traditional plans
(C) Both A and B (D) Neither A nor B
6. Non-traditional products involved shift from traditional products in terms of –
(A) Investment linkage (B) Transparency
(C) Flexibility (D) All the above
7. Non-traditional products are also known as –
(A) Unbundled plans (B) Bundled plans
(C) ULIP (D) Annuity
8. The major appeal for non-traditional products was in terms of –
(A) Inflation beating returns
(B) Direct linkage with investment gains
(C) Flexibility & Higher surrender value
(D) All the above.
9. Which was the major motive for people going for non-traditional products?
(A) Flexibility (B) Wealth accumulation
(C) Transparency (D) All the above
10. As per IRDA, all Universal Life products are known as
(A) ULIP plans (B) Variable insurance products
(C) Both (D) None
11. Universal life insurance is characterized by –
(A) Flexible premiums (B) Flexible face amount
(C) Death benefit (D) All above.
12. In Universal life products, larger the size of the premium,... the coverage provided and the policy cash value.
(A) Smaller, larger (B) Larger, smaller
(C) Smaller, Smaller (D) larger, larger
13. Under Universal life products, there was facility of completely flexible premiums after how many years?
(A) One (B) Two (C) Three (D) Four
14. Universal life policies are kept in force even if premiums are not paid, provided its cash value was sufficient to pay for the following items:-
(A) Policy preparation & stamp charges
(B) Agent commission & policy charges
(C) Mortality charges and expenses
(D) All of the above.
15. Universal Life plans provide for which of the following facility?
(A) Payment of additional premiums over and above the target amount (B) Skipping of premiums
(C) Both A and B (D) None of the above
16. Universal life insurance policy provides for partial withdrawals. This partial withdrawal was made from the policy's
(A) Loan value (B) Surrender Value
(C) Paid up value (D) Cash value
17. In respect of Universal life insurance, which of the following statement is correct:-
(A) The partial withdrawal once taken need not be repaid.
(B) Policy was kept in force even if premiums are not paid provided there were adequate investment returns.
(C) Both A & B correct (D) Both A & B wrong
18. As per IRDA, which of the following non-traditional products are permitted to be sold?
(A) Variable insurance plans
(B) Unit Linked insurance plans
(C) Both A & B (D) None
19. Variable Life Insurance is a kind of Insurance.
(A) Whole life (B) Money back
(C) Endowment (D) Term
20. In Variable life insurance, the death benefit and cash value of the policy according to the investment performance of a special investment account into which premiums are credited.
(A) Went up (B) Went down
(C) Remain Fixed (D) Fluctuate
21. Under Variable life insurance, if the cash value became zero, the policy would
(A) Continue (B) Converted into term ins
(C) Surrender (D) Terminate
22. In traditional cash value policies, the policy reserve form part of a
(A) Special investment account
(B) General investment account
(C) Both (D) None

23. In Variable insurance policies, the policy reserve form part of a
 (A) Special investment account
 (B) General investment account
 (C) Both (D) None
24. In Variable insurance plan, the policy reserves are placed in fund which do not form part of its general investment account.
 (A) Same (B) Separate
 (C) Secured (D) Growth
25. In which type of policy, death benefits and cash value varied with investment experience?
 (A) Traditional cash value plan (B) ULIP
 (C) Universal Life Ins (D) Variable life ins
26. In respect of Traditional plans, which of the following statement is correct?
 (A) Policyholder's bonus depend on periodic valuation of Assets & Liabilities
 (B) Bonus did not directly reflect the value of assets of the insurer
 (C) Both correct (D) Both are wrong
27. In Unit Linked policies, the benefits are determined by the of units credited to the policyholder's account on the date on which payment is due.
 (A) Growth (B) Value
 (C) Reduction (D) Loss
28. Units in a Unit Linked policy are purchased through payment of a –
 (A) Single premium (B) Regular premium
 (C) Either A or B (D) None
29. Name the deductions made from policyholder of a Unit Linked policy.
 (A) Commission (B) Net Asset Value
 (C) Fund (D) Charges
30. The value of the units of a Unit Linked policy is termed as :
 (A) Gross Asset Value (B) Net Asset Value
 (C) Bonus (D) Guaranteed addition
31. Which special feature of Unit Linked policy allowed change from one fund to another?
 (A) Transfer (B) Switching
 (C) Assignment (D) Loan
32. From the following, choose the fund which provides for predominant investment in Equities.
 (A) Equity Fund (B) Debt Fund
 (C) Balanced fund (D) Money market fund
33. What could be the basis for choice of fund in a Unit Linked policy?
 (A) Investment need (B) Risk profile
 (C) Both A and B (D) NOTA
34. In Traditional life insurance policies, the investment risk is borne by the while in Unit Linked plans, the investment risk is borne by the
 (A) Policyholder, Unitholder
 (B) Ins. Company, Unit-holder
 (C) Insurance company in both the cases
 (D) Policyholder in both the cases
35. With regard to Unit Linked policy, who bears the expense and mortality risk?
 (A) Ins. Co. (B) Policyholder
 (C) Agent (D) IRDA
36. In Unit Linked policies, the risk cover is a multiple of ...
 (A) Fund Value (B) Accumulations
 (C) Net Asset Value (D) Premiums
37. In Unit Linked plan, the Fund Value is a product of which of the following:
 (A) Gross Asset Value & Net Asset Value
 (B) Net Asset Value & Premium
 (C) Net Asset Value & Charges
 (D) Net Asset Value & No. of Units
38. Why Pensions are said to represent the flip side of life insurance?
 (A) Life insurance provides protection against premature death whereas pension covers the contingency of living too long;
 (B) In life insurance premium payments result in creation of sum assured. In case of pensions, the corpus gets liquidated by regular income payments.
 (C) Both the above are correct
 (D) Both are wrong
39. Public Pensions are provided by the –
 (A) Insurance companies (B) Employers
 (C) Individuals (D) State
40. Public Pensions are funded in the following manner:
 (A) Earn as you Go (B) Take as you go
 (C) Spend as you go (D) Pay as you go
41. Which of the following is incorrect?
 (A) Many developed countries provide pension to alleviate poverty.
 (B) These pensions are sufficient to maintain a modest life style.
 (C) A & B are correct (D) A & B are wrong.
42. Who provides Occupational pensions?
 (A) Insurance companies (B) Employers
 (C) Individuals (D) State
43. Which is a type of Occupational pension?
 (A) Defined Benefit type
 (B) Defined contribution type
 (C) Both correct (D) Both wrong
44. Under Defined Benefit type, the benefit payable is independent of –
 (A) Contributions (B) Investment earnings
 (C) Both correct (D) None correct
45. Quantum of pension under Defined Benefit type would depend on –
 (A) Accrual rate (B) Salary

- (C) Pensionable service (D) All the above
46. Type of Occupational pension scheme -
 (A) Uninsured pension scheme
 (B) Insured Pension scheme
 (C) Both right (D) Both wrong
47. A pension scheme in which the employer manages fund through a trust and pays pension thro purchase of an annuity from a life insurance company is called
 (A) Uninsured pension scheme
 (B) Insured Pension scheme
 (C) Both right (D) Both wrong
48. A pension scheme in which the funds are managed by the insurance company is called -
 (A) Uninsured pension scheme
 (B) Insured Pension scheme
 (C) Both right (D) Both wrong
49. Which type of Occupational pension has fallen into trouble in recent times:
 (A) Defined Benefit type
 (B) Defined contribution type
 (C) Both correct (D) Both wrong
50. Employers throughout the world has migrated from to in recent times.
 (A) Defined contribution to Defined Benefit
 (B) Defined Benefit to Defined Contribution
 (C) Both are correct (D) Both are wrong
51. Defined Contribution scheme is also known as -
 (A) Pension purchase scheme
 (B) Postpone and purchase scheme
 (C) Switch and purchase scheme
 (D) Money purchase scheme
52. Which one of the following is correct?
 (A) Under Defined Benefit scheme, pension paid was linked to investment performance of fund
 (B) Under Defined Contribution scheme, pension paid was not linked to investment performance of the fund
 (C) Both are correct (D) Both are wrong
53. In which type of Occupational pension is the element of cross-subsidization present?
 (A) Defined Benefit type
 (B) Defined contribution type
 (C) Both correct (D) both wrong
54. Who markets personal pension products?
 (A) Employers (B) IRDA
 (C) General Insurers (D) Life Insurers
55. In a Personal pension scheme, who pays Pension to whom?
 (A) Pension Provider to Annuitant
 (B) Employer to employee
 (C) Government to Public
 (D) State to its employees
56. Which one of the following is correct?
 (A) Amount of annuity payable is directly proportional to Length of annuity.
 (B) Amount of annuity payable is inversely proportional to Length of annuity.
 (C) Both have no correlation
 (D) I do not want to attempt this question.
57. The facility to withdraw 1/3rd of the accumulated amount at the time of retirement is called
 (A) Switching (B) Commutation
 (C) Taxing (D) Encashment
58. Annuities are not classified on the basis of -
 (A) How purchased (B) How often paid
 (C) When annuity begins (D) Profits/Bonus

QN	ANS.	QN	ANS.
1	D	31	B
2	B	32	A
3	A	33	C
4	C	34	B
5	B	35	A
6	D	36	D
7	A	37	D
8	D	38	C
9	D	39	D
10	B	40	D
11	D	41	B
12	D	42	B
13	A	43	C
14	C	44	C
15	C	45	D
16	D	46	C
17	C	47	A
18	C	48	B
19	A	49	A
20	D	50	B
21	D	51	D
22	B	52	D
23	A	53	A
24	B	54	D
25	D	55	A
26	C	56	B
27	B	57	B
28	C	58	D
29	D		
30	B		

MODEL TEST 4**Time : 1 hour****1 mark each****Marks :**

1. Annuity belongs to –
(A) one where annuity amount is fixed (guaranteed)
(B) one where the annuity amount is variable (linked to investment performance)
(C) Both A and B are correct
(D) None of the above.
2. Which one of the following statements is correct?
(A) Annuity would stop strictly with the death of the annuitant
(B) Annuity could be paid to the surviving spouse in case of joint life annuity.
(C) Both A and B are correct
(D) None of the above.
3. In a joint life annuity, what would happen to annuity payment if the spouse is to predecease the annuitant?
(A) Annuity would continue
(B) Annuity would cease
(C) A & B correct (D) NOTA
4. What are the types of Annuities?
(A) Immediate Annuity (B) Deferred Annuity
(C) Both are correct (D) NOTA
5. Under Immediate annuity, the premium has to be paid
(A) in regular instalments (B) in lumpsum
(C) Both correct (D) Both wrong
6. Under Deferred annuity, the premium has to be paid –
(A) in regular instalments (B) in lumpsum
(C) Both correct (D) Both wrong
7. Under Deferred annuity, the time period between its purchase and start of annuity payments is called–
(A) Waiting period
(B) Postponement period
(C) Waiver period (D) Deferment period
8. What are the 2 distinct phases of a Deferred Annuity?
(A) Waiting & Starting phases
(B) Loading & Unloading phases
(C) Accumulation & Payout phases
(D) Commutation & Continuation phases
9. Which type of Annuity will have 2 distinct phases?
(A) Immediate Annuity (B) Deferred Annuity
(C) Spouse Annuity (D) Joint life annuity
10. Which one of the following statement is correct?
(A) Every Annuity is pension
(B) Every Pension is an Annuity
(C) Both correct (D) Both wrong
11. Which is a dilemma of an old age person?
(A) How much old age pension is to be provided
(B) Where to invest the fund
(C) Both correct (D) Both wrong
12. Which is not a pension related contingency?
(A) Health (B) Longevity
(C) Inflation (D) Investment risk
13. Which is the reason for increase in health insurance in India?
(A) Health consciousness
(B) Increased longevity
(C) Increase in income (D) All
14. What is a Standalone health insurance company?
(A) An health insurance company which has only one office throughout the country.
(B) A Life insurance company selling general insurance products like health insurance also.
(C) A General Insurance company which sells only health products. (D) All the above.
15. Which is not a recent phenomenon in health insurance industry segment?
(A) Hospital chains are allowed by IRDA to enter health insurance business.
(B) Tremendous growth of health ins. business is tapped by Standalone companies.
(C) Standalone companies are specifically barred from covering rural masses.
(D) None of the above.
16. Which item of expense is not covered under a typical health insurance cover?
(A) Theatre charges
(B) Blood donation charges
(C) Bed charges (D) Test reports
17. Which is correct?
(A) Health insurance companies do not normally provide Outpatient treatment expenses.
(B) Some Health insurance companies do provide Outpatient treatment expenses.
(C) Both correct (D) None of the above correct
18. As part of Outpatient cover, which are the items that could not be covered?
(A) Dental treatment (B) Optical services
(C) Health checkups (D) Surgery
19. Day care centre in health insurance parlance would mean –
(A) Patients are admitted during day time only
(B) There is no provision for round the clock treatment
(C) Centre where procedures requiring less than 24 hrs hospitalization are done.
(D) None of the above.
20. Which among the following is not a Day Care procedure?
(A) Bypass surgery (B) Cataract
(C) Lithotripsy (D) Piles
21. TPA stands for –
(A) Third Party Assignee

- (B) Third Payment Administrator
(C) Third Payee Assignor
(D) Third Party Administrator
22. TPA is licenced by the –
(A) Insurance company (B) Surveyor
(C) Central Govt. (D) IRDA
23. Who is a health care provider?
(A) Insurer (B) Insured
(C) IRDA (D) Hospital
24. Which is a network hospital?
(A) An hospital enlisted by insurer to provide medical services
(B) An hospital enlisted by TPA to provide medical services
(C) Both correct (D) None of the above correct
25. What do you understand by the term 'Portability' in so far as it relates to health ins?
(A) Right given to an individual to move from one to another policy of the same co.
(B) Right to transfer the policy from one insurer to another insurer or from one to another plan
(C) Both correct (D) None of the above correct
26. Illness/injury for which treatment was required during a pre-determined time is called –
(A) Pre-existing illness
(B) Post-operative illness
(C) Post-paid illnesses
(D) Pre-correctional illnesses
27. In which manner Pre-existing illnesses could be covered?
(A) After illness is cured
(B) Before illness is contracted
(C) After illness is diagnosed
(D) After a Waiting period
28. Health plus Life Combo products would mean combination of –
(A) Health Insurance from a Non-life company + Life cover from a Life Insurance company
(B) Health Insurance from a Standalone health co. + Life cover from a Life Insurance company
(C) Both correct (D) None of the above correct
29. Which one of the following statements is correct?
(A) Health cover policies cover all illnesses without any exclusion whatsoever.
(B) There could be a few exclusions like AIDS, STDs, etc.
(C) Both correct (D) None of the above correct
30. Typical health ins. policies may exclude from cover routine expenses related to –
(A) Plastic surgery (B) Dental treatment
(C) Aesthetic treatment (D) All the above.
31. Exclusions in a health insurance policy means –
(A) Diseases covered under health cover
(B) Diseases specifically not covered
(C) Both correct (D) None of the above correct
32. If a person does not prefer any claim in an health insurance –
(A) Cover would cease and policy cancelled
(B) Cover would be subject to certain exclusions
(C) Cover would decrease
(D) No claim Bonus allowed for claim-free years
33. Domiciliary Hospitalisation means –
(A) Treatment taken as an Outpatient in an hospital
(B) Treatment taken as an Inpatient in an hospital
(C) Treatment taken both as an Outpatient and as an Inpatient
(D) Treatment taken at home as the patient could not be moved to hospital
34. For admission of domiciliary hospitalization claim, the minimum period of medical treatment should be –
(A) 24 hours (B) 48 hours
(C) 3 days (D) 4 days
35. With regard to domiciliary hospitalization which is incorrect?
(A) The limit for the same is fixed as a %age of total sum insured
(B) All chronic diseases are covered without any exclusion
(C) Both correct (D) None of the above correct
36. What is the special feature of a Family Floater policy?
(A) The total sum insured floats amongst the family members
(B) Husband/wife, children & Parents/parents in laws can be covered
(C) Both correct (D) None of the above correct
37. In respect of a family floater health policy, which of the following statements is correct?
(A) The total premium payable is less than the total premium payable under non-floater policies
(B) The total premium payable is more than the total premium payable under non-floater policies
(C) Both correct (D) None of the above correct
38. It would be advantageous to go for a Family floater rather than Non-floater for the reason that-
(A) Higher cover which would help any family member in case of high cost treatment.
(B) Premiums are considerably lower than where cover is taken for individual members.
(C) Both correct (D) Either A or B is correct
39. The sum insured under a health insurance policy would primarily depend on –
(A) Age (B) Health condition
(C) Affordability (D) Income

40. Health insurance policy premiums qualify for tax relief under Income Tax Act?
(A) 80C (B) 80D (C) 10(10D) (D) 80E
41. The definition for 'Hospital' does not envisage which of the following:-
(A) 5 inpatient beds in towns with a population < 10 lakh population and 10 beds in other places
(B) Qualified medical practitioner round the clock
(C) Fully equipped operation theatre
(D) (D) Daily records of patients to be maintained.
42. Cashless facility means –
(A) Insured need not carry cash on hand and he can settle medical bills thro' debit card
(B) Insured has to pay bills and take reimbursement later
(C) Hospital (Net work provider) would directly get the bills settled by the insurer
(D) None of the above.
43. Smart identity card for presenting it to network hospital in health insurance would be issued by–
(A) Insurer (B) TPA
(C) Either A or B (D) Neither A nor B
44. In case of hospitalization in a network hospital, admission would be on the basis of –
(A) Smart card
(B) Pre-authorisation from Insurer/TPA
(C) Either A or B (D) NOTA
45. If the insured gets admitted in a non-network hospital,
(A) He could still avail cashless facility
(B) He would settle hospital bills and would get reimbursed by the insurer.
(C) Either A or B (D) Neither A nor B
46. In which event availing cashless facility may not require a pre-authorisation from the insurer/TPA?
(A) If the hospitalization is to a Non-network hospital
(B) Emergency hospitalization
(C) Both A and B correct
(D) Neither A nor B are correct.
47. Who prescribes the format of a pre-authorisation letter and standard claim forms?
(A) Central Government
(B) Insurance company (C) TPA (D) IRDA
48. How much free look period allowed from the date of receipt of health ins policy document?
(A) 10 days (B) 15 days
(C) 30 days (D) 90 days
49. The grace period for renewal beyond expiry date of a health insurance policy is –
(A) 10 days (B) 15 days
(C) 30 days (D) 90 days
50. As per IRDA regulations on health insurance –
(A) Life time cover not mandated
(B) Life time cover is mandatory
(C) Either A or B (D) Neither A nor B

QN	ANS.	QN	ANS.
1	C	26	A
2	B	27	D
3	B	28	C
4	C	29	B
5	B	30	D
6	C	31	B
7	D	32	D
8	C	33	D
9	B	34	C
10	B	35	B
11	C	36	C
12	A	37	A
13	D	38	C
14	C	39	A
15	C	40	B
16	B	41	A
17	C	42	C
18	D	43	C
19	C	44	C
20	A	45	B
21	D	46	C
22	D	47	D
23	D	48	B
24	C	49	C
25	C	50	B

MODEL TEST 6

Time : 30 min

Marks : 1 mark each

1. Surplus is equal to –
 - A) Assets + Liabilities B) Liabilities – Assets
 - C) Assets – Liabilities
 - D) Excess of Assets over Liabilities
2. Which of the following is incorrect?
 - A. Profit is excess of income over outgo
 - B. Profits are excess of assets over liabilities
 - C. The same yardstick as is followed by a firm can be applied while life ins. valuation.
 - D. All the above
3. Assets can be valued by –
 - A. Book value B. Market value
 - C. Discounted present value
 - D. Either of the above
4. Surplus in an ins co. is a function of –
 - A. How Asset is valued
 - B. How liability is valued
 - C. How Assets & Liabilities are valued
 - D. None of the above
5. If Liabilities are liberally valued it would result in –
 - A. More surplus B. Less surplus
 - C. More or less surplus
 - D. I do not want to attempt this question
6. If Assets are overvalued, the result would be –
 - A. More surplus B. Less surplus
 - C. More or less surplus D. New business Strain
7. If Liabilities are undervalued it would result in –
 - A. More surplus B. Less surplus
 - C. More or less surplus
 - D. Neither more nor less surplus
8. If Assets are undervalued it would result in –
 - A. More surplus B. Less surplus
 - C. More or less surplus D. No effect on surplus
9. Surplus would arise in an insurance company if –
 - A. the actual experience is worsen than what it had assumed.
 - B. the actual experience is better than what it had assumed.
 - C. the liabilities are under/over valued
 - D. the assets are valued in a conservative manner.
10. If liabilities are overvalued, it would result in –
 - A. More bonuses to the policyholders
 - B. Less bonuses to the present policyholders
 - C. More bonuses to the future policyholders
 - D. Less bonuses to the future policyholders.
11. If Assets/Liabilities are liberally valued, it would benefit –
 - A. Current policyholders
 - B. Future policyholders
 - C. Neither/nor current/future policyholders
 - D. No impact at all on policyholder community.
12. Surplus not distributed (retained earnings) could contribute to –
 - A. Financial disaster for a company
 - B. Financial soundness of a company
 - C. Discredit of a company in the eyes of public
 - D. Adds to the liabilities of a company
13. While distributing surplus, care has to be taken for –
 - A. Solvency requirements
 - B. Increase free assets
 - C. Both the above D. None
14. Free assets of a company are –
 - A. Distributed bonuses
 - B. Unallocated surpluses
 - C. Dividends D. Encumbered assets
15. An ins. co. needs free assets for –
 - A. Financing new business
 - B. Generating more competitive returns
 - C. Greater leverage in investment
 - D. All the above
16. Which of the following is correct?
 - A. The entire surplus would be distributed to policyholders
 - B. The entire surplus would be distributed to shareholders
 - C. A portion of the surplus would be left for distribution to shareholders
 - D. All the above.
17. Most common form of bonus is –
 - A. Cash bonus B. Compound bonus
 - C. Dividend D. Reversionary bonus
18. In respect of payment of Reversionary Bonuses which is incorrect?
 - A. Payable on maturity B. Payable on surrender
 - C. Payable at any time during the term of a policy
 - D. Payable on death
19. In respect of Bonuses, which of the following is incorrect?
 - A. Bonuses once declared, get attached to the policy and can't be taken away.
 - B. Bonuses form part of liability of a company
 - C. Premiums need not have been paid for a specified no. of years D. All the above.
20. Reversionary Bonus is declared as an amount –
 - A. Per thousand premium paid
 - B. Per thousand surplus of the company
 - C. Per hundred premium paid
 - D. Per thousand sum insured

21. Which is a bonus?
 A. Simple reversionary bonus
 B. Compound reversionary bonus
 C. Terminal bonus D. Any of the above
22. Terminal Bonus is payable at the time of –
 A. Surrender B. Maturity/Death
 C. Loan D. Any of the above
23. Terminal Bonus would with the duration/term of the policy.
 A. Increase B. Decrease
 C. Either increase/decrease
 D. bear no connection
24. Distribution of terminal bonuses are a way out for ins. cos. to –
 A. Reward the policyholders for ins.cos' unrealized gains
 B. Achieve equity among different generations of policyholders
 C. Both the above D. Either A or B
25. An alternative to Bonus method of distribution of surplus is –
 A. Lapsation method B. Contribution method
 C. Accumulation method D. None of the above
26. The dividends declared under Contribution method can be –
 A. Paid by cash or by reducing future premiums
 B. Allowing purchase of non-forfeitable paid up additions
 C. Accumulated with interest to be withdrawn at the option of the policyholder
 D. Any of the above
27. The disadvantage of Traditional With Profit policies over ULIP would be that –
 A. Bonuses are declared only once a year and did not reflect daily fluctuations in the value of assets
 B. Policyholder benefits depend on assumptions/discretions of the ins. co.
 C. Bonus structure did not reflect the true value of assets of the insurer. D. All the above.
28. Benefit under a Unit Linked policy is reckoned by –
 A. The value of the units
 B. The no. of units standing to the credit of the unitholder
 C. Both the above
 D. None
29. Unit Linked policy score over Traditional plans with respect to –
 A. Transparent charges structure B. Value of the units related to an index of performance
 C. Both premium and sum insured (as a multiple of annual premium) decided by the insured.
 D. All of the above
30. In respect of ULIPs, which is the correct statement?
 A. Entire premium is invested in units
 B. Premium less charges is invested
 C. Premium less bonuses are invested in units
 D. Premium less Risk charges are invested
31. What are the charges in a ULIP?
 A. Policy Allocation Charge
 B. Mortality charge
 C. Both A and B. D. Neither A nor B
32. Policy Allocation Charge would be in the initial years.
 A. High B. Low
 C. Moderate D. Neither High nor Low
33. In ULIPs, the result of policy allocation charge would be that amount would be allocated for investment in units.
 A. More B. Less
 C. High D. Any of the above.
34. In the initial years of a ULIP, the value of the benefits would be –
 A. High B. Low
 C. Moderate
 D. Neither high nor low

QN	ANS.	QN	ANS.
1	D	26	D
2	C	27	D
3	D	28	C
4	C	29	D
5	A	30	B
6	A	31	C
7	A	32	A
8	B	33	B
9	B	34	B
10	B	35	-
11	A	36	-
12	B	37	-
13	C	38	-
14	B	39	-
15	D	40	-
16	C	41	-
17	D	42	-
18	C	43	-
19	C	44	-
20	D	45	-
21	D	46	-
22	B	47	-
23	A	48	-
24	C	49	-
25	B	50	-

MODEL TEST 7

Time : 1 hour

Marks : 1 mark each

1. Prospectus is a document which is
A. basis of the contract B. Contract
C. Evidence of contract
D. providing details about product
2. Which is not provided in a Prospectus?
A. Terms & conditions B. Scope of benefits
C. Documents required for claim. D. Entitlements
3. Which of the following defines a proposal form?
A. IRDA Act, 1999
B. IRDA (Licensing of Agents) Regulations, 2000
C. Insurance Act, 1938
D. IRDA (Protection of Policyholders' interests) Regulations, 2002
4. IRDA has prescribed the design and content of a proposal form through –
A. IRDA (Licensing of Agents) Regulations, 2000
B. IRDA (Protection of Policyholders' interests) Regulations, 2002
C. IRDA (Standard Proposal Form for insurance) Regulations, 2013 D. All the above
5. Who is the primary underwriter?
A. Insurer B. Insured
C. Proposer D. Agent
6. Which of the following information is not contained in a Medical Examiner's Report?
A. Previous policy particulars
B. Height, weight, BP of the proponent
C. Both A and B D. Neither A nor B
7. When medical report of the life insured is essential?
A. Sum proposed or age is high
B. Medical characteristics of the proposer
C. Both A and B D. Neither A nor B
8. What does moral hazard indicate?
A. The possibility that client would undertake dangerous expeditions after taking a policy
B. The possibility of ending own life or the life of another
C. Both the above instances D. NOTA
9. Moral Hazard Report is completed by
A. Official of the Company B. Agent
C. Medical Examiner D. Proposer
10. To ascertain which of the following Age proof is not required:
A. Assessment of Risk profile
B. Premium paying capacity
C. Fixing the premium D. All the above
11. Which is a not a standard age proof?
A. PAN card B. Baptism Certificate
C. Service Register D. Ration card
12. Which is a standard age proof?
A. Horoscope B. Ration card
C. PAN card D. Self declaration
13. The term Money Laundering would mean –
A. Process of hiding the origin of the money
B. Turning illegal money into legal money
C. Bringing illegal money into economy
D. All of the above.
14. As per PML Act, 2002, which came into effect from 2005, money laundering is punishable by
A. Rigorous imprisonment for 3 - 7 years
B. Fine of Rs.5 lakhs C. None D. Both A or B
15. AML programme of an ins. co. to include –
A. Internal policies and controls
B. Appointment of a Principal Compliance Officer
C. Internal Audit/control D. All the above
16. What are the KYC documents?
A. Photo B. Address proof
C. Proof of Identify D. All the above.
17. Objective of KYC guidelines is to prevent –
A. Identity theft B. Financial fraud
C. Money laundering D. All the above
18. The free look period available to cancel a policy is –
A. 15 days B. 30 days
C. 45 days D. 60 days
19. When free look period under a policy would commence?
A. Date of commencement
B. Date of receipt of policy bond
C. Date of FPR D. Any time
20. Which is evidence of commencement of contract/risk cover?
A. Policy document B. Prospectus
C. Proposal form D. FPR
21. Which is a Premium receipt?
A. First Premium Receipt
B. Renewal Premium Receipt
C. Both D. NOTA
22. Which will act as a proof of premium payment should any dispute arise as to premium payment?
A. F.P.R. B. R.P.R.
C. Proposal form D. Policy document
23. Which is evidence of contract?
A. Policy document B. Prospectus
C. Proposal form D. FPR
24. What are the parts of a policy bond?
A. Policy schedule B. Standard provisions
C. Specific provisions D. All the above
25. Which of the following information is not found in the Policy Schedule?
A. Plan and Term B. Sum insured
C. Rights/Privileges D. Policy No.
26. Standard provisions of a policy contains which of the following information?
A. Rights/Privileges B. Sum insured
C. Table and Term D. Policy No.
27. Specific policy provisions may contain –
A. Plan and Term B. Clause
C. Rights/Privileges D. Policy No.
28. 'Clause' under a life insurance policy means –
A. Risk not covered B. Risk covered
C. Surrender D. Loan facility

29. What is the standard length of a grace period under a life insurance policy?
- One month not more than 30 days
 - One month not less than 31 days
 - One month not more than 31 days
 - One month not less than 30 days
30. When a policy is said to lapse?
- If premiums are paid within grace period
 - If premiums are paid after grace period
 - If premiums are not paid after grace period
 - If premiums are not paid within grace period
31. If the policyholder dies within grace period –
- Claim will be rejected
 - Claim will be paid subject to policy conditions
 - Claim is payable after deducting the prem.
 - None of the above
32. Revival of a life insurance policy means –
- Forcing a policy into lapse
 - Reinstating a lapsed policy
 - Not paying the premiums
 - Non-settlement of claim monies
33. Revival of a policy is not a right of the insured.
- Conditional
 - Unconditional
 - Legal
 - Fundamental
34. Revival would be subject to –
- No increase in risk cover
 - Creation of reserve
 - Satisfactory evidence of insurability
 - All the above
35. Satisfactory evidence of insurability would mean –
- Satisfactory premium payment
 - Satisfactory evidence of health
 - Satisfactory proposal form
 - Satisfactory terms and conditions
36. If a policy is lapsed for a very short period of time only, what would be the requirement:-
- Medical Report
 - Medical Underwriting
 - Certificate of good health
 - None
37. When a medical report would be called at the time of revival?
- When the policy is in a lapsed condition for a long period
 - If health problem is present
 - If the sum assured is high
 - All the above
38. It would be advantageous to Revive a lapsed policy rather than taking a new policy. Most apt reason is -
- Fresh conditions may be imposed under a new policy
 - Policyholder may not get the same policy benefits.
 - That policy may longer be available for sale
 - Premium under a new policy would be more based on his latest age.
39. What is the way to revival a lapsed policy of life insurance?
- Ordinary revival
 - Special Revival
 - Instalment revival
 - Any of the above.
40. Which is the simplest form of revival?
- Ordinary revival
 - Special Revival
 - Instalment revival
 - Any of the above.
41. Under special revival which is correct?
- It is as though a new policy is issued by altering DOC
 - The maturity date also gets altered
 - Difference between old and new premium is payable.
 - All the above.
42. What is the condition for special revival?
- The policy should have loan value
 - The policy must not have acquired surrender value.
 - Either A or B
 - Neither A nor B.
43. A loan-cum revival would mean –
- Granting a loan
 - Revival of the policy
 - Both
 - None
44. Under the loan cum revival which of the following is correct?
- The policyholder would pay full arrears of premium with interest like ordinary revival.
 - The loan granted would be used as a consideration amount and balance only payable.
 - Both are correct
 - Both are wrong.
45. When instalment revival can be availed?
- When policyholder is unable to pay full arrears of premium in lumpsum
 - When the policy could not be revived under special revival scheme.
 - Both
 - None
46. Who gets benefited if a policy is lapsed?
- Insurer
 - Insured
 - Both Insurer & Insured
 - None
47. Non-forfeiture provisions means accrual of certain benefits to policyholders if premiums are paid for at least
- One year.
 - Two years
 - Three years.
 - Four years.
48. Loan value is a percentage of –
- Paid up value
 - Surrender Value
 - Revival Value
 - None
49. What is the maximum %age of surrender value that can be granted as loan?
- 50 percent
 - 75 percent
 - 80 percent
 - 90 percent
50. How policy loan is different from a commercial loan?
- There is no legal obligation to repay a policy loan
 - In case of policy loan, there is no need for a credit check.
 - Both the above are right
 - None of the above is correct
51. In so far policy loans are concerned, which one of the following is correct?
- The policy has to be assigned in favour of the insurer.
 - Such an assignment will not cancel the nomination already made.
 - Both
 - None

52. If both policy loan and premiums are not paid, the outstanding loan/interest may exceed the policy's cash value. What would the insurer do in such an eventuality?
 A. Surrender B. Revival
 C. Cancellation D. Foreclosure.
53. On Foreclosure of a policy which one of the following is incorrect—
 A. Nothing is payable to the policyholder
 B. Excess amount (subsisting cash value after deducting loan/interest) is payable.
 C. Notice has to be given to the policyholder by the insurer. D. None of the above.
54. In respect of nomination, which one of the following is correct?
 A. More than one person can be nominated.
 B. Nomination can be done either at the time of commencement or later.
 C. Nomination can be changed by making an endorsement. D. All the above.
55. In respect of nomination, which one of the following is incorrect?
 A. Where the nominee is a minor, an appointee has to be appointed.
 B. The appointee has to give his/her written consent.
 C. Nominee has right to whole/part of the claim
 D. None of the above.
56. Where more than one nominee is nominated –
 A. The death claim monies will be shared;
 B. The death claim monies is payable jointly.
 C. Both the above are right
 D. None of the above is correct
57. Assignment involves transfer of under the policy to another person/entity.
 A. Rights B. Title
 C. Ownership D. Any of the above.
58. The person who transfer rights is called and the person who receives the right is called
 A. Nominee, Assignee B. Appointee, Assignee
 C. Assignor, Assignee D. Lender, Loanee
59. What is common between nomination and assignment?
 A. Both can be done at the time of taking the policy.
 B. Both are done as per Insurance Act, 1938.
 C. Both involve transfer of rights under the policy.
 D. None of the above.
60. In respect of Assignment which of the following is correct?
 A. Assignee becomes owner of the policy.
 B. Assignee cannot have better rights than assignor.
 C. Both the above D. None of the above.
61. Which of the following is correct?
 A. Under absolute assignment, the assignee will have all rights.
 B. The assignee can deal with the policy in any manner.
 C. Under conditional assignment the policy shall revert back to the assignor on the happening of an event. D. All the above.
62. Who can do a nomination under the policy?
 A. Assignor B. Assignee
 C. Life Insured D. Nominee
63. Assignee can do another but cannot do
 A. Nomination, Assignment
 B. Nomination, Surrender
 C. Assignment, Foreclosure
 D. Assignment, Nomination
64. Which of the following is correct?
 A. Notice of assignment has to be given to the insurer.
 B. Notice of nomination has to be given to the insurer
 C. Both A and B D. None of the above.
65. If policy document is lost -
 A. Claim may be settled on the basis of an indemnity bond
 B. If the amount to be paid is high, an advertisement may have to be placed in a newspaper.
 C. Both A and B D. None of the above.
66. Which of the following is correct?
 A. Alterations can be done by placing a suitable endorsement on the policy.
 B. For some alterations, cancellation of existing policy and issue of new policy is resorted to.
 C. Both the above are right
 D. Both the above are wrong.
67. Which type of alterations amongst the following is not permitted?
 A. Reduction in sum assured
 B. Change in mode of premium payment
 C. Correction in name D. Increase in risk
68. Which type of alterations amongst the following is not permitted?
 A. Extension of term
 B. Change from with profit to without profit
 C. Alterations which result in lowering the premium
 D. All the above

QN	ANS.								
1	D	16	D	31	C	46	D	61	D
2	C	17	D	32	B	47	C	62	C
3	D	18	A	33	B	48	B	63	D
4	C	19	B	34	D	49	D	64	C
5	D	20	D	35	B	50	C	65	C
6	A	21	C	36	C	51	C	66	C
7	C	22	B	37	D	52	D	67	D
8	C	23	A	38	D	53	A	68	D
9	A	24	D	39	D	54	D		
10	B	25	C	40	A	55	C		
11	D	26	A	41	D	56	B		
12	C	27	B	42	B	57	D		
13	D	28	A	43	C	58	C		
14	D	29	B	44	B	59	B		
15	D	30	D	45	C	60	C		

MODEL TEST 8

Duration : 1 hour

Marks : 1 mark for each qn.

1. Anti-selection means -
 - A. Tendency of people who expect loss to take insurance eagerly leading to loss to the insurer.
 - B. Tendency of people to go for small amount of insurance
 - C. Tendency of people who have good health to go for insurance
 - D. Non evincing keen interest in buying an insurance
2. If a life has an anticipated mortality significantly lower than standard lives and could be charged lower premium the life is a –
 - A. Standard life
 - B. Sub-standard life
 - C. Declined risk
 - D. Preferred risks
3. Declined life means –
 - A. Life to which insurance could be granted
 - B. Life to which insurance cover could not be granted at affordable cost
 - C. Both the above
 - D. None of the above
4. Who is the Primary underwriter or Field underwriter?
 - A. Development Officer
 - B. Insured
 - C. Agent
 - D. Insurer
5. What are the 2 methods of underwriting?
 - A. Direct & indirect
 - B. Accept or decline
 - C. Judgement & Numerical
 - D. Openended & closeended methods
6. method of underwriting is suitable while deciding a complex case – eg whether to give insurance to someone who has acute diabetes –
 - A. Instrumental
 - B. Panelling
 - C. Non-medical
 - D. Judgmental
7. Medical opinion could be taken from –
 - A. Any Doctor
 - B. Medical Referee
 - C. Medical Consultant
 - D. Medical Practitioner
8. In this method of underwriting, the underwriter gives rating points for all negative or adverse factors and total and decide Extra Mortality Rating. Which method are we talking about?
 - A. Biometric rating
 - B. Judgmental rating
 - C. Clinical Rating
 - D. Numerical rating
9. What is lien?
 - A. An underwriting decision where increased death benefit would be payable
 - B. An underwriting decision where decreased death benefit would be payable
 - C. A decision which does not alter the death benefit
 - D. NOTA
10. Which is the most common underwriting decision?
 - A. To accept with extra prem
 - B. To reject proposa
 - C. Lien
 - D. To accept at ordinary rate
11. What is the meaning of the term Non-Medical underwriting?
 - A. Taking Health insurance
 - B. Buying a medical insurance without medical exam.
 - C. Buying life insurance without medical exam
 - D. None of the above
12. Number of cases which gets accepted by the underwriting under Non-medical are –
 - A. Very small
 - B. Small
 - C. Large
 - D. Not significant
13. Why non-medical underwriting is resorted to ?
 - A. To verify the income of the proposer
 - B. To save on cost of conducting medical exam
 - C. To check the antecedents of a person
 - D. To satisfy about the health of the proposer
14. Under which type of underwriting several conditions are to be followed?
 - A. Non-medical underwriting
 - B. Medical underwriting
 - C. Field underwriting
 - D. Financial underwriting
15. Under Non-medical underwriting, which is not a condition to be followed?
 - A. Female
 - B. Limit in sum insured
 - C. Limit in age
 - D. Limit in income
16. Characteristics of an individual which impact on risk (hazards) is classified into?
 - A. Financial and non-financial hazard
 - B. Physical and moral hazard
 - C. Philosophical and metaphysical hazard
 - D. Standard and non-standard hazard
17. Which are the factors taken into account for financial underwriting?
 - A. Income
 - B. Occupation
 - C. Lifestyle/habits
 - D. All the above
18. Insurability of female is governed by –
 - A. Need for insurance
 - B. Capacity to pay premiums
 - C. Both
 - D. None
19. Women have significantly longevity than men
 - A. Greater
 - B. Lesser
 - C. Neither greater nor lesser
 - D. Unable to say
20. When an underwriter has to be very careful?
 - A. When sum insured is very small
 - B. When sum insured is very large
 - C. When income is very small
 - D. When income is very high
21. In which of the following cases moral hazard could be suspected?
 - A. When the age is advanced
 - B. Large sum insured disproportionate to income
 - C. Both the above
 - D. Not the above.
22. When special reports would be necessary?
 - A. When high sum insured is proposed
 - B. When age is advanced
 - C. Both
 - D. NOTA

23. Which of the following is not a moral hazard?
 A. Taking insurance at advanced age
 B. A proposer with many dependents taking ins.
 C. When medical exam is done elsewhere
 D. Proposal on another life without insurable interest
24. Occupational hazards could emanate from
 A. Accident at work place B. Health problems
 C. Moral hazard in a job D. All
25. Which of the following is not an hazardous occupation of moral hazard from a job?
 A. Working in a ration shop
 B. Working as a bodyguard to a criminal
 C. Working as a bartender
 D. Working in a night club
26. Which of the following reports would reflect on the lifestyle and habits of a proposer?
 A. Agents confidential reports
 B. Moral hazard report C. Both D. None
27. Which of the following is not a medical factor that influence an underwriter's decision?
 A. Family history B. Income
 C. Personal history D. Personal characteristics
28. Two measures of a Blood pressure of a person are -
 A. Systolic B. Diastolic C. Both D. None
29. Which is a not a personal characteristics contributing to tendency to disease?
 A. Build B. Height C. Weight D. Need
30. When an insurance company is put to real test?
 A. At the point of accepting proposal
 B. At the time of payment of claim
 C. At the time of deciding sum insured
 D. At the time of announcement of bonuses
31. Whose obligation is to pay claim?
 A. Insurer B. Insured C. Underwriter D. Proposer
32. Which of the following is not an event triggering claim?
 A. Survival B. Death C. Age D. Surrender
33. Which of the following policy, survival benefits are payable?
 A. Whole life B. Moneyback
 C. Endowment D. Unit Linked
34. A policy taken with critical illness rider benefit is being assigned. Which type of assignment would suit the intended purpose because if the life insured is diagnosed with a critical illness he only should receive the critical illness rider claim?
 A. Absolute assignment B. Conditional Assignment
 C. Loan assignment D. Collateral assignment
35. A policy can be surrendered only if it has acquired -
 A. Legal value B. Money value
 C. Policy value D. Paid up value
36. Surrender value is a %age of
 A. Human life value B. Loan value
 C. Paid up value D. Monetary value
37. Surrender value expressed as a percentage of premiums paid is called -
 A. Guaranteed surrender value
 B. Special surrender value
 C. Special revival value
 D. Minimum surrender value
38. Rider benefit is payable subject to policy terms and conditions on the occurrence of a specified
 A. Contract B. Event C. Health D. Condition
39. When critical illness rider benefit is payable?
 A. When the life insured dies of a critical illness
 B. When the insured is diagnosed with critical illness
 C. When the life insured is diagnosed with a illness not covered under the policy
 D. When the life insured assigns his critical illness rider benefit also in favour of assignee
40. On payment of a rider benefit, what happens to a policy contract?
 A. Ceases B. Dies C. Cancelled D. Continues
41. In a Return of Premium Plan (ROP), what is the quantum of maturity claim payable:
 A. Sum insured B. Sum insured + Bonus
 C. Return of premiums D. Nothing
42. In a money back plan what is the maturity claim payable?
 A. Sum insured
 B. Sum insured less survival benefits paid already
 C. Nothing is payable D. Bonuses
43. In a money back plan what is the death claim payable?
 A. Sum insured
 B. Sum insured less survival benefits paid already
 C. Nothing is payable D. Bonuses
44. In a Unit Linked plan what is the maturity claim payable?
 A. Sum insured
 B. Sum insured less survival benefits paid already
 C. Nothing is payable D. Fund value
45. In a Unit Linked plan what is the death claim payable?
 A. Sum insured
 B. Sum insured less survival benefits paid already
 C. Sum insured or fund value which is higher
 D. Fund value
46. When a death claim is payable?
 A. If a policyholder dies after maturity of a policy
 B. If a policyholder dies during the term of policy
 C. if a policyholder dies after surrendering a policy
 D. If insured dies after Foreclosure of a policy
47. Choose among the following the form not required for settlement of a death claim
 A. Declaration of good health

- B. Certificate of cremation/burial
C. Physician Certificate D. Death certificate
48. Repudiation of death claim means –
A. Acceptance of full sum insured
B. Accepting without any pre-condition
C. Rejection of a claim
D. Acceptance with health extra
49. Maturity claim is payable when
A. When the insured survives the first 5 years
B. When the insured dies during policy term
C. When the insured is diagnosed with a critical illness D. When the insured survives policy term
50. An insurance contract terminates after is paid.
A. Loan B. Human Life Value
C. Economic value D. Claim
51. Which is a death claim?
A. Early claim B. Non-early claim
C. Both D. None
52. A claim arising within years of taking a policy is called an Early claim.
A. One B. Two C. Three D. Four
53. A non-early claim is claim occurring after Years of taking a policy of ins.
A. One B. Two C. Three D. Four
54. Who could not be a claimant under a policy?
A. Appointee B. Assignee
C. Legal heir D. Minor nominee
55. Section 45 of Insurance Act, 1938 safeguards the interests of –
A. Insurers B. Policyholders
C. Assignees D. Nominees
56. The Insurer's right to reject a claim under a policy is subject to which of the following provisions of the Insurance Act, 1938:
A. Section 38 B. Section 39
C. Section 44 D. Section 45
57. As per Section 45 of Insurance Act, 1938, an insurance company can reject a claim within 2 years from issuance of policy if the material facts in the proposal are proved
- A. True B. False C. Not worthy D. Irrelevant
58. As per Section 45 of Insurance Act, 1938, an insurance company can reject a claim after 2 years from issuance of policy if the material facts in the proposal are made
A. Innocently B. Falsely
C. Frantically D. Fraudulently
59. Which act speaks about presumption of death?
A. Insurance Act, 1938 B. IRDA Act 1999
C. IRDA Regulations 2000
D. Indian Evidence Act
60. A person can be presumed to be dead if he has not been heard about for
A. 5 years B. 6 years C. 7 years D. 10 years
61. What is the time limit set for an insurer by IRDA Regulations for calling for documents from the date of receipt of claim intimation?
A. 5 days B. 10 days C. 15 days D. 30 days
62. What is the time limit set for an insurer by IRDA Regulations for settling non-early claims from date of receipt of all documents.
A. 5 days B. 10 days C. 15 days D. 30 days
63. In which type of claim will insurer order an investigation?
A. Early death claim B. Non-early claim
C. Maturity claim D. Surrender
64. What is the time limit set for completing a claim investigation?
A. 1 month B. 6 months C. 1 year D. 2 years
65. Section 45 of Insurance Act, 1938 speaks about rejecting a claim after ... years of taking a policy
A. 1 year B. 2 years C. 5 years D. 7 years
66. If the claim could not be settled for want of proper identification of a payee, the insurer shall pay interest at the rate of -
A. SB A/C B. Bank int. + 2% C. 5% D. 10%
67. If there is any delay in settlement of claim within 30 days other than an early claim, insurer has to pay.. rate of interest.
A. SB A/C B. Bank int. + 2% C. 5% D. 10%
68. Which Regulation deals with claim procedure:
A. IRDA (Licencing of Agents) Regulations, 2000
B. IRDA (Protection of policyholders Interests) Regulations, 2002
C. Insurance Act 1938
D. Government of India directives
69. By helping a client in settlement of claim, the agent earns of the claimant
A. Peace B. Affection C. Wrath D. Goodwill

QN	ANS.								
1	A	16	B	31	A	46	B	61	C
2	D	17	D	32	C	47	A	62	D
3	B	18	C	33	B	48	C	63	A
4	C	19	A	34	B	49	D	64	B
5	C	20	B	35	D	50	D	65	B
6	D	21	C	36	C	51	C	66	A
7	B	22	C	37	A	52	C	67	B
8	D	23	B	38	B	53	C	68	B
9	B	24	D	39	B	54	D	69	D
10	D	25	A	40	D	55	B		
11	C	26	C	41	C	56	D		
12	C	27	B	42	B	57	B		
13	B	28	C	43	A	58	D		
14	A	29	D	44	D	59	D		
15	D	30	B	45	C	60	C		