VAEM & VASANTHAM

PRESENTS

IC - 38

ENGLISH

QUESTION BANK

A Guide to suceed in Pre-recruitment Life Insurance Agents

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1	Which of the below option best describes the process of insurance?	2	Which of the below insurance scheme is run by an insurer and not sponsored by the Government?
	1. Sharing the losses of many by a few		1. Employees State Insurance Corporation
	2. Sharing the losses of few by many		2. Crop Insurance Scheme
	3. One sharing the losses of few		3. Jan Arogya
	4. Sharing of losses through subsidy		4. All of the above
3	The _______________ has jurisdiction to entertain complaints, where value of the goods or services and the compensation claimed is up to Rs.20 lakhs.	4	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?
	1. District Forum		1. Rs.100/-
	2. State Commission		2. Rs.200/-
	3. Zilla Parishad		3. Rs.80/- -
	4. National Commission		4. Rs.400/-
5	Which of the following statements is true?	6	Which among the following is the regulator for the insurance industry in India?
	1. Insurance is a method of sharing the losses of a „few‟ by „many‟		1. Insurance Authority of India
	2. Insurance is a method of transferring the risk of an individual to another individual		2. Insurance Regulatory and Development Authority of India
	3. Insurance is a method of sharing the losses of a „many‟ by a few		3. Life Insurance Corporation of India
	4. Insurance is a method of transferring the gains of a few to the many		4. General Insurance Corporation of India
7	______________ is not a tangible good.	8	Origins of modern insurance business can be traced to ___________.
	I. House		I. Bottomry
	II. Insurance		II. Lloyds
	III. Mobile Phone		III. Rhodes
	IV. A pair of jeans		IV. Malhotra Committee
9	A customer having complaint regarding his insurance policy can approach IRDA through	10	Select the correct statement:
	I. IGMS		I. Ethical behaviour is impossible while selling insurance
	II. District Consumer Forum		II. Ethical behaviour is not necessary for insurance agents
	III. Ombudsman		III. Ethical behaviour helps in developing trust between the agent and the insurer
	IV. IGMS or District Consumer Forum or Ombudsman		IV. Ethical behaviour is expected from the top management only
11	____________ has jurisdiction to entertain matters where value of goods or services and the compensation claim is up to 20 lakhs	12	Which of the below will be the most appropriate option for a customer to lodge an insurance policy related complaint?
	I. High Court		I. Police
	II. District Forum		II. Supreme Court
	III. State Commission		III. Insurance Ombudsman
	IV. National Commission		IV. District Court

13	Expand the term IGMS.	14	Are there any fee / charges that need to be paid for lodging the complaint with the Ombudsman?
	I. Insurance General Management System		I. A fee of Rs 100 needs to be paid
	II. Indian General Management System		II. No fee or charges need to be paid
	III. Integrated Grievance Management System		III. 20% of the relief sought must be paid as fee
	IV. Intelligent Grievance Management System		IV. 10% of the relief sought must be paid as fee
15	What is the time limit for approaching an Insurance Ombudsman?	16	Which of the below statement is correct with regards to the territorial jurisdiction of the Insurance Ombudsman?
	I. Within two years of rejection of the complaint by the insurer		I. Insurance Ombudsman has National jurisdiction
	II. Within three years of rejection of the complaint by the insurer		II. Insurance Ombudsman has State jurisdiction
	III. Within one year of rejection of the complaint by the insurer		III. Insurance Ombudsman has District jurisdiction
	IV. Within one month of rejection of the complaint by the insurer		IV. Insurance Ombudsman operates only within the specified territorial limits
17	Which among the following is an example of coercion?	18	Which among the following options cannot be insured by Ramesh?
	I. Ramesh signs a contract without having knowledge of the fine print		I. Ramesh‟s house
	II. Ramesh threatens to kill Mahesh if he does not sign the contract		II. Ramesh‟s spouse
	III. Ramesh uses his professional standing to get Mahesh to sign a contract		III. Ramesh‟s friend
	IV. Ramesh provides false information to get Mahesh to sign a contract		IV. Ramesh‟s parents
19	______ relates to inaccurate statements, which are made without any fraudulent intention.	20	___________ involves pressure applied through criminal means.
	I. Misrepresentation		I. Fraud
	II. Contribution		II. Undue influence
	III. Offer		III. Coercion
	IV. Representation		IV. Mistake
21	Which of the below is not a valid consideration for a contract?	22	Which of the below party is not eligible to enter into a life insurance contract?
	I. Money		I. Business owner
	II. Property		II. Minor
	III. Bribe		III. House wife
	IV. Jewellery		IV. Government employee
23	Which of the below is not correct with regards to insurable interest?	24	Find out the proximate cause for death in the following scenario? Ajay falls off a horse and breaks his back. He lies there in a pool of water and contracts pneumonia. He is admitted to the hospital and dies because of pneumonia.
	I. Father taking out insurance policy on his son		I. Pneumonia
	II. Spouses taking out insurance on one another		II. Broken back
	III. Friends taking out insurance on one another		III. Falling off a horse
	IV. Employer taking out insurance on employees		IV. Surgery

25	Who devised the concept of HLV?	26	Which of the below mentioned insurance plans has the least or no amount of savings element?
	I. Dr. Martin Luther King		I. Term insurance plan
	II. Warren Buffet		II. Endowment plan
	III. Prof. Hubener		III. Whole life plan
	IV. George Soros		IV. Money back plan
27	Which among the following cannot be termed as an asset?	28	Which of the below cannot be categorised under risks?
	I. Car		I. Dying too young
	II. Human Life		II. Dying too early
	III. Air		III. Natural wear and tear
	IV. House		IV. Living with disability
29	When is the best time to start financial planning?	30	Which among the following is a wealth accumulation product?
	I. Post retirement		I. Bank Loans
	II. As soon as one gets his first salary		II. Shares
	III. After marriage		III. Term Insurance Policy
	IV. Only after one gets rich		IV. Savings Bank Account
31	Which among the following can be categorised under transactional products?	32	Which among the following can be categorised under contingency products?
	I. Bank deposits		I. Bank deposits
	II. Life insurance		II. Life insurance
	III. Shares		III. Share
	IV. Bonds		IV. Bonds
33	Which among the following is an intangible product?	34	In decreasing-term insurance, the premiums paid ____________ over time.
	I. Car		I. Increase
	II. House		II. Decrease
	III. Life insurance		III. Remain constant
	IV. Soap		IV. Are returned
35	Who among the following is best advised to purchase a term plan?	36	Which of the below is an example of an endowment assurance plan?
	I. An individual who needs money at the end of insurance term		I. Mortgage Redemption Plan
	II. An individual who needs insurance and has a high budget		II. Credit Life Insurance Plan
	III. An individual who needs insurance but has a low budget		III. Money Back Plan
	IV. An individual who needs an insurance product that gives high returns		IV. Whole Life Plan
37	Which among the following is a non-traditional life insurance product?	38	Which of the below statement is incorrect ?
	I. Term assurance		I. Variable life insurance is a temporary life insurance policy
	II. Universal life insurance		II. Variable life insurance is a permanent life insurance policy
	III. Endowment insurance		III. The policy has a cash value account
	IV. Whole life insurance		IV. The policy provides a minimum death benefit guarantee

39	As per IRDAI norms, an insurance company can provide which of the below non- traditional savings life insurance products are permitted in India? Choice I: Unit Linked Insurance Plans Choice II: Variable Insurance Plans .	40	Which of the below is correct with regards to universal life insurance? Statement I: It allows policy owner to vary payments Statement II: Policy owner can earn market based rate of return on cash value
	I. I only		I. I is true
	II. II only		II. II is true
	III. I and II both		III. I and II are true
	IV. Neither I nor		IV. I and II are false
41	All of the following is true regarding ULIP‟s EXCEPT .	42	Which of the below statement is true regarding ULIP‟s ?
	I. Unit holder can choose between different kind of funds		I. Value of the units is determined by a formula fixed in advance
	II. Life insurer provides guarantee for unit values		II. Investment risk is borne by the insurer
	III. Units may be purchased by payment of a single premium or via regular premium payments.		III. ULIP‟s are opaque with regards to their term, expenses and savings components
	IV. ULIP policy structure is transparent with regards to the insurance expenses component		IV. ULIP‟s are bundled products
43	What is the objective behind Mortgage Redemption Insurance?	44	Mortgage redemption insurance (MRI) can be categorised under ________.
	I. Facilitate cheaper mortgage rates		I. Increasing term life assurance
	II. Provide financial protection for home loan borrowers		II. Decreasing term life assurance
	III. Protect value of the mortgaged property		III. Variable life assurance
	IV. Evade eviction in case of default		IV. Universal life assurance
45	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?	46	Ajay pays insurance premium for his employees. Which of the below insurance premium will not be treated deductible as compensation paid to employee? Choice I: Health insurance with benefits payable to employee Choice II: Keyman life insurance with benefits payable to Ajay
	I. Property under Mahesh‟s name		I. I only
	II. Mahesh‟s bank accounts		II. II only
	III. Term life insurance policy purchased under Section 6 of MWP Act		III. Both I and II
	IV. Mutual funds owned by Mahesh		II IV. Neither I nor II
47	Which of the below option is true with regards to MWP act cases? Statement I: Death claims are settled in favour of nominees Statement II: Death claims are settled in favour of trustees	48	Which of the below option is true with regards to MWP Act cases? Statement I: Maturity claims cheques are paid to policyholders Statement II: Maturity claims cheques are paid to trustees
	I. I is true		I. I is true
	II. II is true		II. II is true
	III. Both I and II are true		III. Both I and II are true
	IV. Neither I nor II is true		IV. Neither I nor II is true

49	What does a policy lapse mean?	50	What does the term “premium” denote in relation to an insurance policy?
	I. Policyholder completes premium payment for a policy		I. Profit earned by the insurer
	II. Policyholder discontinues premium payment for a policy		II. Price paid by an insured for purchasing the policy
	III. Policy attains maturity		III. Margins of an insurer on a policy
	IV. Policy is withdrawn from the market		IV. Expenses incurred by an insurer on a policy
51	What is a policy withdrawal?	52	In case of __________, a company expresses the bonus as a percentage of basic benefit and already attached bonuses.
	I. Discontinuation of premium payment by policyholder		I. Reversionary bonus
	II. Surrender of policy in return for acquired surrender value		II. Compound bonus
	III. Policy upgrade		III. Terminal bonus
	IV. Policy downgrade		IV. Persistency bonus
53	During the _________ period, if the policyholder has bought a policy and does not want it, he / she can return it and get a refund.	54	Which of the below is an example of standard age proof?
	I. Free evaluation		I. Ration card
	II. Free look		II. Horoscope
	III. Cancellation		III. Passport
	IV. Free trial		IV. Village Panchayat certificate
55	From the below given age proof documents, identify the one which is classified as non-standard by insurance companies.	56	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.
	I. School certificate		I. 60 days
	II. Identity card in case of defence personnel		II. 45 days
	III. Ration card		III. 30 days
	IV. Certificate of baptism		IV. 15 days
57	Which of the below statement is correct with regards to a policy returned by a policyholder during the free look period?	58	Which of the below statement is correct?
	I. The insurance company will refund 100% of the premium		I. The proposal form acceptance is the evidence that the policy contract has begun
	II. The insurance company will refund 50% of the premium		II. The acceptance of premium is evidence that the policy has begun
	III. The insurance company will refund the premium after adjusting for proportionate risk premium for the period on cover, medical examination expenses and stamp duty charges		III. The First Premium Receipt is the evidence that the policy contract has begun
	IV. The insurance company will forfeit the entire premium		IV. The premium quote is evidence that the policy contract has begun

59	Which of the following documents is an evidence of the contract between insurer and insured?	60	Which of the below is not a valid address proof?
	I. Proposal form		I. PAN Card
	II. Policy document		II. Voter ID Card
	III. Prospectus		III. Bank passbook
	IV. Claim form		IV. Driving licence
61	Which of the below statement is correct?	62	In order for the policy to acquire a guaranteed surrender value, for how long must the premiums be paid as per law?
	I. The policy document has to be signed by a competent authority but need not be compulsorily stamped according to the Indian Stamp Act.		I. Premiums must be paid for at least 2 consecutive years
	II. The policy document has to be signed by a competent authority and should be stamped according to the Indian Stamp Act.		II. Premiums must be paid for at least 3 consecutive years
	III. The policy document need not be signed by a competent authority but should be stamped according to the Indian Stamp Act.		III. Premiums must be paid for at least 4 consecutive years
	IV. The policy document neither needs to be signed by a competent authority nor it needs to be compulsorily stamped according to the Indian Stamp Act.		IV. Premiums must be paid for at least 5 consecutive years
63	Under what circumstances would the policyholder need to appoint an appointee?	64	Which of the below forms the first part of a standard insurance policy document?
	I. Insured is minor		I. Policy schedule
	II. Nominee is a minor		II. Standard provisions
	III. Policyholder is not of sound mind		III. Specific policy provisions
	IV. Policyholder is not married		IV. Claim procedure
65	Which of the following is an example of moral hazard?	66	Which of the below alteration will be permitted by an insurance company?
	I. Stunt artist dies while performing a stunt		I. Splitting up of the policy into two or more policies
	II. A person drinking copious amounts of alcohol because he is inured		II. Extension of the premium paying term
	III. Insured defaulting on premium payments		III. Change of the policy from with profit policy to without profit policy
	IV. Proposer lying on policy document		IV. Increase in the sum assured
67	For an insurance policy nomination is allowed under __________ of the Insurance Act, 1938.	68	Which of the following is not a standard age proof?
	I. Section 10		I. Passport
	II. Section 38		II. School leaving certificate
	III. Section 39		III. Horoscope
	IV. Section 45		IV. Birth certificate

69	Amruta is pregnant. She has applied for a term insurance cover. Which of the below option will be the best option to choose for an underwriter to offer insurance to Amruta? Choose the most likely option.	70	Sheena is suffering from acute diabetes. She has applied for an insurance plan. In this case the underwriter is most likely to use ____________ for underwriting. Choose the most appropriate option.
	I. Acceptance at ordinary rates		I. Judgment method
	II. Acceptance with extra premium		II. Numerical method
	III. Decline the proposal		III. Any of the above method since an illness like diabetes does not play a major role in the underwriting process
	IV. Acceptance with a restrictive clause		IV. Neither of the above method as diabetes cases are rejected outright
71	Which of the below insurance proposal is not likely to qualify under non-medical underwriting?	72	Santosh has applied for a term insurance policy. His anticipated mortality is significantly lower than standard lives and hence could be charged a lower premium. Under risk classification, Santosh will be classified under___________.
	I. Savita, aged 26 years, working in an IT company as a software engineer		I. Standard lives
	II. Mahesh, aged 50 years, working in a coal mine		II. Preferred risks
	III. Satish, aged 28 years, working in a bank and has applied for an insurance cover of Rs. 1 crore		III. Substandard lives
	IV. Pravin, aged 30 years, working in a departmental store and has applied for an endowment insurance plan for a tenure of 10 years		IV. Declined lives
73	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.	74	Mahesh has bought a life insurance policy with a critical illness rider. He has made absolute assignment of the policy in favour of Karan. Mahesh suffers a heart attack and there is a claim of Rs. 50,000 under the critical illness rider. To whom will the payment be made in this case?
	I. Certificate of burial or cremation		I. Mahesh
	II. Treating physician‟s certificate		II. Karan
	III. Employer‟s certificate		III. The payment will be shared equally by Mahesh and Karan
	IV. Inquest Report		IV. Neither of the two because Mahesh has suffered the heart attack but the policy is assigned in favour of Karan.
75	What stands true with regard to HLV?	76	What is Sec 107 & 108?
	1. Future value of Gross total income		1. Presumption of Death
	2. Future value of net total income		2. Indisputebility Clause
	3. Future value of his current income		3. MWP Act
	4. None of these		4. Nomination

77	Which of the below statement best describes the concept of claim? Choose the most appropriate option.	78	Which of the below death claim will be treated as an early death claim ?
	I. A claim is a request that the insurer should make good the promise specified in the contract		I. If the insured dies within three years of policy duration
	II. A claim is a demand that the insurer should make good the promise specified in the contract		II. If the insured dies within five years of policy duration
	III. A claim is a demand that the insured should make good the commitment specified in the agreement		III. If the insured dies within seven years of policy duration
	IV. A claim is a request that the insured should make good the promise specified in the agreement		IV. If the insured dies within ten years of policy duration
79	A payment made under a money-back policy upon reaching a milestone will be classified under which type of claim?	80	Shankar bought a 10 year Unit Linked Insurance Plan. If he dies before the maturity of the policy which of the below will be paid?
	I. Death claim		I. Lower of sum assured or fund value
	II. Maturity claim		II. Higher of sum assured or fund value
	III. Periodical survival claim		III. Premiums paid will be returned with 2% higher interest rate as compared to a bank‟s savings deposit
	IV. Surrender claim		IV. Surrender value
81	Based on classification of claims (early or non-early), pick the odd one out?	82	Which of the below statement is correct with regards to renewal notice?
	I. Ramya dies after 6 months of buying a term insurance plan		I. As per regulations there is a legal obligation on insurers to send a renewal notice to insured, 30 days before the expiry of the policy
	II. Manoj dies after one and half years of buying a term insurance plan		II. As per regulations there is a legal obligation on insurers to send a renewal notice to insured, 15 days before the expiry of the policy
	III. David dies after two and half years of buying a term insurance plan		III. As per regulations there is a legal obligation on insurers to send a renewal notice to insured, 7 days before the expiry of the policy
	IV. Pravin dies after five and half years of buying a term insurance plan		IV. As per regulations there is no legal obligation on insurers to send a renewal notice to insured before the expiry of the policy
83	As per guidelines, an insurance company has to process an insurance proposal within __________.	84	As per IRDAI (Protection of Policyholders Interests) Regulations, 2002, a claim under a life policy shall be paid or be disputed, within 30 days from the date of receipt of all relevant papers and clarifications required.
	I. 7 days		I. 7 days
	II. 15 days		II. 15 days
	III. 30 days		III. 30 days
	IV. 45 days		IV. 45 days

85	Which of the below statement is correct with regards to a warranty?	86	Which of the below statement is correct with regards to cashless service provided in health insurance?
	I. A warranty is a condition which is implied without being stated in the policy		I. It is an environment friendly go-green initiative started by insurance companies to promote electronic payments so that circulation of physical cash notes can be reduced and trees can be saved.
	II. A warranty is a condition expressly stated in the policy		II. Service is provided free of cost to the insured and no cash is to be paid as the payment is made by the Government to the insurance company under a special scheme
	III. A warranty is a condition expressly stated in the policy and communicated to the insured separately and not as part of the policy document		III. All payments made by insured have to be made only through internet banking or cards as cash is not accepted by the insurance company
	IV. If a warranty is breached, the claim can still be paid if it is not material to the risk		IV. The insured does not pay and the insurance company settles the bill directly with the hospital
87	As per IRDA guidelines, a ________ grace period is allowed for renewal of individual health policies.	88	Though the duration of cover for pre-hospitalization expenses would vary from insurer to insurer and is defined in the policy, the most common cover is for ________ pre-hospitalization.
	I. Fifteen days		I. Fifteen days
	II. Thirty days		II. Thirty days
	III. Forty Five days		III. Forty Five days
	IV. Sixty days		IV. Sixty days
89	Identify which of the below statement is correct?	90	Identify which of the below statement is incorrect?
	I. Health insurance deals with morbidity		I. An employer can take a group policy for his employees
	II. Health insurance deals with mortality		II. A bank can take a group policy for its customers
	III. Health insurance deals with morbidity as well as mortality		III. A shopkeeper can take a group policy for its customers
	IV. Health insurance neither deals with morbidity or mortality		IV. A group policy taken by the employer for his employees can be extended to include the family members of the employees.
91	Which of the following factor does not affect the morbidity of an individual?	92	The first and the primary source of information about an applicant, for the underwriter is his ________________.
	I. Gender		I. Age proof documents
	II. Spouse job		II. Financial documents
	III. Habits		III. Previous medical records
	IV. Residence location		IV. Proposal form

93	1) In a group health insurance, any of the individual constituting the group could anti-select against the insurer. 2) Group health insurance provides coverage only to employer-employee groups.	94	The principle of utmost good faith in underwriting is required to be followed by ___________.
	I. Statement 1 is true and statement 2 is false		I. The insurer
	II. Statement 2 is true and statement 1 is false		II. The insured
	III. Statement 1 and statement 2 are true		III. Both the insurer and the insured
	IV. Statement 1 and statement 2 are false		IV. The medical examiners
95	Insurable interest refers to ____________.	96	The underwriting process is completed when __________________.
	I. Financial interest of the person in the asset to be insured		I. All the critical information related to the health and personal details of the poser are collected through the proposal form
	II. The asset which is already insured		II. All the medical examinations and tests of the proposer are completed
	III. Each insurer‟s share of loss when more than one company covers the same loss		III. The received information is carefully assessed and classified into appropriate risk categories
	IV. The amount of the loss that can be recovered from the insurer		IV. The policy is issued to the proposer after risk selection and pricing.
97	Who among the following is not a stakeholder in insurance claim process?	98	Which of the following document is maintained at the hospital detailing all treatment done to an in-patient?
	I. Insurance company shareholders		I. Investigation report
	II. Human Resource Department		II. Settlement sheet
	III. Regulator		III. Case paper
	IV. TPA		IV. Hospital registration certificate
99	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?	100	What does OP stand for in Health Policies ?
	I. Young people are mostly dependant		I. Dental Treatment
	II. Old people can afford to pay more		II. Surgery
	III. Mortality is related to age		III. Heart transplant
	IV. Mortality is inversely related to age		IV. Limb transplant
101	Which of the below mentioned insurance plans has the least or no amount of savings element?	102	Which of the below is not an advantage of cash value insurance contracts?
	1. Term insurance plan		1. Safe and secure investment
	2. Endowment plan		2. Inculcates saving discipline
	3. Whole life plan		3. Lower yield
	4. Money back plan		4. Income tax advantages

103	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.	104	Laxman 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, Laxman will be classified under ___________.
	1. Higher, Higher		1. Standard lives
	2. Lower, Higher		2. Preferred risks
	3. Higher, Lower		3. Substandard lives
	4. Faster, Slower		4. Declined lives
105	The first Indian company to start operations in 1870 in Mumbai is -	106	Cashless facilities in hospitals enlisted by insurer are referred by
	1. Bombay Mutual Assurance Society		1. TPA
	2. Oriental Life Insurance Co		2. Network Provider
	3. National Insurance co		3. IRDA
	4. Triton Insurance Co		4. Health Care Services
107	Key Man Insurance is taken to compensate	108	Which among the following is a limitation of traditional life insurance products?
	1. Personal Loss		1. Yields on these policies is high
	2. Business loss		2. Clear and visible method of arriving at surrender value
	3. Liability loss		3. Well defined cash and savings value component
	4. None of the above		4. Rate of return is not easy to ascertain
109	What is the primary purpose of a life insurance product?	110	What does the term 'premium'denote in relation to an insurance policy?
	1. Tax rebates		1. Profit earned by the insurer
	2. Safe investment avenue		2. Price paid by an insured for purchasing the policy
	3. Protection against the loss of economic value of an individual's productive abilities		3. Margins of an insurer on a policy
	4. Wealth accumulation		4. Expenses incurred by an insurer on a policy
111	Mr. Kunal used to participate in Car race. While taking up the Insurance policy he disclosed this information. What kind of hazard does it refers to	112	Money laundering is the process of bringing _______ money into an economy by hiding its _______ origin so that it appears to be legally acquired.
	1. Physical hazard		1. Illegal, illegal
	2. Fraudulent representation		2. Legal, legal
	3. Moral hazard		3. Illegal, legal
	4. Peril		4. Legal, illegal
113	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?	114	With regards to valuation of assets by insurance companies, __________ is the value at which the life insurer has purchased or acquired its assets.
	1. Lower the interest rate assumed, lower the premium		1. Discounted future value
	2. Higher the interest rate assumed, higher the premium		2. Discounted present value
	3. Higher the interest rate assumed, lower the premium		3. Market value
	4. The interest rates don't affect premiums		4. Book value

115	Which type of insurance is mostly suited for mortgage loans taken by the person ?	116	Which of the following is a negative way of handling risk ?
	1. Term assurance		1. Risk control
	2. Term insurance with ROP		2. Risk financing
	3. Mortgage redemption		3. Risk transfer
	4. None of the above		4. Risk avoidance
117	Which is correct?	118	These consist of those whose anticipated mortality corresponds to the______________represented by the mortality table.
	1. A convertible term policy cannot be converted into a whole life policy		1. Sub Standard lives
	2. A convertible policy can be converted into a money back cover also		2. Standard lives
	3. A convertible term policy can be converted into a whole life policy		3. Prefered lives
	4. A converting term policy can be converted into a decreasing term policy		4. None of the above
119	Ramesh is married and wants to buy a life insurance policy on his friends life. Find out his option –	120	Primary care can be described as _____________.
	1. No, Ramesh cannot buy life insurance on his friend's life because he is married		1. Care provided to patient in an acute setting
	2. Yes, Ramesh can buy insurance on his friend's life		2. Care provided in hospitals
	3. No, Ramesh cannot buy life insurance on his friend's life because of the principle of Caveat Emptor		3. First point of contact for people seeking healthcare
	4. No, Ramesh cannot buy life insurance on his friend's life because there is no insurable interest		4. Care provided by Doctors
121	Insurance is a ….. Product	122	An Insurance policy where claim is given to the nominee. Which type of claim is this?
	1. Tangble product		1. Maturity claim
	2. Intangble product		2. Death claim
	3. Both are correct		3. Survival benefit
	4. Both are wrong		4. None of these
123	Element of a valid contract most related to premium?	124	Which one of these is a valid contract?
	1. Utmost good faith		1. Paying bribe for getting work done
	2. Capacity to contract		2. Insurance for a housewife with no income
	3. Consideration		3. Buying a house from a friend for a throwaway price
	4. Consensus Id idem		4. Life insurance for maternal uncle

125	Which of the following denotes the underwriter's role in an insurance company?	126	Which among the following is not an objective of tax planning?
	1. Process claims		1. Maximum tax benefit
	2. Decide acceptability of risks		2. Reduced tax burden as a result of prudent investments
	3. Product design architect		3. Tax evasion
	4. Customer relations manager		4. Full advantage of tax breaks
127	Which of the below is not a feature of MWP Act policy?	128	Which of the below action showcases the principle of “Uberrima Fides”?
	1. Each policy will remain a separate trust		1. Lying about known medical conditions on an insurance proposal form
	2. It can be attached by any creditor		2. Not revealing known material facts on an insurance proposal form
	3. Claim money shall be paid to the trustees		3. Disclosing known material facts on an insurance proposal form
	4. Trustees may be wife & children		4. Paying premium on time
129	Mahesh had bought a ULIP 10 year back. At Maturity, the market went significantly low. What can Mahesh consider?	130	Mohit Gupta applies for an insurance cover from an insurance company . The company finds him below the insurable standard but still can be insurable. Insurance company would classify Mohit Gupta in the category of
	1. Can extend the term of the policy		1. Sud-standard lives
	2. Can opt for the settlement option		2. Preffered Risk
	3. Can opt for any of the option		3. Declined lives
	4. Can do none of these		4. Standard lives
131	By transferring risk to insurer, it becomes possible ___________.	132	If a Health Insurance policyholder takes treatment in a non-network hospital, then how will he be reimbursed
	1. To become careless about our assets		1. Settle the hospital bill himself and get it reimbursed later by the Insurance company
	2. To make money from insurance in the event of a loss		2. Need to add that hospital as TPT
	3. To ignore the potential risks facing our assets		3. Cannot claim the expenses
	4. To enjoy peace of mind and plan one's business more effectively		4. All of the above
133	The best insurance plan for an individual who needs insurance and has a low budget.	134	Both the parties should agree to the same thing in the same sense. In other words it means
	1. Endowment assurance		1. Utmost Good Faith
	2. Term insurance		2. Consensus ad-idem
	3. Money back policy		3. Capacity to Contract
	4. Whole life insurance		4. Caveat Emptor
135	Pooling of risk in insurance means	136	Which of the below statement is correct?
	1. The premium collected and deposited in a pool		1. The proposal form acceptance is the evidence that the policy contract has begun
	2. All similar risks are pooled together		2. The acceptance of premium is evidence that the policy has begun
	3. Contribution of the Insurance company		3. The First Premium Receipt is the evidence that the policy contract has begun
	4. Premium is pool to make claims		4. The premium quote is evidence that the policy contract has begun

137	Which of the below policy can provide protection to home loan borrowers?	138	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?
	1. Property insurance		1. Lower the interest rate assumed, lower the premium
	2. Assest Insurance		2. Higher the interest rate assumed, higher the premium
	3. Mortgage Redemption Insurance		3. Higher the interest rate assumed, lower the premium
	4. General Insurance		4. The interest rates don't affect premiums
139	________________ is an insured who undergoes treatment after getting admitted in a hospital.	140	Which of the following is not an example of direct marketing?
	1. Inpatient		1. Web Based Marketing
	2. Outpatient		2. Selling through Banks
	3. Day patient		3. Mail Marketing
	4. House patient		4. Work Site Marketing
141	The provision for return of a part of the sum assured in periodic instalments during the term and balance of sum assured at the end of the term is called____________________	142	Suggest a fund for investor who wants to park his money in to secure investment like Govt.bond/FD/Corporate Bond?
	1. Endowment		1. Money Market Fund
	2. Money Back		2. Debt Fund
	3. ULIP		3. Equity Fund
	4. Pension		4. Balanced Fund
143	The premium for accidental death benefit rider must not exceed	144	Rating factor for non-medical underwritting does not include
	1. 15% of base policy premium		1. Age
	2. 25% of base policy premium		2. Large Sum assured
	3. 30% of base policy premium		3. Salary level
	4. 5% of base policy premium		4. Moral hazard
145	If on maturity of the policy, the fund value is paid to the insured, what kind of Policy is it?	146	_________ refers to a hospital/health care provider enlisted by an insurer to provide medical services to an insured on payment by a cashless facility
	1. Endowment Assurance Plan		1. Day care centre
	2. Money Back Plan		2. Network provider
	3. Unit Linked Insurance Plan		3. Third Party Administrator
	4. Return of premium Term Plan		4. Domiciliary
147	_______ can be defined as a contract between insurer and insured wherein insurer agrees to pay hospitalization expenses to the tune of agreed sum assured in the event of medical expenses arising out of illness or an injury	148	Which of the following condition will affect a person's insurability negatively?
	1. Health Insurance		1. Daily jogs
	2. Term Insurance		2. Banned substance abuse
	3. Endowment Assurance		3. Lazy nature
	4. Annuity		4. Procrastination

149	Which of the below is one of the ways of defining surplus?	150	Which of the below features will be checked in a medical examiner's report?
	1. Excessive liabilities		1. Emotional behaviour of the proposer
	2. Excessive turnover		2. Height, weight and blood pressure
	3. Excess value of liabilities over assets		3. Social status
	4. Excess value of assets over liabilities		4. Truthfulness
151	In a standard insurance policy document, the standard provisions section will have information on which of the below?	152	Who is the Regulator of Capital Market in India?
	1. Date of commencement, date of maturity and due date of last premium		1. IRDA
	2. Name of the nominee		2. SEBI
	3. The rights and privileges and other conditions, which are applicable under the contract		3. RBI
	4. The signature of the authorised signatory and policy stamp		4. AMFI
153	Which of these statements is incorrect ?	154	Which among the following is an example of Fraud?
	1. Mutuality provides protection against the economic loss arising as a result of one unit, where the contributions of many who have entered into the life insurance contract		1. Signing a contract without having proper knowledge
	2. Mutuality is also known as pooling		2. Threatening to kill if he does not sign the contract
	3. Under mutuality we have funds flow from one source to many		3. Uses his professional standing to get to sign a contract
	4. Under mutuality, the funds of various individuals are combined		4. Providing false information to get to sign a contract
155	Ramesh already has a lot of policies. Now he is in dire need of money. What will you suggest him to do ?	156	Suresh has adequate reserve capital with him and he wishes to protect his income, moreover he feels that if he does not die then he would need the amount. What type of plan should he opt for?
	1. Purchase an income protection plan		1. Endowent plan
	2. Surrender his high cash value contracts		2. Return of premium plan
	3. Purchase a money back plan		3. Retirement plan
	4. Stop paying premium and let the policy lapse		4. Term insurance plan
157	What is the subject matter in Life Insurance?	158	Find out two factors needed to calculate HLV?
	1. Property		1. Net earnings & no of family members
	2. Good Will		2. Net earnings & annual rate of interest
	3. Human Life		3. Net earnings & Job type
	4. Premium		4. Net earnings & type of insurance product
159	Universal life insurance is associated with?	160	Oriental Life insurance co. was formed in the year?
	1. Germany		1. 1817
	2.UK.		2. 1818
	3. France		3. 1890
	4. USA		4. 1980

161	Ram is married and wants to buy insurance for his friend. Why can he not buy?	162	What will happen if the insured person loses the original life insurance policy document?
	1. Because he is married		1. The insurance company will issue a duplicate policy without making any changes to the contract
	2. Because he has no insurable interest in his friend		2. The insurance contract will come to an end
	3. Because he does not have sources to pay premium		3. The insurance company will issue a duplicate policy with renewed terms and conditions based on the current health declarations of the life insured
	4. Because his friend is rich		4. The insurance company will issue a duplicate policy without making any changes to the contract, but only after a Court order.
163	Mrs. Sheela received some amount out of her husband's death. In such a situation what will be her prime focus?	164	If a person has got cataract surgery from a day care centre, for how long does he have to stay at the hospital?
	1. Savings		1. One hour
	2. Insurance		2. One week
	3. Investment management		3. Five days
	4. Planning for pension		4. One day
165	Which of the following statements is correct?	166	Which of the below is not an element of the life insurance business?
	1. Higher the mortality rate higher the premium		1. Asset
	2. Higher the interest rate assumed lower the premium		2. Risk
	3. Both A and B are true		3. Principle of mutuality
	4. Only A is true		4. Subsidy
167	From the below given list, which is a tangible product ?	168	Which among the following is a secondary burden of risk?
	1. House		1. Business interruption cost
	2. Insurance		2. Goods damaged cost
	3. Goodwill		3. Setting aside reserves as a provision for meeting potential losses in the future
	4. Air		4. Hospitalisation costs as a result of heart attack
169	What does pooling of loses imply?	170	Ravi has applied for a term insurance. His predicted mortality is significantly lower than standard lives and hence could be charged a lesser premium. Under risk classification, Santosh will be classified under
	1. Increased Risk		1. Standard lives
	2. Replacing actual loss with average loss		2. Preferred risks
	3. Sharing of loss by group		3. Substandard lives
	4. Inability to protect losses		4. Declined lives

171	A patient who undergoes treatment after getting discharged from a hospital is known as	172	Primary care can be described as _____________.
	1. Inpatient		1. Care provided to patient in an acute setting
	2. Outpatient		2. Care provided in hospitals
	3. Day patient		3. First point of contact for people seeking healthcare
	4. House patient		4. Care provided by Doctors
173	Nitin is looking for a term insurance plan for protection of his family, he is advised to approach:	174	Key Man Insurance is taken to compensate
	1. Property Insurance		1. Personal Loss
	2. Life Insurance		2. Business loss
	3. Health Insurance		3. Liability loss
	4. Liability Insurance		4. None of the above
175	In insurance, contract consideration is	176	Health insurance is designed to handle which of the following risks?
	1. rebate		1. Mortality
	2. sum assured		2. Morbidity
	3. premium		3. Infinity
	4. None		4. Serendipity
177	Who can be covered under a family floater policy	178	Savings can be considered as a composite of two decisions. Choose them from the list below.
	1. Spouse, Children, parents in law and friend		1. Risk retention and reduced consumption
	2. Friends		2. Gifting and accumulation
	3. Brothers		3. Spending and accumulation
	4. None of the above		4. Postponement of consumption and parting with liquidity
179	In India , which are the kinds of non-traditional plans that are permitted , i) Variable Insurance plans , ii) Unit Linked Insurance Plans	180	According to Indian Evidence Act, presumption of death is assumed in case a person is unheard of for _____ years
	1. Only i		1. 5
	2. Only ii		2. 9
	3. Both i and ii		3. 12
	4. None		4. None
181	Which of the following is not an underwriting decision	182	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?
	1. Risk acceptance at standard rates		1. Young people are mostly dependant
	2. Declinature of risk		2. Old people can afford to pay more
	3. Postponement of risk		3. Mortality is related to age
	4. Claim rejection		4. Mortality is inversely related to age
183	Which is the policy in which the cash value can go down to zero, in which case the policy would terminate?	184	Ram needs to submit a standard age proof with his proposal, choose the most appropriate choice
	1. Money Back Policy		1. Ration card
	2. Variable life insurance		2. Passport
	3. Endowment Plan		3. Voter ID
	4. Term Plan		4. Court Affidavit

185	Which catogory of insurance policy estate planning can be done for one's wife?	186	Harish is a rickshaw- puller. What kind of occupational hazard does he face in his life?
	1. Life insurance		1. Health Hazard
	2. Life insurance under section 6 of MWP Act		2. Accident Hazard
	3. Property insurance		3. Moral Hazard
	4. Assignment of Policy		4. Lifestyle Hazard
187	By whom will the product Valuation & Pricing be done in a life Insurance?	188	In Insurance contract, the contract is between?
	1. Underwriter		1. Agent and Insurer
	2. Actuary		2. Agent and Insured
	3. TPA		3. Insurer and Insured
	4. Insurer		4. None of the above
189	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?	190	Akash is an Unmarried person and employed with company ABC and drawing a handsome salary. He has no liabilities. What kind of plan can be suggested to him?
	1. Property under Mahesh‟s name		1. Money Back
	2. Mahesh's bank accounts		2. Term Plan
	3. Term life insurance policy purchased under Section 6 of MWP Act		3. Endowment Plan
	4. Mutual funds owned by Mahesh		4. ULIP
191	Which of the following cases is likely to be declined or postponed by a life insurer?	192	Vivek applied for a Rs. 25 lakh value policy for 20 year term. At the time of maturity all his suvival benefit was deducted . What catogory of plan is this?
	1. Healthy 18 year old		1. Participating policy
	2. An obese person		2. Endowment plan
	3. A person suffering from cancer		3. Term with ROP
	4. Housewife with no income of her own		4. Money Back
193	If Ram pays Rs.5000/ annual premium through an agent of LIC, LIC promises to pay Rs.1,00,000 on death . Who is the insured?	194	How does diversification reduce risks in financial markets?
	1. Ram		1. Collecting funds from multiple sources and investing them in one place
	2. Family		2. Investing funds across various asset- classes
	3. Insurance agent		3. Maintaining time difference between investments
	4. Insurance Company		4. Investing in safe assets
195	A policy is effected under the MWP Act. If the policyholder does not appoint a special trustee to receive and administer the benefits under the policy, the sum secured under the policy becomes payable to the _____________.	196	Identify the form of insurance that is depicted in the following scenario - Scenario: Patient pays the health provider and is subsequently reimbursed by the health insurance company.
	1. Next of kin		1. Service Benefit
	2. Official Trustee of the State		2. Direct contracting
	3. Insurer		3. Indemnity
	4. Insured		4. Casualty

IC 38 QUESTION BANK CORRECT ANSWERS

QUE. NO:	ANS.	QUE. NO:	ANS.	QUE. NO:	ANS.	QUE. NO:	ANS.
1	2	51	2	101	1	151	3
2	3	52	2	102	3	152	2
3	1	53	2	103	1	153	3
4	2	54	3	104	2	154	4
5	1	55	3	105	1	155	2
6	2	56	4	106	2	156	2
7	2	57	3	107	2	157	3
8	2	58	3	108	4	158	2
9	1	59	2	109	3	159	4
10	3	60	1	110	2	160	2
11	2	61	2	111	1	161	2
12	3	62	2	112	1	162	1
13	3	63	2	113	3	163	3
14	2	64	1	114	4	164	4
15	3	65	2	115	3	165	3
16	4	66	1	116	4	166	4
17	2	67	3	117	3	167	1
18	3	68	3	118	2	168	3
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24	3	74	2	124	2	174	2
25	3	75	2	125	2	175	3
26	1	76	1	126	3	176	2
27	3	77	2	127	2	177	1
28	3	78	1	128	3	178	4
29	2	79	3	129	2	179	3
30	2	80	2	130	1	180	4
31	1	81	4	131	4	181	4
32	2	82	4	132	1	182	3
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34	3	84	3	134	2	184	2
35	3	85	3	135	2	185	2
36	3	86	4	136	3	186	1
37	2	87	2	137	3	187	2
38	1	88	2	138	3	188	3
39	3	89	1	139	1	189	3
40	3	90	3	140	2	190	4
41	2	91	2	141	2	191	3
42	3	92	4	142	2	192	4
43	2	93	4	143	3	193	1
44	2	94	3	144	3	194	2
45	3	95	1	145	3	195	2
46	2	96	3	146	2	196	3
47	2	97	2	147	1		
48	3	98	4	148	2		
49	2	99	3	149	4		
50	2	100	1	150	2		

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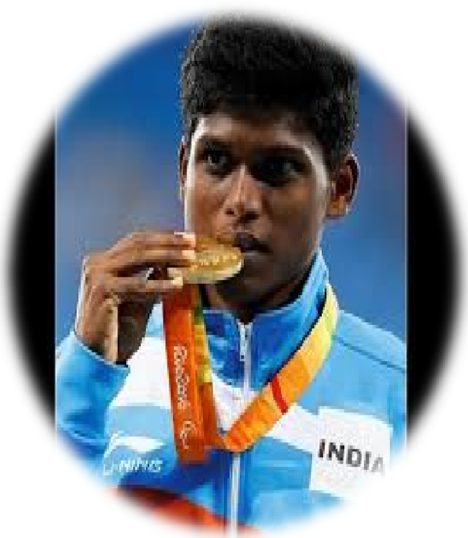
One who wins
without problems
it is just Victory

BUT



One who wins
with Lot of
problems
that is History