

INSURANCE AGENTS - LIFE (2023)

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Chapter 1 - Introduction to Insurance

1. Which among the following is the regulator for the insurance industry in India?

a) Insurance Authority of India

b) Insurance Regulatory and Development Authority of India

c) Life Insurance Corporation of India

d) General Insurance Corporation of India

2. Which among the following is a secondary burden of risk?

a) Business interruption cost

b) Goods damaged cost

c) Setting aside reserves as a provision for meeting potential losses in the future

d) Hospitalization costs as a result of heart attack

3. Which among the following is a method of risk transfer?

a) Bank FD

b) Insurance

c) Equity shares

d) Real estate

4. Which among the following scenarios warrants insurance?

a) The sole bread winner of a family might die untimely

b) A person may lose his wallet

c) Stock prices may fall drastically

d) A house may lose value due to natural wear and tear

5. Which of the below insurance scheme is run by an insurer and not sponsored by the Government?

a) Employees State Insurance Corporation

b) Crop Insurance Scheme

c) Jan Arogya

d) All of the above

6. Risk transfer through risk pooling is called _____.

a) Savings

b) Investments

c) Insurance

d) Risk mitigation

7. The measures to reduce chances of occurrence of risk are known as _____. a)
Risk retention

b) Loss prevention

c) Risk transfer

d) Risk avoidance

8. 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

9. Origins of modern insurance business can be traced to _____. a)
Bottomry

b) Lloyds

- c) Rhodes
- d) Malhotra Committee

10. In insurance context "risk retention" indicates 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**

11. 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

12. 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/-

13. 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 of sharing the losses of a „many" by a few
- d) Insurance is a method of transferring the gains of a few to the many

14. 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

15. 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 –Core Elements of Insurance

1. Who devised the concept of HLV?

- a) Dr. Martin Luther King
- b) Warren Buffet
- c) Prof. Hubener**
- d) George Soros

2. A human being

- a) Is an economic asset
- b) Is an economic earning asset
- c) Is a perishable asset
- d) All of the above**

3. A human being's value is measured by

- a) The income that he generates**
- b) The value of the goods that he produces
- c) His academic qualification
- d) All of the above

4. The asset, which is a human being, perishes when

- a) He dies
- b) he becomes disabled to work
- c) He retires from work
- d) In all the above situations.**

5. Life Insurance is better than other avenues of savings in respect of

- a) Marketability
- b) Liquidity
- c) transferability

d) All the 3 above

6. State which of the following statements is correct

- a) Living too long is a blessing, not a risk

b) Living too long is risk

- c) Both the above statements are correct
- d) Both the above statements are wrong

7. Life Insurance is better than other avenues of savings in respect of

- a) Appreciation
- b) Tax benefits

c) Usefulness in emergency

- d) All the 3 above

8. Risk transfer through risk pooling is called _____?

- a) Savings
- b) Investments
- c) Insurance**
- d) Risk mitigation

9. Which of the below is not an element of the life insurance business? a)

Asset

- b) Risk
- c) Principle of mutuality
- d) Subsidy**

10. 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

11. 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

12. 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

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 is a disadvantage of cash value insurance contracts?

- a) Returns subject to corroding effect of inflation
- b) Low accumulation in earlier years

c) Lower yields

d) Secure investment.

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18) Which statement is correct?

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

19) The formula for determining HLV a)

Net earnings x interest rate

b) B). Annual income- spending on self x interest

c) Net earnings/ interest rate

d) None of the above

20) Level premium a)

Increases with

b) Decreases with age

c) Remain same throughout the policy term

d) None of the above

21) Life Fund means

a) The excess amount that the insurer invest to earn an interest

- b) The amount kept for meeting the future obligations of the insurer.
- c) Both are correct
- d) Both are wrong

22) Mutuality is important way applied by insurers to a)

To increase the return to the policyholders

b) To reduce the risk in financial markets

- c) Both are correct
- d) Both are wrong

23) How does diversification reduces risk in financial markets?

- a) Collecting funds from multiple sources and investing them in one place.

b) Investing funds across various asset classes

- c) Maintaining time differences between investments.
- d) Investing in safe assets

24. 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

Chapter 3- Principle of an Insurance

AND

Chapter 4 Features of insurance Contract.

1. Which element of a valid contract deals with premium?

- a) Offer and acceptance

b) Consideration

- c) Free consent
- d) Capacity of parties to contract

2. _____ involves pressure applied through criminal means? a)

Fraud

- b) Undue influence

c) Coercion

- d) Mistake

3. 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

4. Which of the below is not a valid consideration for contract?

- a) Money
- b) Property

c) Bribe

d) Jewellery

5. Which among the following is an example of coercion?

a. Ramesh signs a contract without having knowledge of the fine print

b. Ramesh threatens to kill Mahesh if he does not sign the contract

c. Ramesh uses his professional standing to get Mahesh to sign a contract

d. Ramesh provides false information to get Mahesh to sign a contract

6. Which among the following options cannot be insured by Ramesh?

a. Ramesh's house

b. Ramesh's spouse

c. Ramesh's friend

d. Ramesh's parents

7. _____ relates to inaccurate statements, which are made without any fraudulent intention.

a. Misrepresentation

b. Contribution

c. Offer

d. Representation

8. 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

9. Which of the below action showcases the principle of "Uberrima Fides"?

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

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

c. Disclosing known material facts on an insurance proposal form

d. Paying premium on time

10. 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 taking out insurance on employees

11. 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 of 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

12. 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.

- a. Pneumonia
- b. Broken back

c. Falling off a horse

- d. Surgery

13. A policy of insurance may be called in question at any time within ____ years from the date of issuance of the policy or the date of commencement of risk or the date of revival, of the policy or the date of the rider to the policy, whichever is later, on the ground of fraud.

- a. Two

b. Three

- c. Four
- d. Five

14. Principle of indemnity is applicable for:

- a. Life Insurance only

b. Non- Life Insurance only

- c. Both a & b
- d. Health Insurance only

15. Process which an insurance company uses to recover claim amounts paid to a policy holder from a negligent third party is known as:

- a. Insurable Interest
- b. Indemnity

c. Subrogation

- d. Utmost Good Faith

16. Indemnity might take from which of the following modes of settlement:

- a. Repair of a damaged item

Chapter 5 – Underwriting and Rating

1. 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

2. 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

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

a. Passport

b. School leaving certificate

c. Horoscope

d. Birth certificate

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

Daily jogs

b. Banned substance abuse

c. Lazy nature

d. Procrastination

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

a. Judgment

b. Arbitrary

c. Numerical rating

d. Single step

6. 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

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

Choose the most likely option.

a. Acceptance at ordinary rates

b. Acceptance with extra premium

c. Decline the proposal

d. Acceptance with a restrictive clause

8. 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 a bank and has applied for an insurance cover of Rs. 1 crore
- d. Pravin, aged 30 years, working in a departmental store and has applied for an endowment insurance plan for a tenure of 10 years

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

Choose the most appropriate option.

- a. Judgment method**
- b. Numerical method
- c. Any of the above method since an illness like diabetes does not play a major role in the underwriting process
- d. Neither of the above method as diabetes cases are rejected outright

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

- a. Standard lives
- b. Preferred risks**
- c. Substandard lives
- d. Declined lives

11. Which of the following cases is likely to be declined or postponed by a life insurer? a. Healthy 18 year old.

- b. An obese person.
- c. A person suffering from AIDS.**
- d. Housewife with no income of her own.

12. Which of the following is an example of moral hazard?

- a. Stunt artist dies while performing a stunt
- b. A person drinking copious amounts of alcohol because he is insured**
- c. Insured defaulting on premium payments
- d. Proposer lying on policy document

13. Why is heredity history of importance in medical underwriting?

- a. Rich parents have healthy kids
- b. Certain diseases can be passed on from parents to children**
- c. Poor parents have malnourished kids
- d. Family environment is a critical factor

b. Replacement of the lost or damaged item

c. Restoration,

d. All of the above

Chapter 6-Claim Processing

1. A payment made under a money policy upon reaching a milestone will be classified under which type of claim?
 - a. Death Claim
 - b. Maturity Claim.
 - c. **Periodical Survival Benefit.**
 - d. Surrender Claim

2. Generally insurance companies do not hold the premium in case of a fraud or misrepresentation. However, due to which of the following circumstances the insurer can retain the premium of the policyholder.
 - a) Fraudulent claim
 - b) **Indisputability clause**
 - c) Redressal procedure
 - d) Pending decision from Ombudsman

3. What is meant by a claim under insurance policy?
 - a. A demand to fulfill the policyholder's obligations.
 - b. **A demand to fulfill the insurer's obligations.**
 - c. Any demand made by the policyholder on the insurer.
 - d. All of the above.

4. After how many years any missing person is presumed to be dead?
 - a) 5 Years
 - b) 8 Years
 - c) 12 Years
 - d) **7 Years**

5. After submission of all relevant documents, what is the maximum duration that insurer takes to settle the claim.
 - a) **30 days**
 - b) 10 days
 - c) 15 days
 - d) 10 days

6. Under which type of Policy, the claim payment is made in the form of periodic payments?
 - a. **Money back policy.**
 - b. Return of Premium Policy.
 - c. Term Insurance Policy.
 - d. ULIP

7. Which of the below statement best describes the concept of claim? Choose the most appropriate option.

- a. A claim is a request that the insurer should make good the promise specified in the contract
- b. A claim is a demand that the insurer should make good the promise specified in the contract**
- c. A claim is a demand that the insured should make good the commitment specified in the agreement
- d. A claim is a request that the insured should make good the promise specified in the agreement

8. Given below is a list of policies. Identify under which type of 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

9. 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?

a) Mahesh

b) Karan

- c) The payment will be shared equally by Mahesh and Karan
- d) Neither of the two because Mahesh has suffered the heart attack but the policy is assigned in favour of Karan.

10. 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.

11. 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 policy duration

12. 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

13. 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

14. 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 savings deposit
- d. Surrender value

15. Based on classification of claims (early or non-early), pick the odd one out?

- a. Ramya dies after 6 months of buying a term insurance plan
- b. Manoj dies after one and half years of buying 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 insurance plan

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

a. Inquest report

- b. Claim form
- c. Certificate of burial or cremation
- d. Hospital's certificate

17. As per IRDA (Protection of Policyholders Interests) Regulations, 2002, a claim under a life policy shall be paid or be disputed, within 30 days from the date of receipt of all relevant papers and clarifications required. a. 7 days

- b. 15 days

c. 30 days

- d. 45 days

18. Who initiates the process of Maturity Claim?

- a. Customer.

- b. IRDA
- c. Agent
- d. **Insurer**

Chapter 07 -Documentation

1. During the _____ period, if the policyholder has bought a policy and does not want it, he / she can return it and get a refund. a. Free evaluation

- b. **Free look**
- c. Cancellation
- d. Free trial

2. Which of the below is an example of standard age proof?

- a. Ration card
- b. Horoscope
- c. **Passport**
- d. Village Panchayat certificate

3. Which of the below can be attributed to moral hazard?

- a. Increased risky behaviour following the purchase of insurance
- b. **Increased risky behaviour prior to the purchase of insurance**
- c. Decreased risky behaviour following the purchase of insurance
- d. Engaging in criminal acts post being insured

4. Which of the below features will be checked in a medical examiner's report?

- a. Emotional behaviour of the proposer
- b. **Height, weight and blood pressure**
- c. Social status
- d. Truthfulness

5. A _____ is a formal legal document used by insurance companies that provides details about the product. a. Proposal form

- b. Proposal quote
- c. Information docket
- d. **Prospectus**

6. The application document used for making the proposal is commonly known as the _____. a. Application form

- b. **Proposal form**
- c. Registration form
- d. Subscription form

7. From the below given age proof documents, 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 card**
- d. Certificate of baptism

8. Which of the below is not a valid address proof?

- a. PAN Card
- b. Voter ID Card
- c. Bank passbook

9. The AML programme should include?

- a. External audit control
- b. Recruitment and Training of Sales Managers
- c. Appointment of Compliance officer
- d. None

10. Who is the Primary Underwriter?

- a. Policy holder
- b. Insurance Company
- c. Agent
- d. None

11. 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

12. 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. 60 days

b. 45 days

c. 30 days

d. 15 days

13. Which of the below statement is correct with regards to a policy returned by a 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 charges

d. The insurance company will forfeit the entire premium

Chapter 8 – Customer Service

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1. Rendering after sales service to the customer

a. Is an obligation for an organization

b. Is only a formality

- c. Is the best way to beat the competitor?
- d. Is the way the organization keeps its employees engaged

2. 'Customer Lifetime Value' in insurance business means

- a. The total value of the insurance policy one has bought
- b. **Total economic value that can be derived from customer over a long period of time**
- c. The value of a whole life policy
- d. Retaining a customer is very important for any business

3. 'SERVQUAL' is the

- a. **Model to measure service quality of an organisation**
- b. It is call given by the company to the employees to give good service
- c. Whenever the customer calls the company for service it is called 'servqual'
- d. It is the philosophy of service above self

4. What according to majority of salesmen is the important secret behind their success?

- a. Repeated visit to client's place
- b. Product Knowledge
- c. Good communication skill
- d. **Commitment to serving their customers**

5. Regulators insist that the agent should give the best advice. That means

- a. The agent should suggest a plan which he can explain well
- b. The agent should suggest the plan which gets him more commission
- c. **The agent should give best suited advice to the client out of the several alternate solutions**
- d. The agent should suggest the most popular plan

6. To instill confidence in the policy holder the first thing the agent should do is

- a. **Ensure prompt delivery of the first premium receipt and policy bond**
- b. Promise good service while leaving the house of the proposer
- c. Leave his visiting card with the proposer and ask him to call when required
- d. Praise the prospect profusely before leaving his home

7. In claim settlement an agent has to help the policy holder

- a. Only when the claimants approach the agent he has to act
- b. **An agent should take active role in processing the claim**
- c. Agent has no role to play in claim settlement
- d. Only when the office asks the agent has to step in

8. Effective communication means

- a. **Communicating to others and eliciting the expected reaction**
- b. Repeating the same thing till the person listens c Talking to the customer when he is alone
- d. Talking loudly to the other person so that he gives his full attention

9. Which one of the following is not a way to impress your customer?

- a. By being punctual
- b. By being warm, confident and wearing a winning smile
- c. **By Wearing costly dresses and showy costumes**
- d. By being open and positive

10. One of the following is not the way to show that you are interested in the other person. Which one is that? **a. Asking him about his bank balance**

- b. Ask him about his personal information like his hobbies, children etc. but take care not be nosy.
- c. Listen carefully to him and show interest in him
- d. You should be fully available to the customer that means don't engage yourself with mobile phone etc

11 What are the characteristics of confidence? Take out the one that is not relevant. a. Posture – standing erect with stretched shoulders

- b. Being timid and subservient**
- c. Establishing eye contact with a smile
- d. Acceptable gestures but not intimidating

12. During communication, establishing trust with the other party is very important because

- a. You have to prove yourself to be trustworthy
- b. Because the party entrusts his financial future to you
- c. **That makes him/her listen to you**
- d. Because you are going to create a trust in favour of him

13. A salesman should practice active listening because

- a. He should understand the client first then only he will be able to make the customer understand**
- b. Unless he listens to the client, the client will not bother to listen to him
- c. This is the proof of his being active throughout
- d. Active listening is the measure to tell whether salesman will be successful in the sale or not.

14. In communication, feedback is to be (Take out the one statement with which you do not agree)

- a. Welcomed because it gives an idea whether the other party is listening to you or not
- b. Encouraged because it will make you more educated
- c. Elicited because it will enable you to address the problem
- d. **Discouraged because it always derails your conversation**

15. Which one of the following statements is inappropriate when you are dealing with your customer? a. You should listen to him empathetically

- b. You should intervene in the middle otherwise he will continue talking and you will never get an opportunity to present your case.**
- c. You should not be judgmental
- d. You should respond appropriately

16 What is meant by customer lifetime value?

- a. Sum of costs incurred while servicing the customer over his lifetime
- b. Rank given to customer based on business generated

c. Sum of economic benefits that can be achieved by building a long term relationship with the customer

d. Maximum insurance that can be attributed to the customer

17. Identify the scenario where a debate on the need for insurance is not required.

a. Property insurance

b. Business liability insurance

c. Motor insurance for third party liability

d. Fire insurance

18. As per the Consumer Protection Act, 1986, who cannot be classified as a consumer?

a. Hires goods / services for personal use

b. A person who buys goods for resale purpose

c. Buys goods and services for a consideration and uses them

d. Uses the services of another for a consideration

19. What does not go on to make a healthy relationship?

a. Attraction

b. Trust

c. Communication

d. Scepticism

20. Which among the following is not an element of active listening?

a. Paying good attention

b. Being extremely judgmental

c. Empathetic listening

d. Responding appropriately

21. Which among the following is not a characteristic of ethical behaviour?

a. Making adequate disclosures to enable the clients to make an informed decision

b. Maintaining confidentiality of client's business and personal information

c. Placing self-interest ahead of client's interests

d. Placing client's interest ahead of self interest

22. _____ is not a tangible good.

a. House

b. Insurance

c. Mobile Phone

d. A pair of jeans

23. _____ is not an indicator of service quality.

a. Cleverness

b. Reliability

- c. Empathy
- d. Responsiveness

24. In India _____ insurance is mandatory.

a. Motor third party liability

- b. Fire insurance for houses
- c. Travel insurance for domestic travel
- d. Personal accident

25. One of the methods of reducing insurance cost of an insured is _____ a. Reinsurance

b. Deductible

- c. Co-insurance
- d. Rebate

26. A customer having complaint regarding his insurance policy can approach IRDA through

a. IGMS

- b. District Consumer Forum
- c. Ombudsman
- d. IGMS or District Consumer Forum or Ombudsman

27. Consumer Protection Act deals with:

- a. Complaint against insurance companies
- b. Complaint against shopkeepers
- c. Complaint against brand

d. Complaint against insurance companies, brand and shopkeepers

28. _____ has jurisdiction to entertain matters where value of goods or services and the compensation claim is up to 20 lacs a. High Court

b. District Forum

- c. State Commission
- d. National Commission

29. In customer relationship the first impression is created:

- a. By being confident
- b. By being on time
- c. By showing interest
- d. **By being on time, showing interest and being confident**

30. Select the correct statement:

- a. Ethical behaviour is impossible while selling insurance
- b. Ethical behaviour is not necessary for insurance agents
- c. **Ethical behaviour helps in developing trust between the agent and the insurer**

d. Ethical behaviour is expected from the top management only

31. 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

Chapter 9- Grievance Redressal Mechanism

1. IGMS stands for _____.

a) International Grievance Management System

b) Integrated Grievance Management System

c) Insurance Grievance Management System

d) Intensive Grievance Management System

2. National Commission entertains complaints of the goods or services and compensation, if any claimed exceeds _____.

a) 1cr. To 10cr.

b) 1cr. To 1000cr.

c) 1cr. To 100cr.

d) 2cr. And above

3. _____ entertains complaints of the goods or services and compensation, if any claimed up to Rs.50 lakhs.

a) District Commission

b) District Court

c) District Forum

d) District Officer

4. State Commission entertains complaints of the goods or services and compensation, if any claimed from _____ To _____.

a) Rs. 0 to Rs. 1cr.

b) Rs. 10 lakhs to Rs. 1cr.

c) Rs. 50 lakhs to Rs. 2 Crores

d) Rs. 30 lakhs to Rs. 1cr.

5. State which of the following statement is/are true or false. I Ombudsman have the judicial authority. II Ombudsman appointed by the Insurance Company.

a) I is true and II is false

b) II is true and I is false

c) Both I & II false

d) Both I & II not false

6. Please arrange the sentence in the ascending order.

1) File the complaint in writing with Ombudsman. 2) Claimed reject by Insurer. 3) File complaint by insured to insurer.

a) 2, 1, 3

b) 3, 2, 1

c) 1, 2, 3

d) 1, 3, 2

7. Which of the below will be the most appropriate option for a customer to lodge an insurance policy related complaint.

a) Local Police

b) Supreme Court

c) District Court

d) Insurance Ombudsman

8. What is the time limit to lodge complaint with Ombudsman.

a) Within 1 year of rejection of the complaint by the insurer

b) Within 1 month of rejection of the complaint by the insurer

c) Within 1 week of rejection of the complaint by the insurer

d) Within 1 day of rejection of the complaint by the insurer

9. What is the fee consumer has to pay for lodging the complaint with Ombudsman.

a) 10% of the total premium paid by customer

b) 10% of the claim amount

c) 10% of dispute amount

d) No fee

10. The Redressal of Public Grievance Rules_____.

a) 1996

b) 1997

c) 1998

d) 1999

11. The _____ has jurisdiction to entertain complaints, where value of the goods or services and the compensation claimed is up to Rs.50 lacs.

a. District Forum

b. State Commission

c. Zillah Parishad

d. National Commission

12. Which of the below consumer grievance redressed agencies would handle consumer disputes amounting between Rs. 50 lakhs and Rs. 200 lakhs?

a. District Forum

b. State Commission

c. National Commission

d. Zilla Parishad

13. Which among the following cannot form the basis for a valid consumer complaint?

a. Shopkeeper charging a price above the MRP 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

14. Which of the below statement is correct with regards to the territorial jurisdiction of the Insurance Ombudsman?

a. Insurance Ombudsman has National jurisdiction

b. Insurance Ombudsman has State jurisdiction

c. Insurance Ombudsman has District jurisdiction

d. Insurance Ombudsman operates only within the specified territorial limits

15. 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 orally in a face to face manner

d. The complaint is to be made through newspaper advertisement

16. Which among the following is not a pre-requisite for launching a complaint with the 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.

17. 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 the relief sought must be paid as fee

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

18. 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 Sector

Chapter 10- Regulatory Aspects of Insurance Agents

1. After cessation of appointment the records should be maintained by the insurer for how many years? a.

- 1 year
- b. No need to maintain records
- c. 3 years

d. 5 years

2. When did the appointment of Insurance Agent Regulations came into force?

- a. 1 April 2000
- b. 1 Sep 1956

c. 1 April 2016

- d. 1 April 1938

3. Who is composite insurance Agent?

- a. Insurance agent of Life
- b. Insurance agent of life and general
- c. insurance agent of one life , one general and one health insurer

d. Insurance agent of one life , one general , one health and one each of mono life insurer

4. Who is authorized to make appointment of an individual as insurance agent? a.

- Insurance Company
- b. IRDA

c. Designated Official

- d. Appellate officer

5. If an insurer is carrying on particular specialized line of business such as agriculture insurance, export credit guarantees business.

- a. Life Insurer
- b. General Insurer
- c. Non-Life Insurer

d. Mono-line Insurer

6. Applicant seeking appointment as Life insurance agent shall submit an application in which form? a.

- Form I-C

b. Form I-A

- c. Form I-F
- d. Form I-D

7. The designated Official shall issue appointment letter within how many days after receipt of all documents from the applicant?

- a. within 7 days
- b. within 15 days**
- c. within 30 days
- d. within 60 days

8. The letter of appointment shall be dispatched within how many days after appointment of the agent ?

- a. not later than 7 days**
- b. one month
- c. 3 months
- d. 45 days

9. In case of refusal of appointment, the Designated Official shall communicate the reason in writing to the applicant within how many days after receipt of the application? a. 7 days

- b. 15 days
- c. 21 days**
- d. 30 days

10. In case the applicant wants his application to be reviewed in case it is refused by Designated Official , the Appellate Officer shall Communicate the final decision in writing with in how many days of the receipt of review application.

- a. 7 days
- b. 15 days**
- c. 30 days
- d. 21 days

11. Applicant seeking appointment as Composite insurance agent shall submit an application in which form? a. Form I-C

- b. Form I-A
- c. Form I-B**
- d. Form I-D

12. The pass certificate issued by the examination body is valid for how long? a. 1 month

- b. 12 months**
- c. 3 months
- d. 6 months

13. Apart from application which document is must for appointment as insurance agent? a. Pass certificate

- b. Valid pass certificate**

14. In case of cancellation of Agency , when can an applicant apply for fresh agency ? a. Immediate

- b. After 1 yr
- c. After completion of 5 yrs from the date of cancellation**
- d. cannot apply again

15. In case any person acts as an insurance agent in contravention of the provisions of Insurance Act 1938 and Regulations made there shall be liable to penalty which may extend up to ? a. 1 crore

b. Twenty thousand

c. Ten thousand

d. five thousand

16. In case any person or insurer acting on behalf on an insurer, who appoints as an insurance agent not permitted to act as such or transact any insurance business in India through any such person shall be liable to penalty which may extend up to?

a. 1 crore

b. Twenty thousand

c. Ten thousand

d. five thousand

17. In case of surrender or resignation the insurer shall issue the cessation certificate in how many days from the date of surrender or resignation?

a. 10 days

b. 7 days

c. 15 days

d. 30 days

18. What is the waiting period after which the new insurer will consider the application form in case of surrender or resignation?

a. 10 days

b. 15 days

c. 90 days

d. 1 year

19. The Designated Official of the insurer, on receipt of the application, shall satisfy himself that the applicant:-

a. Has furnished the Agency Application in Form I-A complete in all respects;

b. Has submitted the PAN details along with the Agency Application Form;

c. Has passed the insurance examination as specified under Regulations 6;

d. All the above

20. The designated official of insurer may process the agency application and grant appointment to the applicant as an insurance agent by issuing an appointment letter within _____ of receipt of all documents from the applicant.

a. 15 Days

b. 30 Days

c. 60 Days

d. 90 Days

21. The pass certificate issued by the Examining Body shall be in force for a period of _____, for the purpose of seeking appointment as an agent with any insurer for the first time

a. 3 months

b. 6 months

c. 9 months

d. 12 months

24. No Insurance agent can force a policyholder to terminate the existing policy and to effect a new policy from him within _____ from the date of such termination of the earlier policy

a. One year

b. Three year

c. Five year

d. Six months

25. In case of suspension of agency, Insurer shall :

a. Force a policyholder to terminate the existing policy and to effect a new policy from him within three years from the date of termination of the earlier policy

b. The insurer shall also inform other insurers, Life or General or Health Insurer or mono-line insurer with whom he/she is acting as an agent, of the action taken against the Insurance Agent for their records and necessary action

c. recover the appointment letter and Identity card from the agent whose appointment has been cancelled under these Regulations within 7 days of issuance of final order effecting cancellation of appointment

d. All of the above

26. In case a suspension is revoked in respect of any agent on conclusion of disciplinary action by way of issuance of a speaking order by Designated Official, the details of such agent:

a. Shall continue to be in blacklist for next 12 months

b. Shall be removed from list of black listed Agents as soon as the Speaking Order revoking his/her suspension is issued

c. Shall be removed from list of black listed Agents after 90 days

d. Shall never be removed from blacklist

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7 INSURANCE AGENTS - LIFE

SECTION 2 - LIFE INSURANCE

SERIAL	Chapter	Title	Page Number	No. of Questions
11	1	What Life Insurance Involves		
12	2	Financial Planning		
13	3	Life Insurance Products: Traditional		
14	4	Life Insurance Products : Non Traditional		
15	5	Applications of Life Insurance		
16	6	Pricing and Valuation in Life Insurance		
17	7	Documentation		
18	8	Life Insurance Underwriting		
19	9	Life insurance Claims		

Chapter 01 - What Life Insurance Involves

1. Who devised the concept of HLV?

- a) Dr. Martin Luther King
- b) Warren Buffet
- c) Prof. Hubener**
- d) George Soros

2. A human being

- a) Is an economic asset
- b) Is an economic earning asset
- c) Is a perishable asset
- d) All of the above**

3. A human being's value is measured by

- a) The income that he generates**
- b) The value of the goods that he produces
- c) His academic qualification
- d) All of the above

4. The asset, which is a human being, perishes when

- a) He dies
- b) he becomes disabled to work
- c) He retires from work
- d) In all the above situations.**

5. Life Insurance is better than other avenues of savings in respect of

- a) Marketability
- b) Liquidity
- c) transferability

d) All the 3 above

6. State which of the following statements is correct

- a) Living too long is a blessing, not a risk

b) Living too long is risk

- c) Both the above statements are correct
- d) Both the above statements are wrong

7. Life Insurance is better than other avenues of savings in respect of

- a) Appreciation
- b) Tax benefits

c) Usefulness in emergency

- d) All the 3 above

8. Risk transfer through risk pooling is called _____?

- a) Savings
- b) Investments

c) Insurance

- d) Risk mitigation

9. Which of the below is not an element of the life insurance business? a)

Asset

- b) Risk
- c) Principle of mutuality

d) Subsidy

10. 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

11. 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

12. 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

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 is a disadvantage of cash value insurance contracts?

- a) Returns subject to corroding effect of inflation
- b) Low accumulation in earlier years
- c) Lower yields**
- d) Secure investment.

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- d) Mortality is inversely related to age

18) Which statement is correct?

- 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

19) The formula for determining HLV a)

Net earnings x interest rate

b) B). Annual income- spending on self x interest

c) **Net earnings/ interest rate**

d) None of the above

20) Level premium a)

Increases with

b) Decreases with age

c) **Remain same throughout the policy term**

d) None of the above

21) Life Fund means

a) **The excess amount that the insurer invest to earn an interest**

b) The amount kept for meeting the future obligations of the insurer.

c) Both are correct

d) Both are wrong

22) Mutuality is important way applied by insurers to a)

To increase the return to the policyholders

b) **To reduce the risk in financial markets**

c) Both are correct

d) Both are wrong

23) How does diversification reduces risk in financial markets?

a) Collecting funds from multiple sources and investing them in one place.

b) **Investing funds across various asset classes**

c) Maintaining time differences between investments.

d) Investing in safe assets

24. 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

Chapter 2 - Financial Planning [Top](#)

1. Which among the following is best treated as Long Term Goal.

a. Buying an LCD TV

b. Buying a House

c. Vacation Abroad

d. **Post Retirement Provision.**

2. Which among the following Products would you recommend for Contingency Need?

a. **Insurance**

b. Bank FD

c. Shares

d. Mutual Fund.

3. Individual Life's Goal can be of how many types.

- a. 2
- b. 3
- c. 4
- d. 5

4. Which among the following is a Wealth Accumulation Product.

- a. Bank Loan
- b. Term Insurance Policy
- c. Saving Bank A/c
- d. **Shares.**

5. Which among the following can be categorized under Transactional Product.

- a. **Bank Deposits**
- b. Life Insurance
- c. Shares
- d. Bonds.

6. The 7 stages of Life Cycle passes through how many phases of Economic Life Cycle.

- a. 5
- b. **3**
- c. 4
- d. 7

7. What is the correct sequence of 3 phases of Retirement?

- a. Accumulation-Distribution-Conservation.
- b. Conservation-Accumulation-Distribution.
- c. Distribution-Accumulation-Conservation.
- d. **Accumulation-Conservation-Distribution.**

8. Savings can be considered as composite of two decisions. Choose them from the list below.

- a. Risk Retention & Reduced Consumption.
- b. Spending and Accumulation.
- c. Gifting and Accumulation.
- d. **Postponement of Consumption & parting with liquidity.**

9. What is the relation between investment horizon & returns?

- a. Greater the investment horizon more tax on returns.
- b. Greater the investment horizon less the returns.
- c. **Greater the investment horizon larger the returns.**
- d. Both are not related at all.

10. Rise in the general level of prices of goods & services in an economy over a period of time is known as :

- a. **Inflation**
- b. Deflation
- c. Stagflation
- d. Hyperinflation.

11. Which among the following would you recommend in order to seek protection against unforeseen events?

- a. **Insurance**
- b. Transactional products like bank FD's
- c. Shares
- d. Debentures

12. When is the best time to start financial planning?

- a. Post retirement
- b. **As soon as one gets his first salary**
- c. After marriage
- d. Only after one gets rich

13. Which among the following is not an objective of tax planning?

- a. Maximum tax benefit
- b. Reduced tax burden as a result of prudent investments
- c. **Tax evasion**
- d. Full advantage of tax breaks

14. An individual with an aggressive risk profile is likely to follow wealth _____ investment style. a. Consolidation

- b. Gifting
- c. **Accumulation**
- d. Spending

15. During which stage of life will an individual appreciate past savings the most?

- a. **Post retirement**
- b. Earner
- c. Learner
- d. Just married

16. Which of the below is not a strategy to maximize discretionary income?

- a. Debt restructuring
- b. Loan transfer
- c. Investment restructuring
- d. **Insurance purchase**

Chapter 3 - LIFE INSURANCE PRODUCTS –I [Top](#)

1. Life insurance products are _____ products?

- a. Tangible
- b. **Intangible**
- c. Commodity
- d. Can be perceived

2. Which of the following is not a variant of term assurance plan?

- a. Term insurance with return of premium

- b. Increasing term insurance
- c. Decreasing term insurance
- d. **Term insurance as a rider**

3. In case of non-participating policies, which statement is correct?

- a. Return on the policy is disclosed at the beginning of the policy itself.**
- b. Returns on the policy is disclosed at the end each policy year.
- c. The bonus is linked to the performance of the fund
- d. Reversionary and terminal bonuses are declared

4. As per the new IRDA'S guideline the death benefit for a person aged below 45 years in case of single premium traditional plans will be:

- a. 10 times single premium
- b. 110% of single premium
- c. **125% of single premium**
- d. 7 times of single premium

5. At what Stage Bonus become Guaranteed

- a. once announced**
- b. delivered into Account
- c. Fiscal closing
- d. at Valuation Date

6. _____ are commonly used to provide some sort of supplementary benefit or to increase the amount of death benefit provided by a policy.

- a. Additional benefits
- b. Complimentary benefit
- c. **Riders**
- d. All of the above

7. The term "Par" implies the policies which are _____ a. Term plan

- b. Participating plan**
- c. ULIP plan
- d. None of the above

8. Which one of the following statements is correct?

- a. Only participating policies are entitled to the benefit of bonus**
- b. A bonus is the return of additional premium paid by a participating policy
- c. Both the statements above are correct
- d. Both the statements above are wrong

9. Which among the following is an intangible products a.

- Car

- b. House
- c. **Life insurance**
- d. Soap

10. State which of the following statement is true with regard to IRDA's new guidelines for traditional products.

- a. For participating policies the bonus once announced becomes a guarantee.
- b. In case of non-participating policies, the return on the policy is disclosed in the beginning of the policy itself. **c.**
- Both a & b**
- d. None of the above

11. For meeting marriage expenses of one's daughters, which of the following insurance product suits the best. a. A term Assurance plan

- b. An endowment Assurance plan**
- c.** A whole life plan
- d.** All of the above

12. For the same sum assured which of the following policy will have the higher premium:

- I. Term Assurance Plan
- II. Whole life Insurance Plan

- a. I
- b. **II**
- c. cannot say
- d. the question is wrong

13. The premium paid for whole life insurance is _____ than the premium paid for term assurance.

- a. Higher**
- b. Lower
- c. Equal
- d. Substantially higher

14. _____ life insurance pays off a policyholder's mortgage in the event of the person's death. a. Term

- b. Mortgage**

- c. Whole
- d. Endowment

15. 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

16. 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 a stand-alone policy as 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

17. In decreasing-term insurance, the premiums paid _____ over time. a. Increase

- b. Decrease
- c. Remain constant**
- d. Are returned

18. 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

19. 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

20. 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

21. Which of the below statement is incorrect with regards to decreasing term assurance?

- a. Death benefit amount decreases with the 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

22. 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

23. Which of the below is an example of an endowment assurance plan?

- a. Mortgage Redemption Plan
- b. Credit Life Insurance Plan
- c. Money Back Plan**
- d. Whole Life Plan

Chapter 4 - LIFE INSURANCE PRODUCTS –II

1. 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

2. 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**

3. Where was the Universal Life Policy introduced first?

- a. USA**
- b. Great Britain
- c. Germany
- d. France

4. Who among the following is most likely 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

5. Which of the below statement is true regarding ULIP"s?

- 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 savings components**
- d. ULIP"s are bundled products

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

- a. **Flexible premium payments**
- b. Cash value is not guaranteed
- c. Policy owner selects where savings reserve is invested
- d. Minimum Death benefit is guaranteed

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

Statement I: It allows policy owner to vary payments

Statement II: Policy owner can earn market based rate of return on cash value

- a. I is true
- b. II is true
- c. **I and II are true**
- d. I and II are false

8. 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 is transparent with regards to the insurance expenses component

9. 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

- a. I only
- b. II only
- c. **I and II both**
- d. Neither I nor II

10. What does unbundling of life insurance products refers to?

- a. Correlation of life insurance products with bonds
- b. Correlation of life insurance products with equities
- c. Amalgamation of protection and savings element
- d. **Separation of the protection and savings element**

11. Which among the following is a non-traditional life insurance product?

a. Term assurance

b. **Universal life insurance**

- c. Endowment insurance
- d. Whole life insurance

12. Which of the below statement is incorrect?

a. Variable life insurance is a temporary life insurance policy

- b. Variable life insurance is a permanent life insurance policy
- c. The policy has a cash value account
- d. The policy provides a minimum death benefit guarantee

Chapter 5 - Applications of Life Insurance

1. What is the objective behind Mortgage Redemption Insurance?

- a) Facilitate cheaper mortgage rates
- b) Provide financial protection for home loan borrowers**
- c) Protect value of the mortgaged property
- d) Evade eviction in case of default

2. 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

3. Mortgage redemption insurance (MRI) can be categorized under _____.

- a) Increasing term life assurance
- b) Decreasing term life assurance**
- c) Variable life assurance
- d) Universal life assurance

4. Which of the below losses are covered under keyman insurance? a) Property theft

b) Losses related to the extended period when a key person is unable to work

- c) General liability
- d) Losses caused due to errors and omission

5. 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 _____.

- a) Next of kin

b) Official Trustee of the State

- c) Insurer
- d) Insured

6. 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 6 of MWP Act

- d) Mutual funds owned by Mahesh

7. 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 a) I

is true

b) II is true

- c) Both I and II are true
- d) Neither I nor II is true

8. 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 a) I

is true

b) II is true

- c) Both I and II are true
- d) Neither I nor II is true

9. 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 nor II

10. 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

11. Which of the below policy can provide protection to home loan borrowers? a)

Life Insurance

- b) Disability Insurance

c) Mortgage Redemption Insurance

d) General Insurance

Chapter 6 - PRICING AND VALUATION IN LIFE INSURANCE

[Top](#)

1. What does the term “premium” denote in relation to an insurance policy?

a. Profit earned by the insurer

b. Price paid by an insured for purchasing the policy

c. Margins of an insurer on a policy

d. Expenses incurred by an insurer on a policy

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

Mortality

b. Rebate

c. Reserves

d. Management expenses

3. What is a policy withdrawal?

a. Discontinuation of premium payment by policyholder

b. Surrender of policy in return for acquired surrender value

c. Policy upgrade

d. Policy downgrade

4. 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

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

a. Policy allocation charge

b. Investment risk premium

c. Mortality charge

d. Social security charge

6. 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, card) chosen by the buyer

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

- 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

8. Which of the below statement is correct?

- a. Business strain is the difficulty faced by the companies in securing new business
- b. Business strain arises at the end of the policy term.
- c. Business strain arises because of excess premium

d. Business strain arises because of excess expenses at the new business stage .

9. 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

10. In case of _____, a company expresses the bonus as a percentage of basic benefit and already attached bonuses.

- a. Reversionary bonus

b. Compound bonus

- c. Terminal bonus
- d. Persistency bonus

11. What does a policy lapse mean?

- a. Policyholder completes premium payment for a policy

b. Policyholder discontinues premium payment for a policy

- c. Policy attains maturity
- d. Policy is withdrawn from the market

12. Who bears the investment risk in case of ULIPs?

- a. Insurer
- b. Insured**
- c. State
- d. IRDA

Chapter 7 - Documentation

1. Which of the following documents is an evidence of the contract between insurer and insured? a.
Proposal form

b. Policy document

- c. Prospectus
- d. Claim form

2. If the complex language is used to word a certain policy document and is has given rise to 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.
- d. The policy will be declared as void and the insurer will be asked to return the premium to the insured without any interest.

3. Select the option that best describes the policy document-

a. The evidence of insurance contract.

- b. The evidence of interest expressed by the insured in buying the insurance policy from the company.
- c. It is evidence of the policy (Procedures) followed by insurance company when dealing with channel partners like banks, brokers and other entities.
- d. It is an acknowledgement slip used by insurance company on payment of the first premium.

4. Which of the below statements 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 the evidence that the policy contract has begun.

5. For the subsequent premiums received by the insurance company after the first premium, the company will issue_____.

- a. Renewal Premium receipt.
- b. Restoration premium receipt.
- c. Reinstatement premium receipt.

d. Renewal premium receipt.

6. 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 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.

7. Which of the below statements is correct ?

a. The policy document has to be signed by the competent authority but need not to be compulsorily stamped according to the Indian Stamp Act.

b. The policy documents has to be signed by the competent authority and should be stamped according to Indian Stamp Act.

c. The policy documents need not to be signed by the competent authority and should be stamped according to Indian Stamp Act.

d. The policy documents neither needs to be signed by the competent authority and nor it needs to be compulsorily stamped according to Indian Stamp Act.

8. Which of the below forms the first part of a standard insurance policy documents?

a. Policy Schedule

b. Standard Provisions.

c. Specific policy provisions.

d. Claim procedure.

9. In a standard 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 authorised signatory and the policy stamp.

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

b. General provisions

c. Standard provisions

d. Specific policy provisions

11. The Insurance Act 2015 mandates

a. The name and address of policy holder

b. The date when the policy was effected and the record of any transfer

c. assignment or nomination of which the insurer has notice

d. All of the above.

12. The Insurance Act 2015 mandates

a. The record of claims, every claim made together with the date of the claim, the name and address of the claimant and the date on which the claim was discharged.

b. the name and address of the claimant and the date on which the claim was discharged.

c. in case the claim which is rejected, the date of rejection and the ground thereof

d. All of the above.

13. What does a first premium receipt (FPR) signify? Choose the most appropriate option. a. Free look period has ended

b. It is evidence that the policy contract has begun

c. Policy cannot be cancelled now

d. Policy has acquired a certain cash value

Chapter7 - Documentation continew.

1. Under what circumstances would the policyholder need to appoint an appointee? a. Insured is minor

b. Nominee is a minor

c. Policyholder is not of sound mind

d. Policyholder is not married

2. 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 in the policy

d. A nominee has full rights on the whole of the claim

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

a. Premiums must be paid for at least 2 consecutive years

b. Premiums must be paid for at least 3 consecutive years

c. Premiums must be paid for at least 4 consecutive years

d. Premiums must be paid for at least 5 consecutive years

4. When is a policy deemed to be lapsed?

a. If the premiums are not paid on due date

b. If the premiums 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

5. 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 31 days.

6. What will happen if the policyholder 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 the claim
- b. The insurer will pay the 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

7. 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 premiums with interest
- d. Insured submitting the revival application within a specified time frame

8. 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

9. 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

10. 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.

11. Which of the below alteration will be permitted by an insurance company?

a. Splitting up of the policy into two or 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 8 Life Insurance Underwriting

1. 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
2. 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
3. Which of the following is not a standard age proof?
a. Passport
b. School leaving certificate
c. Horoscope
d. Birth certificate
4. Which of the following condition will affect a person's insurability negatively? a.
Daily jogs
b. Banned substance abuse
c. Lazy nature
d. Procrastination
5. Under what method of underwriting does an underwriter assign positive rating points for all negative or adverse factors (negative points for any positive or favourable factors)?
a. Judgment
b. Arbitrary
c. Numerical rating
d. Single step
6. 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
7. Amruta is pregnant. She has applied for a term insurance cover. Which of the below option will be the best option to choose for an underwriter to offer insurance to Amruta?
Choose the most likely option.
a. Acceptance at ordinary rates

- b. Acceptance with extra premium
- c. Decline the proposal
- d. Acceptance with a restrictive clause**

8. 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 a bank and has applied for an insurance cover of Rs. 1 crore
- d. Pravin, aged 30 years, working in a departmental store and has applied for an endowment insurance plan for a tenure of 10 years

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

Choose the most appropriate option.

- a. Judgment method**
- b. Numerical method
- c. Any of the above method since an illness like diabetes does not play a major role in the underwriting process
- d. Neither of the above method as diabetes cases are rejected outright

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

- a. Standard lives
- b. Preferred risks**
- c. Substandard lives
- d. Declined lives

11. Which of the following cases is likely to be declined or postponed by a life insurer? a. Healthy 18 year old.

- b. An obese person.
- c. A person suffering from AIDS.**
- d. Housewife with no income of her own.

12. Which of the following is an example of moral hazard?

- a. Stunt artist dies while performing a stunt
- b. A person drinking copious amounts of alcohol because he is insured**
- c. Insured defaulting on premium payments
- d. Proposer lying on policy document

13. Why is heredity history of importance in medical underwriting?

- a. Rich parents have healthy kids
- b. Certain diseases can be passed on from parents to children**
- c. Poor parents have malnourished kids
- d. Family environment is a critical factor

Chapter 9-Life Insurance Claims

1. A payment made under a money policy upon reaching a milestone will be classified under which type of claim?
- a. Death Claim
 - b. Maturity Claim.
 - c. **Periodical Survival Benefit.**
 - d. Surrender Claim
2. Generally insurance companies do not hold the premium in case of a fraud or misrepresentation. However, due to which of the following circumstances the insurer can retain the premium of the policyholder. a) Fraudulent claim

b) Indisputability clause

- c) Redressal procedure
- d) Pending decision from Ombudsman

3. What is meant by a claim under insurance policy?

- a. A demand to fulfill the policyholder's obligations.
- b. **A demand to fulfill the insurer's obligations.**
- c. Any demand made by the policyholder on the insurer.
- d. All of the above.

4. After how many years any missing person is presumed to be dead? a)

5 Years

- b) 8 Years
- c) 12 Years

d) **7 Years**

5. After submission of all relevant documents, what is the maximum duration that insurer take to settle the claim.

a) 30 days

- b) 10 days
- c) 15 days
- d) 10 days

6. Under which type of Policy, the claim payment is made in the form of periodic payments?

a. Money back policy.

- b. Return of Premium Policy.
- c. Term Insurance Policy.
- d. ULIP

7. Which of the below statement best describes the concept of claim? Choose the most appropriate option.

- a. A claim is a request that the insurer should make good the promise specified in the contract
- b. A claim is a demand that the insurer should make good the promise specified in the contract**
- c. A claim is a demand that the insured should make good the commitment specified in the agreement
- d. A claim is a request that the insured should make good the promise specified in the agreement

8. Given below is a list of policies. Identify under which type of 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

9. 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?

a) Mahesh

b) Karan

- c) The payment will be shared equally by Mahesh and Karan
- d) Neither of the two because Mahesh has suffered the heart attack but the policy is assigned in favour of Karan.

10. 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.

11. 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 policy duration

12. 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

13. 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

14. 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 savings deposit
- d. Surrender value

15. Based on classification of claims (early or non-early), pick the odd one out?

- a. Ramya dies after 6 months of buying a term insurance plan
- b. Manoj dies after one and half years of buying 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 insurance plan

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

a. Inquest report

- b. Claim form
- c. Certificate of burial or cremation
- d. Hospital's certificate

17. As per IRDA (Protection of Policyholders Interests) Regulations, 2002, a claim under a life policy shall be paid or be disputed, within 30 days from the date of receipt of all relevant papers and clarifications required. a. 7 days

b. 15 days

c. 30 days

d. 45 days

18. Who initiates the process of Maturity Claim?

a. Customer.

b. IRDA

c. Agent

d. Insurer

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INSURANCE AGENTS - LIFE

SECTION 3 - HEALTH INSURANCE			
20	Introduction to Health Insurance		
21	Insurance Documentation		
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24	Health Insurance Claims		

Chapter 20 - INTRODUCTION TO HEALTH INSURANCE

1. IRDAI stands for _____.

a. International Regulatory & Development Authority

b. Indian Regulatory & Development Authority

c. Insurance Regulatory & Development Authority of India

d. Income Regulatory & Development Authority

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

The Primary Associate

b. To Provide Assistance

c. Third Party Administrator

d. Third Party Assistance

3. What is the government contribution to ESIC Scheme ?

a. 12.5%

b. 50%

c. 75%

d. 25%

4. Who is custodian to **Insurance Information Bureau of India** formed in year 2009 ? a.

Insurer

b. TPA

c. IRDAI

d. Govt of India

5. 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. 30 days

c. 45 days

d. 60 days

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

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

Service Benefit

b. Direct contracting

c. Indemnity

d. Casualty

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

a. Community rating

b. Adverse selection

c. Abuse of health insurance

d. Risk pooling

8. 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

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

a. Inpatient

b. Outpatient

c. Day patient

d. House patient

Question 10

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

b. Network provider

c. Third Party Administrator

d. Domiciliary

11. Health insurance is designed to handle which of the following risks? a.

Mortality

b. Morbidity

c. Infinity

d. Serendipity

12. How many staffs are recommended and appointed under PHC

a. 15(1 medical officer & 14 para medical staff)

b. 18(2 medical officer & 16 para medical staff)

c. 21((5 medical officer & 16 para medical staff)

d. 12 (1 medical officer & 11 para medical staff)

13. How many members are there in the governing council of Insurance Information Bureau of India? a.

30 members

b) 40 members

a. 20 members b. 10 members

14. Any individual that an insurance agent comes across and who has any financial need is known as a)
Customer

b) Suspect

c) Prospective client

d) Client

15. Which is the first standardized health insurance product for individual & family launched in India a)

Hospital plus

b) Family health plan

c) Health care

d) Mediclaim

16. Which is the central price regulator for pharmaceutical industry in India?

a) NAPP

b) CGHS

c) ESIC

d) PHC

17. Factors determine the health of any individual:

a. Lifestyle factors

b. Environmental factors

c. Genetic factors

d. All of the above

18. _____ refers to the healthcare services provided by medical specialists and other health professionals who generally do not have first contact with patient

a. Primary healthcare

b. Secondary Healthcare

c. Tertiary healthcare

d. General healthcare

19. _____ is specialized consultative healthcare, usually for inpatients

a. Primary healthcare

b. Secondary Healthcare

c. Tertiary healthcare

d. General healthcare

20. Employees' State Insurance Scheme, introduced vide:

a. Insurance act' 1938

b. IRDA act' 1999

c. The ESI Act, 1948

d. None of the above

21. Which among these is true for ESI scheme?

a. Introduction of ESI Act, 1948.

b. This scheme was introduced for Blue Collar Workers.

c. Employees State Insurance Corporation.

d. **All the above**

22. Public health sector includes:

a. Anganwadi workers

b. Trained Birth Attendants

c. ASHA

d. All of the above

23. _____ are not authorized to sell insurance but provide administrative services to insurance companies. a. Insurance Brokers

b. Third Party Administrators

c. Insurance Web Aggregators

d. Insurance Marketing Firms

Chapter 21 - Insurance Documentation [Top](#)

1) As per guidelines, an insurance company has to process an insurance proposal within _____. a. 7 days

b. 15 days

c. 30 days

d. 45 days

2) _____ is the consideration or amount paid by the insured to the insurer for insuring the subject matter of insurance, under a contract of insurance. a. Rebate

b. Loan

c. Premium

d. Top up

3) In case the premium payment is made by cheque, then which of the below statement will hold true?

a. The risk may be assumed on the date on which the cheque is posted

- b. The risk may be assumed on the date on which the cheque is deposited by the insurance company
- c. The risk may be assumed on the date on which the cheque is received by the insurance company
- d. The risk may be assumed on the date on which the cheque is issued by the proposer

4) What does Section 64 VB of Insurance Act, 1938 say about Premium Payment?

- a. It should be paid after due date.
- b. It should be paid after the start of the insurance cover.
- c. It should be paid after the policy becomes lapsed.
- d. It should be paid before the start of the insurance cover.**

5) Which of the below statement is correct with regards to a warranty?

a. A warranty is a condition which is implied without being stated in the policy

b. A warranty is a condition expressly stated in the policy

- c. A warranty is a condition expressly stated in the policy and communicated to the insured separately and not as part of the policy document
- d. If a warranty is breached, the claim can still be paid if it is not material to the risk

6) If certain terms and conditions of the policy need to be modified at the time of Issuance, it is done by setting out the amendments through _____. a.

Warranty

b. Endorsement

- c. Alteration
- d. Modifications are not possible

7) Which of the below statement is correct with regards to renewal notice?

- a. 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
- b. 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
- c. 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
- d. As per regulations there is no legal obligation on insurers to send a renewal notice to insured before the expiry of the policy**

8) Non-disclosure of facts material to the assessment of the risk, providing misleading information, fraud or non-co-operation by the insured will _____.

a. nullify the cover under the policy issued

- b. increase the risk of insured
- c. help insured to get cover easily.
- d. reduce risk of insurer.

9) A delivery man of a fast-food restaurant is _____ than accountant of the same restaurant.

a. More Risk

- b. Less Risk
- c. No Risk
- d. Constant Risk

10) An agent or other intermediary shall provide all material information in respect of a proposed cover to the prospect to _____.

a. enable the prospect to know him better

b. enable the prospect to decide on the best cover that would be in his or her interest

- c. enable the prospect to know the means of fraud
- d. enable the prospect to get the discounts available with the policy.

11) The application document used for making the proposal is commonly known as the _____.

a. Application form

b. Proposal form

- c. Registration form
- d. Subscription form

Chapter 22- Health Insurance Products [Top](#)

1. 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. a. Fifteen days

b. Thirty days

- c. Forty Five days
- d. Sixty days.

2. Identify which of the below statement is correct?

a. Health insurance deals with morbidity

- b. Health insurance deals with mortality
- c. Health insurance deals with morbidity as well as mortality
- d. Health insurance neither deals with morbidity or mortality

3. In health insurance, the policy holder has the right to transfer the credit gained for pre existing conditions and time bound exclusions from one company to another. This facility is called

a. Portability

- b. Transferability
- c. Switching
- d. Reassignment.

4. Identify the correct full form of PPN with regards to hospitals in health insurance.

- a. Public Preferred Network

b. Preferred Provider Network

- c. Public Private Network
- d. Provider Preferential Network

5. Which of the below statement is correct with regards to a hospitalization expenses policy?

- a. Only hospitalization expenses are covered

b. Hospitalization as well as pre and post hospitalization expenses are covered.

- c. Hospitalization as well as pre and post hospitalization expenses are covered and a lump sum amount is paid to the family members in the event of insured's death.
- d. Hospitalization expenses are covered from the first year and pre and post hospitalization expenses are covered from the second year if the first year is claim free.

6. Which of the below statement is correct with regard to cashless service provided in health insurance?

- a. It is an environment friendly go –green initiative started by insurance companies to promote electronic payments so that circulation of physical notes can be reduced and trees can be saved.
- b. Service is provided free of cost to the insured and no cash is paid as the payment is made by the Government to the insurance company under a Special scheme.
- c. All payments made by the insured have to be made only through Internet banking or card as cash is not accepted by the insurance company.

d. The insured does not pay and the insurance company settles the bill directly with the Hospital.

7. Which is the correct statement in the case of Portability in Health Insurance?

- a. In case of waiting period for a certain disease or treatment in the new policy is longer than that in the earlier policy for the same disease or treatment the additional waiting period will added as per the new policy norm.
- b. In the case of waiting period for a certain disease or treatment in the new policy is longer than that in the earlier policy for the same disease or treatment the additional waiting period will not be added and will remain same as per the earlier policy norms.**
- c. In case of waiting period for a certain disease or treatment in the new policy is longer than that in the earlier policy for the same disease or treatment the additional waiting period will not be added and will remain same as per the earlier policy norm but a extra premium will charged for this period.
- d. None of the Above.

8. How the Daily hospitalization cash benefit will provide benefits to policyholder who is hospitalized. a.

Entire change are refunded.

- b. Entire charges less bed charges will be paid.

c. A Fixed amount on a daily basis is paid irrespective of the actual cost of treatment.

- d. Only Hospital bill will be paid.

9. The place where atleast 4 specialists, a surgeon, a physician, and a pediatrician, supported by 21 paramedical and other staff work is called

- a. Speciality Hospital
- b. **Community Health Center**
- c. Primary health Center
- d. Hospital

10. Identify which of the below statement is incorrect?

- a. An employer can takes a group policy for his employees.
- b. A bank can take a group policy for its customer
- c. **A shopkeeper can take a group policy for his customers.**
- d. A group policy taken by the employer for his employees can be extended to include the family members of the employees.

Chapter 23 - Health Insurance Underwriting [Top](#)

1. Which of the following medical factors do not influence an underwriter's decision a.

Family history

b. Personal characteristic

c. Spouse's History

d. Personal History

2. Cardio vascular disease refers to the disease which affect

a. Heart and circulatory system(Blood)

- b. Lungs and respiratory system
- c. Kidney and excretory system
- d. Stomach, intestine and digestive system

3. Why is heredity history of importance in medical underwriting?

a. Rich parents have healthy kids

b. Certain diseases can be passed on from parents to children

- c. Poor parents have malnourished kids
- d. Family environment is a critical factor

4. 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

5. Which of the following is not a standard age proof?

- a. Passport
- b. School leaving certificate

c. Horoscope

d. Birth certificate

6. Health insurance is based on the concept of

- a. Mortality
- b. Risk

c. Morbidity

d. personal history

7. Important factor for health insurance underwriting is

- a. Age
- b. Gender
- c. Habits

d. all of the above

8. underwriting is the process of _____

- a. Marketing
- b. collecting premium from customers
- c. selling various insurance products

d. Risk selection and risk pricing

9. Purpose of underwriting is

- a. prevent anti selection
- b. to classify risks and ensure equity among risk

c. Both are correct

d. Both are correct

10. The deliberate intention of taking insurance just to collect a claim is part of

- a. Physical hazard

b. Moral hazard

- c. Occupation hazard
- d. Fraud

11. The insurer should follow FILE & USE guidelines at the time of

a. Introducing a product

- b. Modification of product
- c. Withdrawal of a product
- d. all of the above

12. FILE & USE guidelines are issued by

a. IRDAI

- b. Insurer
- c. Policy holder
- d. None of the above

13. Portability can be opted at the time of _____

a. Inception

b. Renewal

- c. Surrender
- d. Maturity

14. Find out the correct statement

- a. Insurers are charging loading for Porting
- b. Insurers are charging loading for Porting

c. Both are correct

d. both are wrong

15. Basic principles for Underwriting are _____

- a. Utmost good faith
- b. Insurable interest
- c. Both are wrong

d. Both are correct

16. Standard age proofs are

- a. school certificate
- b. passport
- c. Domicile certificate

d. all of the above

17. Financial documents required for

- a. personal accident covers
- b. High sum assured coverage

c. Mismatch in income and occupation as compared to coverage

d. all of the above

18. The principle of utmost good faith in underwriting is required to followed by

- a. The insurer
- b. The insured

c. Both insurer and insured

d. medical examiner

19. Insurable interest refers to _____

a. Financial interest of a person in the asset to be insured

- b. The asset which is insured
- c. Each insurers share of loss
- d. The amount of loss covered by the insurer

20. The underwriter clasifies the risk into _____

- a. Accept risk at standard rates
- b. Accept risk at an extra premium
- c. Decline the cover

d. all of the above

21. state which statement is wrong

- a. It involes high cost in collecting and assessing medical reports
- b. Health status and age are key factors for medical underwriting

c. Medical examination is compulsory for health insurance

d. percentage assessment is made each component of risk

22. Group insurance is underwritten mainly on the _____

a. Law of averages

- b. Individual
- c. Group
- d. Insurer

23. Traditional and common groups offered group health insurance are _____ a.

Labour unions

b. Trusts

c. Employer-employee groups

d. Professional association

24. The example for group health insurance schemes sponsored by government is a.

RSBY

b. Yeshaswini

c. Both are correct

d. Both are wrong

25. State which statement is correct in case of Overseas travel insurance

- a. Premium for Overseas travel insurance is depend on the age and the duration of foreign travel
- b. Premium rates are high compared to domestic health insurance

c. Both are correct

d. Both are wrong

26. The main factor for Personal accident insurance coverage is

a. Occupation

- b. Family History
- c. Personal history
- d. Gender

27. Person working in high voltage electricity is coming under _____

- a. Risk group I(Normal)
- b. Risk group II(Medium)

c. Risk group III(High)

d. None of the above

28. State which statement is correct

a. Medical examination is compulsory for P.A insurance

b. War risk cover may be covered to Indian personnel working abroad

- c. In PA insurance main factor consider for rating is Age
- d. Drivers of truck and heavy vehicles, sportsmen are coming under RISK group I

29. The proposal form contains

- a. Personal details
- b. physical condition
- c. habits and pastimes

d. all of the above

30. Group discount is available

- a. Employer-employee groups
- b. Members of registered co operative society
- c. Number of members exceeds 100

d. all of the above

31. The principle of 'all or none' is applies in _____

- a. Health insurance
- b. Personal insurance

c. Group insurance

d. Life insurance

32. 1. Group health insurance provides coverage only to employee groups

2. In a group health insurance any of the individual constituting the group could anti select against the insurer a.

Statement 1 is true and statement 2 is false

b. statement 2 is true and 1 is false

c. statement 1 and 2 are true d. statement 1 and 2 are false

33. Accepting the risk by more than one insurer is known as

a. Life insurance

b. Coinsurance

c. Reinsurance

d. Health insurance

34. Reinsuring the risk with other insurance companies is known as _____

a. Reinsurance

b. Coinsurance

c. Group insurance

d. Life insurance

35. Which of the following statements about medical underwriting is incorrect?

a. It involves high cost in collecting and assessing medical reports.

b. Current health status and age are the key factors in medical underwriting for health insurance.

c. Proposers have to undergo medical and pathological investigations to assess their health risk profile.

d. Percentage assessment is made on each component of the risk

36. Which of the following factor does not affect the morbidity of an individual? a.

Gender

b. Spouse job

c. Habits

d. Residence location

37. According to the principle of indemnity, the insured is paid for _____.

a. The actual losses to the extent of the sum insured

b. The sum insured irrespective of the amount actually spent

c. A fixed amount agreed between both the parties

d. The actual losses irrespective of the sum assured

38. The first and the primary source of information about an applicant, for the underwriter is his _____.

- a. Age proof documents
- b. Financial documents
- c. Previous medical records

d. Proposal form

39. The underwriting process is completed when _____.

- a. All the critical information related to the health and personal details of the proposer are collected through the proposal form
- b. All the medical examinations and tests of the proposer are completed
- c. The received information is carefully assessed and classified into appropriate risk categories**
- d. The policy is issued to the proposer after risk selection and pricing.

40. Which of the following statements about the numerical rating method is incorrect?

I. Numerical rating method provides greater speed in the handling of a large business with the help of trained personnel.

II. Analysis of difficult or doubtful cases is not possible on the basis of numerical points without medical referees or experts.

III. This method can be used by persons without any specific knowledge of medical science. IV. It ensures consistency between the decisions of different underwriters.

Chapter 24 - Health Insurance Claims [Top](#)

1. Who among the following is not a stakeholder in insurance claim process?

- a. Insurance company shareholders
- b. Human Resource Department**
- c. Regulator
- d. TPA

2. Which of the following document is maintained at the hospital detailing all treatment to an in-patient? [a.](#)

Investigation report

- b. Settlement sheet
- c. Case paper
- d. Hospital registration certificate

3. The amount of provision made for all claims in the books of the insurer based on the status of the claim is known as a. Pooling

- b. Provisioning
- c. **Reserving**
- d. Investing

4. Which of the following documents are not required to be submitted for Permanent Total Disability claim?

- a. Duly completed Personal Accident claim form signed by the claimant.
- b. Attested copy of First Information Report if applicable
- c. Permanent disability certificate from a civil surgeon or any equivalent competent doctors certifying the disability of the insured.
- d. **Fitness certificate from the treating doctor certifying that the insured is fit to perform his normal duties.**

5. _____ are paid upfront by Assistance Company and later claimed from insurance company.

- a. **Bail bond cases**
- b. Personal accident claims
- c. Overseas travel insurance claims
- d. Untenable claims

6. Who among the following is considered as primary stakeholder in insurance claim process? **a.**

Customer

- b. Owners
- c. Underwriters
- d. Insurance agents/brokers

7. Girish Saxena's insurance claim was denied by insurance company. In case of a denial, what is the option available to Girish Saxena, apart from the representation to the insurer?

- a. To approach Government
- b. **to approach legal authorities**
- c. To approach insurance agent
- d. Nothing could be done in case of case denial

8. During investigation, of a health insurance claim presented by Rajiv Mehto, insurance company finds that instead of Rajiv Mehto, his brother Rajesh Mehto had been admitted to hospital for treatment. The policy of Rajiv Mehto is not a family floater plan. This is an example of _____ fraud. a. **Impersonation**

- b. Fabrication
- c. Exaggeration of expenses
- d. Outpatient treatment converted to in-patient/hospitalization

9. Under which of the following condition, is domiciliary hospitalization is covered in a health insurance policy?

- a. The condition of the patient is such that he/she can be removed to the Hospital/Nursing Home, but prefer not to
- b. **The patient cannot be removed to Hospital /Nursing Home for lack of accommodation therein**
- c. The treatment can be carried out only in hospital/Nursing home
- d. Duration of hospitalization is exceeding 24 hours

10. Which of the following codes captures the procedures performed to treat the illness?

- a. ICD
- b. DCI
- c. **CPT** What is a CPT® code? The Current Procedural Terminology (CPT®) codes offer doctors and health care professionals a uniform language for coding medical services and procedures to streamline reporting, increase accuracy and efficiency.
- d. PCT