**CHAPTER – 1INTRODUCTION TO INSURANCE**

(**1**)Which among the following is the regulator for the insurance industry in India?

I. Insurance Authority of India

**II. Insurance Regulatory and Development Authority**

III. Life Insurance Corporation of India

IV. General Insurance Corporation of India

**(2**)Which among the following is a secondary burden of risk?

I. Business interruption cost

II. Goods damaged cost

**III. Setting aside reserves as a provision for meeting potential losses in the**

**future**

IV. Hospitalisation costs as a result of heart attack

(**3**)Which among the following is a method of risk transfer?

I. Bank FD

**II. Insurance**

III. Equity shares

IV. Real estate

(**4**)Which among the following scenarios warrants insurance?

**I. The sole bread winner of a family might die untimely**

II. A person may lose his wallet

III. Stock prices may fall drastically

IV. 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?

I. Employees State Insurance Corporation

II. Crop Insurance Scheme

**III. Jan Arogya**

IV. All of the above

**(6**)Risk transfer through risk pooling is called \_\_\_\_\_\_\_\_.

I. Savings

II. Investments

**III. Insurance**

IV. Risk mitigation

(**7**)The measures to reduce chances of occurrence of risk are known as \_\_\_\_\_.

I. Risk retention

**II. Loss prevention**

III. Risk transfer

IV. Risk avoidance

**(8**)By transferring risk to insurer, it becomes possible \_\_\_\_\_\_\_\_\_\_\_.

I. To become careless about our assets

II. To make money from insurance in the event of a loss

III. To ignore the potential risks facing our assets

**IV. To enjoy peace of mind and plan one’s business more effectively**

(**9**)Origins of modern insurance business can be traced to \_\_\_\_\_\_\_\_\_\_.

I. Bottomry

**II. Lloyds**

III. Rhodes

IV. Malhotra Committee

(**10**)In insurance context ‘risk retention’ indicates a situation where \_\_\_\_\_.

I. Possibility of loss or damage is not there

II. Loss producing event has no value

III. Property is covered by insurance

**IV. One decides to bear the risk and its effects**

(**11**)Which of the following statement is true?

I. Insurance protects the asset

II. Insurance prevents its loss

III. Insurance reduces possibilities of loss

**IV. Insurance pays when there is loss of asse**

**(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?

I. Rs.100/-

**II. Rs.200**/-

III. Rs.80/-

IV. Rs.400/-

**(13)**Which of the following statements is true?

**I. Insurance is a method of sharing the losses of a ‘few’ by ‘many’**

II. Insurance is a method of transferring the risk of an individual to another

individual

III. Insurance is a method of sharing the losses of a ‘many’ by a few

IV. Insurance is a method of transferring the gains of a few to the many

(**14)**Why do insurers arrange for survey and inspection of the property before

acceptance of a risk?

**I. To assess the risk for rating purposes**

II. To find out how the insured purchased the property

III. To find out whether other insurers have also inspected the property

IV. To find out whether neighbouring property also can be insured

(**15**)Which of the below option best describes the process of insurance?

I. Sharing the losses of many by a few

**II. Sharing the losses of few by many**

III. One sharing the losses of few

IV. Sharing of losses through subsidy

**CHAPTER-2- WHAT LIFE INSURANCE INVOLVES**

**(1**)How does diversification reduce risks in financial markets?

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

**II. Investing funds across various asset classes**

III. Maintaining time difference between investments

IV. Investing in safe assets

**(2**)Which of the below is not an element of the life insurance business?

I. Asset

II. Risk

III. Principle of mutuality

**IV. Subsidy**

**(3**)Who devised the concept of HLV?

I. Dr. Martin Luther King

II. Warren Buffet

**III. Prof. Hubener**

IV. George Soros

**(4**)Which of the below mentioned insurance plans has the least or no amount of

savings element?

**I. Term insurance plan**

II. Endowment plan

III. Whole life plan

IV. Money back plan

(**5**)Which among the following cannot be termed as an asset?

I. Car

II. Human Life

**III. Air**

IV. House

**(6**)Which of the below cannot be categorized under risks?

I. Dying too young

II. Dying too early

**III. Natural wear and tear**

IV. Living with disability

**(7**)Which of the below statement is true?

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

policies are contracts of assurance

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

**policies are contracts of indemnity**

III. In case of general insurance the risk event protected against is certain

IV. The certainty of risk event in case of general insurance increases with time

**(8)**Which among the following methods is a traditional method that can help

determine the insurance needed by an individual?

I. Human Economic Value

II. Life Term Proposition

**III. Human Life Value**

IV. Future Life Value

(**9**)Which of the below is the most appropriate explanation for the fact that young

people are charged lesser life insurance premium as compared to old people?

I. Young people are mostly dependant

II. Old people can afford to pay more

**III. Mortality is related to age**

IV. Mortality is inversely related to age

(**10**)Which of the below is not an advantage of cash value insurance contracts?

I. Safe and secure investment

II. Inculcates saving discipline

**III. Lower yields**

IV. Income tax advantages

(**11)**Which of the below is an advantage of cash value insurance contracts?

I. Returns subject to corroding effect of inflation

II. Low accumulation in earlier years

III. Lower yields

**IV. Secure investment**

**CHAPTER-3 LEGAL PRINCIPLES OF LIFE INSURANCE**

**(1)**Which among the following is an example of coercion?

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

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

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

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

(2)Which among the following options cannot be insured by Ramesh?

I. Ramesh’s house

II. Ramesh’s spouse

**III. Ramesh’s friend**

IV. Ramesh’s parents

(3)Which element of a valid contract deals with premium?

I. Offer and acceptance

**II. Consideration**

III. Free consent

IV. Capacity of parties to contract

(4)\_\_\_\_\_\_\_\_\_\_\_\_\_ relates to inaccurate statements, which are made without any

fraudulent intention.

**I. Misrepresentation**

II. Contribution

III. Offer

IV. Representation

(5)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ involves pressure applied through criminal means.

I. Fraud

II. Undue influence

**III. Coercion**

IV. Mistake

(6)Which among the following is true regarding life insurance contracts?

I. They are verbal contracts not legally enforceable

II. They are verbal which are legally enforceable

**III. They are contracts between two parties (insurer and insured) as per**

requirements of Indian Contract Act, 1872

IV. They are similar to wager contracts

(7)Which of the below is not a valid consideration for a contract?

I. Money

II. Property

**III. Bribe**

IV. Jewellery

(8)Which of the below party is not eligible to enter into a life insurance contract?

I. Business owner

**II. Minor**

III. House wife

IV. Government employee

(9)Which of the below action showcases the principle of “Uberrima Fides”?

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

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

**III. Disclosing known material facts on an insurance proposal form**

IV. Paying premium on time

(10)Which of the below is not correct with regards to insurable interest?

I. Father taking out insurance policy on his son

II. Spouses taking out insurance on one another

**III. Friends taking out insurance on one another**

IV. Employer taking out insurance on employees

(11)When is it essential for insurable interest to be present in case of life insurance?

**I. At the time of taking out insurance**

II. At the time of claim

III. Insurable interest is not required in case of life insurance

IV. Either at time of policy purchase or at the time of claim

(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.

I. Pneumonia

II. Broken back

**III. Falling off a horse**

IV. Surgery

**CHAPTER-4 FINANCIAL PLANNING**

(1)Which among the following would you recommend in order to seek protection

against unforeseen events?

**I. Insurance**

II. Transactional products like bank FD’s

III. Shares

IV. Debentures

(2)When is the best time to start financial planning?

I. Post retirement

**II. As soon as one gets his first salary**

III. After marriage

IV. Only after one gets rich

(3)Which among the following is not an objective of tax planning?

I. Maximum tax benefit

II. Reduced tax burden as a result of prudent investments

**III. Tax evasion**

IV. Full advantage of tax breaks

(4)An individual with an aggressive risk profile is likely to follow wealth \_\_\_\_\_\_\_

investment style.

I. Consolidation

II. Gifting

**III. Accumulation**

IV. Spending

(5)Which among the following is a wealth accumulation product?

I. Bank Loans

**II. Shares**

III. Term Insurance Policy

IV. Savings Bank Account

(6)Savings can be considered as a composite of two decisions. Choose them from

the list below.

I. Risk retention and reduced consumption

II. Gifting and accumulation

III. Spending and accumulation

**IV. Postponement of consumption and parting with liquidity**

(7)During which stage of life will an individual appreciate past savings the most?

**I. Post retirement**

II. Earner

III. Learner

IV. Just married

(8)What is the relation between investment horizon and returns?

I. Both are not related at all

**II. Greater the investment horizon the larger the returns**

III. Greater the investment horizon the smaller the returns

IV. Greater the investment horizon more tax on the returns

(9)Which among the following can be categorised under transactional products?

**I. Bank deposits**

II. Life insurance

III. Shares

IV. Bonds

(10)Which among the following can be categorised under contingency products?

I. Bank deposits

**II. Life insurance**

III. Shares

IV. Bonds

(11)Which of the below can be categorised under wealth accumulation products?

I. Bank deposits

II. Life insurance

III. General insurance

**IV. Shares**

(12)\_\_\_\_\_\_\_\_\_\_ is a rise in the general level of prices of goods and services in an

economy over a period of time.

I. Deflation

**II. Inflation**

III. Stagflation

IV. Hyperinflation

(13)Which of the below is not a strategy to maximise discretionary income?

I. Debt restructuring

II. Loan transfer

III. Investment restructuring

**IV. Insurance purchase**

**CHAPTER-5 LIFE INSURANCE PRODUCTS – I**

**(\***)Which among the following is an intangible product?

I. Car

II. House

**III. Life insurance**

IV. Soap

**(\*)**The premium paid for whole life insurance is \_\_\_\_\_\_\_\_\_\_\_\_\_ than the premium

paid for term assurance.

**I. Higher**

II. Lower

III. Equal

IV. Substantially higher

**(1)\_\_\_\_\_\_\_\_\_\_\_** life insurance pays off a policyholder's mortgage in the event of

the person's death.

I. Term

**II. Mortgage**

III. Whole

IV. Endowment

**(2)**The \_\_\_\_\_\_\_\_ the premium paid by you towards your life insurance, the

\_\_\_\_\_\_\_\_ will be the compensation paid to the beneficiary in the event of your

death.

**I. Higher, Higher**

II. Lower, Higher

III. Higher, Lower

IV. Faster, Slower

(**3**)Which of the below option is correct with regards to a term insurance plan?

I. Term insurance plans come with life-long renewability option

II. All term insurance plans come with a built-in disability rider

**III. Term insurance can be bought as a stand-alone policy as well as a rider with**

**another policy**

IV. There is no provision in a term insurance plans to convert it into a whole life

insurance plan

**(4**)In decreasing-term insurance, the premiums paid \_\_\_\_\_\_\_\_\_\_\_\_ over time.

I. Increase

II. Decrease

**III. Remain constant**

IV. Are returned

**(5**)Using the conversion option present in a term policy you can convert the same

to \_\_\_\_\_\_\_\_\_\_.

**I. Whole life policy**

II. Mortgage policy

III. Bank FD

IV. Decreasing term policy

**(6)**What is the primary purpose of a life insurance product?

I. Tax rebates

II. Safe investment avenue

**III. Protection against the loss of economic value of an individual’s productive**

**abilities**

IV. Wealth accumulation

**(7**)Who among the following is best advised to purchase a term plan?

I. An individual who needs money at the end of insurance term

II. An individual who needs insurance and has a high budget

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

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

**(8**)Which of the below statement is incorrect with regards to decreasing term

assurance?

I. Death benefit amount decreases with the term of coverage

**II. Premium amount decreases with the term of coverage**

III. Premium remains level throughout the term

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

Plans

**(9)**Which of the below statement is correct with regards to endowment assurance

plan?

I. It has a death benefit component only

II. It has a survival benefit component only

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

IV. It is similar to a term plan

**(10**)Which of the below is an example of an endowment assurance plan?

I. Mortgage Redemption Plan

II. Credit Life Insurance Plan

**III. Money Back Plan**

IV. Whole Life Plan

**CHAPTER-6 LIFE INSURANCE PRODUCTS – II**

**Question 1**

What does inter-temporal allocation of resources refer to?

I. Postponing allocation of resources until the time is right

**II. Allocation of resources over time**

III. Temporary allocation of resources

IV. Diversification of resource allocation

**Question 2**

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

I. Yields on these policies is high

II. Clear and visible method of arriving at surrender value

III. Well defined cash and savings value component

**IV. Rate of return is not easy to ascertain**

**Question 3**

Where was the Universal Life Policy introduced first?

**I. USA**

II. Great Britain

III. Germany

IV. France

**Question 4**

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

I. People seeking fixed return

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

**III. Knowledgeable people comfortable with equity**

IV. Young people in general

**Question 5**

Which of the below statement is true regarding ULIP’s?

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

II. Investment risk is borne by the insurer

**III. ULIP’s are opaque with regards to their term, expenses and savings**

components

IV. ULIP’s are bundled products

**Question 6**

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

**I. Flexible premium payments**

II. Cash value is not guaranteed

III. Policy owner selects where savings reserve is invested

IV. Minimum Death benefit is guaranteed

**Question 7**

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

Statement I: It allows policy owner to vary payments

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

I. I is true

II. II is true

**III. I and II are true**

IV. I and II are false

**Question 8**

All of the following is true regarding ULIP’s EXCEPT:

I. Unit holder can choose between different kind of funds

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

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

premium payments.

IV. ULIP policy structure is transparent with regards to the insurance expenses

component

**Question 9**

As per IRDA norms, an insurance company can provide which of the below nontraditional

savings life insurance products are permitted in India?

Choice I: Unit Linked Insurance Plans

Choice II: Variable Insurance Plans

I. I only

II. II only

**III. I and II both**

IV. Neither I nor II

**Question 10**

What does unbundling of life insurance products refers to?

I. Correlation of life insurance products with bonds

II. Correlation of life insurance products with equities

III. Amalgamation of protection and savings element

**IV. Separation of the protection and savings element**

(\*)Which among the following is a non-traditional life insurance product?

I. Term assurance

**II. Universal life insurance**

III. Endowment insurance

IV. Whole life insurance

(\*)Which of the below statement is incorrect?

**I. Variable life insurance is a temporary life insurance policy**

II. Variable life insurance is a permanent life insurance policy

III. The policy has a cash value account

IV. The policy provides a minimum death benefit guarantee

**CHAPTER -7 PENSION AND ANNUITIES**

**Question 1**

Which of the below risk cannot be addressed through pensions?

I. Life longevity

II. Inflation

III. Investment risk

**IV. Early death**

**Question 2**

With relation to annuities, explain what does “Liquidation period” refer to?

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

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

III. Time taken to build up the corpus

IV. Insolvency period

**Question 3**

Amount of annuity payable depends on which of the following:

1. Principal sum of money

2. Investment period

3. Rate of return

4. Duration of annuity payments

I. 1 and 2

II. 1,2 and 3

III. 1,3 and 4

**IV. 1,2,3 and 4**

**Question 4**

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

1. Principal sum of money

2. Investment period

3. Rate of return

4. Duration of annuity payments

I. 1 only

II. 2 only

III. 3 only

**IV. 4 only**

**Question 5**

What is the basic contingency associated with pensions?

I. Mortality

II. Morbidity

**III. Post-retirement income security**

IV. Disability

**Question 6**

Which of the below best describes an ordinary annuity?

I. Equal cash flows at equal time intervals forever

**II. Equal cash flows at equal time intervals for a specific time period**

III. Lumpy cash flows at equal time intervals forever

IV. Lumpy cash flows at equal time intervals for a specific time period

**Question 7**

From the choices mentioned below, select the one that cannot be categorised

as an annuity.

I. Rs. 2000 received today, Rs. 2000 received next year and Rs. 2000 received

in 2 years

**II. Electricity Bill**

III. Car payments

IV. Mortgage payments

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**Question 8**

In an ordinary annuity, payments are made or received \_\_\_\_\_\_\_\_\_\_\_ of each

period.

I. At the beginning

**II. At the end**

III. On maturity

IV. 6 months before expiry

**Question 9**

\_\_\_\_\_\_\_\_\_\_\_ is an annuity with an infinite life and making continuous annual

payments.

I. APR

II. Amortised loan

**III. Perpetuity**

IV. Principal

**Question 10**

\_\_\_\_\_\_\_\_\_\_\_\_\_ is a term used to refer pensions that have some level of

Government administration.

I. Insurance Pension Fund

**II. Public Pension Fund**

III. Private Pension Fund

IV. Market Pension Fund

**Question 11**

Who provides public pensions?

**I. State**

II. Employers

III. Insurers

IV. NGO’s

**Question 12**

Who bears the investment risk in a fixed benefit annuity?

**I. Insurer**

II. Insured

III. State

IV. Risk pool

**Question 13**

Which among the below statements is true?

Statement I: Every pension is an annuity

Statement II: Every annuity is a pension

I. I and II are true

II. I and II are false

**III. I is true and II is false**

IV. I is false and II is true

**CHAPTER- 8 HEALTH INSURANCE**

**Question 1**

IRDA stands for \_\_\_\_\_\_\_\_\_\_.

I. International Regulatory & Development Authority

II. Indian Regulatory & Development Authority

**III. Insurance Regulatory & Development Authority**

IV. Income Regulatory & Development Authority

**Question 2**

The term TPA refers to \_\_\_\_\_\_\_\_.

(Answer with regards to health insurance)

I. The Primary Associate

II. To Provide Assistance

**III. Third Party Administrator**

IV. Third Party Assistance

**Question 3**

Which of the below group would not be eligible for a group health insurance

policy?

I. Employees of a company

II. Credit card holders of an organisation

III. Professional association members

**IV. Group of unrelated individuals formed for the purpose of availing group**

**health insurance**

**Question 4**

Who cannot be covered under a family floater policy?

I. Children

II. Spouse

III. Parents-in-law

**IV. Maternal uncle**

**Question 5**

As per IRDA regulations issued in February 2013, what is the grace period

allowed beyond the expiry date of the policy, for renewal?

I. 15 days

**II. 30 days**

III. 45 days

IV. 60 days

**Question 6**

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

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

the health insurance company.

I. Service Benefit

II. Direct contracting

**III. Indemnity**

IV. Casualty

**Question 7**

Moral hazard by health insurance companies can result in \_\_\_\_\_\_\_\_\_.

I. Community rating

**II. Adverse selection**

III. Abuse of health insurance

IV. Risk pooling

**Question 8**

Primary care can be described as \_\_\_\_\_\_\_\_\_\_\_\_.

I. Care provided to patient in an acute setting

II. Care provided in hospitals

**III. First point of contact for people seeking healthcare**

IV. Care provided by Doctors

**Question 9**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is an insured who undergoes treatment after getting

admitted in a hospital.

**I. Inpatient**

II. Outpatient

III. Day patient

IV. House patient

**Question 10**

\_\_\_\_\_\_\_\_\_ refers to a hospital/health care provider enlisted by an insurer to

provide medical services to an insured on payment by a cashless facility.

I. Day care centre

**II. Network provider**

III. Third Party Administrator

IV. Domiciliary

**Question 11**

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

I. Mortality

**II. Morbidity**

III. Infinity

IV. Serendipity

**CHAPTER -9 APPLICATIONS OF LIFE INSURANCE**

**Question 1**

The sum assured under keyman insurance policy is generally linked to which of

the following?

I. Keyman income

**II. Business profitability**

III. Business history

IV. Inflation index

**Question 2**

Mortgage redemption insurance (MRI) can be categorised under \_\_\_\_\_\_\_\_.

I. Increasing term life assurance

**II. Decreasing term life assurance**

III. Variable life assurance

IV. Universal life assurance

**Question 3**

Which of the below losses are covered under keyman insurance?

I. Property theft

**II. Losses related to the extended period when a key person is unable to work**

III. General liability

IV. Losses caused due to errors and omission

**Question 4**

A policy is effected under the MWP Act. If the policyholder does not appoint a

special trustee to receive and administer the benefits under the policy, the sum

secured under the policy becomes payable to the \_\_\_\_\_\_\_\_\_\_\_\_\_.

I. Next of kin

**II. Official Trustee of the State**

III. Insurer

IV. Insured

**Question 5**

Mahesh ran a business on borrowed capital. After his sudden demise, all the

creditors are doing their best to go after Mahesh’s assets. Which of the below

assets is beyond the reach of the creditors?

I. Property under Mahesh’s name

II. Mahesh’s bank accounts

**III. Term life insurance policy purchased under Section 6 of MWP Act**

IV. Mutual funds owned by Mahesh

**Question 6**

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

Statement I: Maturity claims cheques are paid to policyholders

Statement II: Maturity claims cheques are paid to trustees

I. I is true

**II. II is true**

III. Both I and II are true

IV. Neither I nor II is true

**Question 7**

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

Statement I: Death claims are settled in favour of nominees

Statement II: Death claims are settled in favour of trustees

I. I is true

**II. II is true**

III. Both I and II are true

IV. Neither I nor II is true

**Question 8**

Ajay pays insurance premium for his employees. Which of the below insurance

premium will not be treated deductible as compensation paid to employee?

Choice I: Health insurance with benefits payable to employee

Choice II: Keyman life insurance with benefits payable to Ajay

I. I only

**II. II only**

III. Both I and II

IV. Neither I nor II

**Question 9**

The practice of charging interest to borrowers who pledge their property as

collateral but leaving them in possession of the property is called

\_\_\_\_\_\_\_\_\_\_\_\_\_.

I. Security

**II. Mortgage**

III. Usury

IV. Hypothecation

**Question 10**

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

I. Life Insurance

II. Disability Insurance

**III. Mortgage Redemption Insurance**

IV. General Insurance

**Question 11**

What is the objective behind Mortgage Redemption Insurance?

I. Facilitate cheaper mortgage rates

**II. Provide financial protection for home loan borrowers**

III. Protect value of the mortgaged property

IV. Evade eviction in case of default

**CHAPTER -10 PRICING AND VALUATION IN LIFE INSURANCE**

**Question 1**

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

I. Profit earned by the insurer

II. Price paid by an insured for purchasing the policy

III. Margins of an insurer on a policy

IV. Expenses incurred by an insurer on a policy

**Question 2**

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

I. Mortality

II. Rebate

III. Reserves

IV. Management expenses

**Question 3**

What is a policy withdrawal?

I. Discontinuation of premium payment by policyholder

II. Surrender of policy in return for acquired surrender value

III. Policy upgrade

IV. Policy downgrade

**Question 4**

Which of the below is one of the ways of defining surplus?

I. Excessive liabilities

II. Excessive turnover

III. Excess value of liabilities over assets

IV. Excess value of assets over liabilities

**Question 5**

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

I. Policy allocation charge

II. Investment risk premium

III. Mortality charge

IV. Social security charge

**Question 6**

Life insurance companies may offer rebate to the buyer on the premium that is

payable on the basis of \_\_\_\_\_\_\_\_\_\_\_.

I. Sum assured chosen by the buyer

II. Type of policy chosen by the buyer

III. Term of the plan chosen by the buyer

IV. Mode of payment (cash, cheque, card) chosen by the buyer

**Question 7**

Interest rates are one of the important components used while determining the

premium. Which of the below statement is correct with regards to interest

rates?

I. Lower the interest rate assumed, lower the premium

II. Higher the interest rate assumed, higher the premium

III. Higher the interest rate assumed, lower the premium

IV. The interest rates don’t affect premiums

**Question 8**

Which of the below statement is correct?

I. The typical loading to a net premium would have 3 parts: a) a constant

amount for premiums b) a constant amount for each ‘1000 sum assured’ and

c) a constant amount per policy

II. The typical loading to a net premium would have 3 parts: a) a percentage

of premiums b) a constant amount for each ‘1000 sum assured’ and c) a

constant amount per policy

III. The typical loading to a net premium would have 3 parts: a) a percentage

of premiums b) a constant percentage for each ‘1000 sum assured’ and c) a

constant amount per policy

IV. The typical loading to a net premium would have 3 parts: a) a percentage

of premiums b) a constant amount for each ‘1000 sum assured’ and c) a

percentage amount per policy

**Question 9**

With regards to valuation of assets by insurance companies, \_\_\_\_\_\_\_\_\_\_ is the

value at which the life insurer has purchased or acquired its assets.

I. Discounted future value

II. Discounted present value

III. Market value

IV. Book value

**Question 10**

In case of \_\_\_\_\_\_\_\_\_\_, a company expresses the bonus as a percentage of basic

benefit and already attached bonuses.

I. Reversionary bonus

II. Compound bonus

III. Terminal bonus

IV. Persistency bonus

**Question 11**

What does a policy lapse mean?

I. Policyholder completes premium payment for a policy

**II. Policyholder discontinues premium payment for a policy**

III. Policy attains maturity

IV. Policy is withdrawn from the market

**Question 12**

Who bears the investment risk in case of ULIPs?

I. Insurer

**II. Insured**

III. State

IV. IRDA

**CHAPTER- 11 DOCUMENTATION – PROPOSAL STAGE**

**Question 1**

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

I. Ration card

II. Horoscope

**III. Passport**

IV. Village Panchayat certificate

**Question 2**

Which of the below can be attributed to moral hazard?

**I. Increased risky behaviour following the purchase of insurance**

II. Increased risky behaviour prior to the purchase of insurance

III. Decreased risky behaviour following the purchase of insurance

IV. Engaging in criminal acts post being insured

**Question 3**

Which of the below features will be checked in a medical examiner’s report?

I. Emotional behaviour of the proposer

**II. Height, weight and blood pressure**

III. Social status

IV. Truthfulness

**Question 4**

A \_\_\_\_\_\_\_\_\_\_ is a formal legal document used by insurance companies that

provides details about the product.

I. Proposal form

II. Proposal quote

III. Information docket

**IV. Prospectus**

**Question 5**

The application document used for making the proposal is commonly known as

the \_\_\_\_\_\_\_\_\_\_.

I. Application form

**II. Proposal form**

III. Registration form

IV. Subscription form

**Question 6**

From the below given age proof documents, identify the one which is classified

as non-standard by insurance companies.

I. School certificate

II. Identity card in case of defence personnel

**III. Ration card**

IV. Certificate of baptism

**Question 7**

Money laundering is the process of bringing \_\_\_\_\_\_\_ money into an economy by

hiding its \_\_\_\_\_\_\_ origin so that it appears to be legally acquired.

**I. Illegal, illegal**

II. Legal, legal

III. Illegal, legal

IV. Legal, illegal

**Question 8**

In case the policyholder is not satisfied with the policy, he / she can return the

policy within the free-look period i.e. within \_\_\_\_\_\_\_\_of receiving the policy

document.

I. 60 days

II. 45 days

III. 30 days

**IV. 15 days**

**Question 9**

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

Policyholder during the free look period?

I. The insurance company will refund 100% of the premium

II. The insurance company will refund 50% of the premium

**III. The insurance company will refund the premium after adjusting for**

Proportionate risk premium for the period on cover, medical examination

Expenses and stamp duty charges

IV. The insurance company will forfeit the entire premium

**Question 10**

Which of the below is not a valid address proof?

I. PAN Card

**II. Voter ID Card**

III. Bank passbook

IV. Driving license

**Question 11**

During the \_\_\_\_\_\_\_\_\_ period, if the policyholder has bought a policy and does

not want it, he / she can return it and get a refund.

I. Free evaluation

**II. Free look**

III. Cancellation

IV. Free trial

**CHAPTER- 12 DOCUMENTATION – POLICY STAGE**

**Question 1**

Which of the following documents is an evidence of the contract between

insurer and insured?

I. Proposal form

**II. Policy document**

III. Prospectus

IV. Claim form

**Question 2**

If complex language is used to word a certain policy document and it has given

rise to an ambiguity, how will it generally be construed?

**I. In favour of insured**

II. In favour of insurer

III. The policy will be declared as void and the insurer will be asked to return

the premium with interest to the insured

IV. The policy will be declared as void and the insurer will be asked to return

the premium to the insured without any interest

**Question 3**

Select the option that best describes a policy document.

**I. It is evidence of the insurance contract**

II. It is evidence of the interest expressed by the insured in buying an insurance

policy from the company

III. It is evidence of the policy (procedures) followed by an insurance company

when dealing with channel partners like banks, brokers and other entities

IV. It is an acknowledgement slip issued by the insurance company on payment

of the first premium

**Question 4**

Which of the below statement is correct?

I. The proposal form acceptance is the evidence that the policy contract has

begun

II. The acceptance of premium is evidence that the policy has begun

**III. The First Premium Receipt is the evidence that the policy contract has**

**begun**

IV. The premium quote is evidence that the policy contract has begun

**Question 5**

For the subsequent premiums received by the insurance company after the first

premium, the company will issue \_\_\_\_\_\_\_\_\_\_.

I. Revival premium receipt

II. Restoration premium receipt

III. Reinstatement premium receipt

**IV. Renewal premium receipt**

**Question 6**

What will happen if the insured person loses the original life insurance policy

document?

**I. The insurance company will issue a duplicate policy without making any**

**changes to the contract**

II. The insurance contract will come to an end

III. The insurance company will issue a duplicate policy with renewed terms and

conditions based on the current health declarations of the life insured

IV. The insurance company will issue a duplicate policy without making any

changes to the contract, but only after a Court order.

**Question 7**

Which of the below statement is correct?

I. The policy document has to be signed by a competent authority but need

not be compulsorily stamped according to the Indian Stamp Act.

**II. The policy document has to be signed by a competent authority and should**

**be stamped according to the Indian Stamp Act.**

III. The policy document need not be signed by a competent authority but

should be stamped according to the Indian Stamp Act.

IV. The policy document neither needs to be signed by a competent authority

nor it needs to be compulsorily stamped according to the Indian Stamp Act.

**Question 8**

Which of the below forms the first part of a standard insurance policy

document?

**I. Policy schedule**

II. Standard provisions

III. Specific policy provisions

IV. Claim procedure

**Question 9**

In a standard insurance policy document, the standard provisions section will

have information on which of the below?

I. Date of commencement, date of maturity and due date of last premium

II. Name of nominee

**III. The rights and privileges and other conditions, which are applicable under**

**the contract**

IV. The signature of the authorised signatory and policy stamp

**Question 10**

“A clause precluding death due to pregnancy for a lady who is expecting at the

time of writing the contract” will be included in which section of a standard

policy document?

I. Policy schedule

II. General provisions

III. Standard provisions

**IV. Specific policy provisions**

**Question 11**

What does a first premium receipt (FPR) signify? Choose the most appropriate

option.

I. Free look period has ended

**II. It is evidence that the policy contract has begun**

III. Policy cannot be cancelled now

IV. Policy has acquired a certain cash value

**CHAPTER- 13 DOCUMENTATION - POLICY CONDITION**

**Question 1**

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

I. Policy nomination is not cancelled if the policy is assigned to the insurer in

return for a loan

II. Nomination can be done at the time of policy purchase or subsequently

III. Nomination can be changed by making an endorsement in the policy

**IV. A nominee has full rights on the whole of the claim**

**Question 2**

In order for the policy to acquire a guaranteed surrender value, for how long

must the premiums be paid as per law?

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

**II. Premiums must be paid for at least 3 consecutive years**

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

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

**Question 3**

When is a policy deemed to be lapsed?

I. If the premiums are not paid on due date

II. If the premiums are not paid before the due date

**III. If the premium has not been paid even during days of grace**

IV. If the policy is surrendered

**Question 4**

Which of the below statement is correct with regards to grace period of an

insurance policy?

I. The standard length of the grace period is one month.

II. The standard length of the grace period is 30 days.

III. The standard length of the grace period is one month or 30 days.

**IV. The standard length of the grace period is one month or 31 days**.

**Question 5**

What will happen if the policyholder does not pay the premium by the due date

and dies during the grace period?

I. The insurer will consider the policy void due to non-payment of premium by

the due date and hence reject the claim

**II. The insurer will pay the claim and waive off the last unpaid premium**

III. The insurer will pay the claim after deducting the unpaid premium

IV. The insurer will pay the claim after deducting the unpaid premium along

with interest which will be taken as 2% above the bank savings interest rate

**Question 6**

During the revival of a lapsed policy, which of the below aspect is considered

most significant by the insurance company? Choose the most appropriate option.

**I. Evidence of insurability at revival**

II. Revival of the policy leading to increase in risk for the insurance company

III. Payment of unpaid premiums with interest

IV. Insured submitting the revival application within a specified time frame

**Question 7**

For an insurance policy nomination is allowed under \_\_\_\_\_\_\_\_\_ of the Insurance

Act, 1938.

I. Section 10

II. Section 38

**III. Section 39**

IV. Section 45

**Question 8**

Which of the below statement is incorrect with regards to a policy against which

a loan has been taken from the insurance company?

I. The policy will have to be assigned in favour of the insurance company

**II. The nomination of such policy will get cancelled due to assignment of the**

**policy in favour of the insurance company**

III. The nominee’s right will affected to the extent of the insurer’s interest in

the policy

IV. The policy loan is usually limited to a percentage of the policy’s surrender

value

**Question 9**

Which of the below statement is incorrect with regards to assignment of an

insurance policy?

I. In case of Absolute Assignment, in the event of death of the assignee, the

title of the policy would pass to the estate of the deceased assignee.

II. The assignment of a life insurance policy implies the act of transferring the

rights right, title and interest in the policy (as property) from one person to

another.

III. It is necessary that the policyholder must give notice of assignment to the

insurer.

**IV. In case of Absolute Assignment, the policy vests absolutely with the assignee**

**till maturity, except in case of death of the insured during the policy**

**tenure, wherein the policy reverts back to the beneficiaries of the insured**.

**Question 10**

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

**I. Splitting up of the policy into two or more policies**

II. Extension of the premium paying term

III. Change of the policy from with profit policy to without profit policy

IV. Increase in the sum assured

**Question 11**

Under what circumstances would the policyholder need to appoint an

appointee?

I. Insured is minor

**II. Nominee is a minor**

III. Policyholder is not of sound mind

IV. Policyholder is not married

**CHAPTER- 14- UNDERWRITING**

**Question 1**

Which of the following denotes the underwriter’s role in an insurance company?

I. Process claims

**II. Decide acceptability of risks**

III. Product design architect

IV. Customer relations manager

**Question 2**

Which of the following is not an underwriting decision?

I. Risk acceptance at standard rates

II. Declinature of risk

III. Postponement of risk

**IV. Claim rejection**

**Question 3**

Which of the following is not a standard age proof?

I. Passport

II. School leaving certificate

**III. Horoscope**

IV. Birth certificate

**Question 4**

Which of the following condition will affect a person’s insurability negatively?

I. Daily jogs

**II. Banned substance abuse**

III. Lazy nature

IV. Procrastination

**Question 5**

Under what method of underwriting does an underwriter assign positive rating

points for all negative or adverse factors (negative points for any positive or

favourable factors)?

I. Judgment

II. Arbitrary

**III. Numerical rating**

IV. Single step

**Question 6**

Under risk classification, \_\_\_\_\_\_\_\_\_\_\_ consist of those whose anticipated

mortality corresponds to the standard lives represented by the mortality table.

**I. Standard lives**

II. Preferred risks

III. Sub-standard lives

IV. Declined lives

**Question 7**

Amruta is pregnant. She has applied for a term insurance cover. Which of the

below option will be the best option to choose for an underwriter to offer

insurance to Amruta? Choose the most likely option.

I. Acceptance at ordinary rates

II. Acceptance with extra premium

III. Decline the proposal

**IV. Acceptance with a restrictive clause**

**Question 8**

Which of the below insurance proposal is not likely to qualify under non-medical

underwriting?

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

**II. Mahesh, aged 50 years, working in a coal mine**

III. Satish, aged 28 years, working in a bank and has applied for an insurance

cover of Rs. 1 crore

IV. Pravin, aged 30 years, working in a departmental store and has applied for

an endowment insurance plan for a tenure of 10 years

**Question 9**

Sheena is suffering from acute diabetes. She has applied for an insurance plan.

In this case the underwriter is most likely to use \_\_\_\_\_\_\_\_\_\_\_\_ for underwriting.

Choose the most appropriate option.

**I. Judgment method**

II. Numerical method

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

role in the underwriting process

IV. Neither of the above method as diabetes cases are rejected outright

**Question 10**

Santosh has applied for a term insurance policy. His anticipated mortality is

significantly lower than standard lives and hence could be charged a lower

premium. Under risk classification, Santosh will be classified under

\_\_\_\_\_\_\_\_\_\_\_.

I. Standard lives

**II. Preferred risks**

III. Substandard lives

IV. Declined lives

**Question 11**

Which of the following cases is likely to be declined or postponed by a life

insurer?

I. Healthy 18 year old

II. An obese person

**III. A person suffering from AIDS**

IV. Housewife with no income of her own

**Question 12**

Which of the following is an example of moral hazard?

I. Stunt artist dies while performing a stunt

**II. A person drinking copious amounts of alcohol because he is inured**

III. Insured defaulting on premium payments

IV. Proposer lying on policy document

**Question 13**

Why is heredity history of importance in medical underwriting?

I. Rich parents have healthy kids

**II. Certain diseases can be passed on from parents to children**

III. Poor parents have malnourished kids

IV. Family environment is a critical factor

**CHAPTER -15-PAYMENTS UNDER A LIFE INSURANCE POLICY**

**Question 1**

Given below is a list of policies. Identify under which type of policy, the claim

payment is made in the form of periodic payments?

**I. Money-back policy**

II. Unit linked insurance policy

III. Return of premium policy

IV. Term insurance policy

**Question 2**

Mahesh has bought a life insurance policy with a critical illness rider. He has

made absolute assignment of the policy in favour of Karan. Mahesh suffers a

heart attack and there is a claim of Rs. 50,000 under the critical illness rider.

To whom will the payment be made in this case?

I. Mahesh

**II. Karan**

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

IV. Neither of the two because Mahesh has suffered the heart attack but the

policy is assigned in favour of Karan.

**Question 3**

Praveen died in a car accident. The beneficiary submits documents for death

claim. Which of the below document is an additional document required to be

submitted in case of accidental death as compared to natural death.

I. Certificate of burial or cremation

II. Treating physician’s certificate

III. Employer’s certificate

**IV. Inquest Report**

**Question 4**

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

**I. If the insured dies within three years of policy duration**

II. If the insured dies within five years of policy duration

III. If the insured dies within seven years of policy duration

IV. If the insured dies within ten years of policy duration

**Question 5**

Given below are some events that will trigger survival claims. Identify which of

the below statement is incorrect?

**I. Claim paid on maturity of a term insurance policy**

II. An instalment payable upon reaching the milestone under a money-back

policy

III. Claim paid for critical illnesses covered under the policy as a rider benefit

IV. Surrender value paid on surrender of an endowment policy by the

policyholder

**Question 6**

A payment made under a money-back policy upon reaching a milestone will be

classified under which type of claim?

I. Death claim

II. Maturity claim

**III. Periodical survival claim**

IV. Surrender claim

**Question 7**

Shankar bought a 10 year Unit Linked Insurance Plan. If he dies before the

maturity of the policy which of the below will be paid?

I. Lower of sum assured or fund value

**II. Higher of sum assured or fund value**

III. Premiums paid will be returned with 2% higher interest rate as compared to

a bank’s savings deposit

IV. Surrender value

**Question 8**

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

I. Ramya dies after 6 months of buying a term insurance plan

II. Manoj dies after one and half years of buying a term insurance plan

III. David dies after two and half years of buying a term insurance plan

**IV. Pravin dies after five and half years of buying a term insurance plan**

**Question 9**

Given below is a list of documents to be submitted for a normal death claim by

all beneficiaries in the event of death of life insured. Pick the odd one out

which is additionally required to be submitted only in case of death by accident.

**I. Inquest report**

II. Claim form

III. Certificate of burial or cremation

IV. Hospital’s certificate

**Question 10**

As per IRDA (Protection of Policyholders Interests) Regulations, 2002, a claim

under a life policy shall be paid or be disputed, within 30 days from the date of

receipt of all relevant papers and clarifications required.

I. 7 days

II. 15 days

**III. 30 days**

IV. 45 days

**Question 11**

Which of the below statement best describes the concept of claim? Choose the

most appropriate option.

I. A claim is a request that the insurer should make good the promise specified

in the contract

**II. A claim is a demand that the insurer should make good the promise specified**

**in the contract**

III. A claim is a demand that the insured should make good the commitment

specified in the agreement

IV. A claim is a request that the insured should make good the promise specified

in the agreement

**CHAPTER- 16-REGULATORY ASPECTS**

**Question 1**

Applicant shall complete \_\_\_\_\_\_ hours training to become an insurance agent.

**I. 50**

II. 100

III. 30

IV. 25

**Question 2**

Insurance agent represents the \_\_\_\_\_\_\_\_\_\_.

**I. Insurance company**

II. Sub-agent

III. Co-agent

IV. Broker

**Question 3**

Licence to work as an insurance agent is issued by \_\_\_\_\_\_\_\_\_\_.

I. General Insurance Corporation (GIC)

**II. Insurance Regulatory & Development Authority (IRDA)**

III. State Bank of India (SBI)

IV. Post office

**Question 4**

Agent’s licence is to be renewed \_\_\_\_\_\_\_\_\_\_.

I. Every year

II. After 5 years

**III. After 3 years**

IV. After 15 years

**Question 5**

Identify the statement which is not correct. Insurance agent should \_\_\_\_\_\_\_\_\_\_.

I. Indicate the scale of commission if asked by the customer

**II. Share the commission by way of rebate**

III. Disclose his licence on demand

IV. Indicate the premium to be charged

**Question 6**

\_\_\_\_\_\_\_\_\_\_ is the fees payable to the Authority for issue / renewal of licence to

Act as an insurance agent or composite insurance agent.

**I. 250**

II. 150

III. 520

IV. 100

**Question 7**

The Authority may issue duplicate licence in case it is \_\_\_\_\_\_\_\_\_\_\_\_.

I. Lost

II. Destroyed

III. Mutilated

**IV. All of the above**

**Question 8**

If an agent is found guilty of criminal misappropriation the designated person

will \_\_\_\_\_\_\_\_\_\_\_\_.

**I. Cancel the license**

II. Issue a duplicate license

III. Renew the existing license

IV. Take some fees from the agent

**Question 9**

Minimum qualification required for insurance agent is \_\_\_\_\_\_\_ pass.

I. Graduate

**II. 10th**

III. Post-graduate

IV. 7th

**Question 10**

\_\_\_\_\_\_\_\_\_\_\_ may deal with more than one Life Insurance Company or general

insurance company or both.

I. Agent

II. Surveyor

**III. Composite agent**

**Question 11**

Which of the below statements is correct?

I. The prime purpose of insurance regulation is to protect the insurance

companies

**II. The prime purpose of insurance regulation is to protect the policyholder**

III. The prime purpose of insurance regulation is to protect the insurance

intermediaries

IV. The prime purpose of insurance regulation is to protect the Government

IV. None of the above

**Question 12**

Which of the below statement is correct?

I. If agent loses the licence, then no duplicate licence is issued. The agent has

to wait till the time of renewal, when another copy is issued

II. If agent loses the licence, then the Authority may issue a duplicate licence

free of cost.

III. If agent loses the licence, then the Authority may issue a duplicate licence

only after a FIR is lodged and a waiting period of 30 days.

**IV. If the agent loses the license, then the Authority may issue a duplicate**

**license on payment of a fee of rupees fifty**.

**CHAPTER- 17-LIFE INSURANCE AGENCY AS A CAREER**

**Question 1**

An insurance agent is typically a representative of \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

I. Customer

**II. Insurance company**

III. Government

IV. IRDA

**Question 2**

Direct marketing involves which of the below?

I. Telemarketing

II. Insurance agents

III. Bancassurance

**IV. All of the above**

**Question 3**

“Hurt not others with that which pains yourself”. This golden rule of ethics is

given in the teaching of which religion?

**I. Buddhism**

II. Christianity

III. Hinduism

IV. Judaism

**Question 4**

When an applicant is seeking license for the first time, he / she is supposed to

undergo \_\_\_\_\_\_\_\_of practical training (from an approved institution) in life

insurance.

I. 25 hours

**II. 50 hours**

III. 75 hours

IV. 100 hours

**Question 5**

The license issued to the agent is valid for \_\_\_\_\_\_\_\_\_.

I. One year

II. Two years

**III. Three years**

IV. Five years

**Question 6**

As per Section 182 of the Indian Contract Act, \_\_\_\_\_ is a person employed to do

any act for another or to represent another in dealing with a third person.

I. Principal Officer

II. Proxy

III. Mediator

**IV. Agent**

**Question 7**

An insurance broker represents \_\_\_\_\_\_\_.

I. Insurance company

**II. Insured**

III. Association of insurance companies

IV. Community of people who have already taken insurance

**Question 8**

Which of the below reflects Principle 2 of the Insurance Marketplace Standards

Association (IMSA) principles?

**I. To provide competent and customer-focused sales and service.**

II. To engage in active and fair competition.

III. To provide for fair and expeditious handling of customer complaints and

disputes.

IV. To maintain a system of supervision and review that is reasonably designed

to achieve compliance with these principles of ethical market conduct.

**Question 9**

Before the composite licence could be renewed, the applicant needs to undergo

renewal training of \_\_\_\_\_\_\_\_ from an approved institution.

I. 25 hours

II. 50 hours

**III. 35 hours**

IV. 75 hours

**Question 10**

IRDA has decided to implement guidelines on persistency from \_\_\_\_\_\_\_.

I. 1st July 2011

II. 1st July 2012

III. 1st July 2013

**IV. 1st July 2014**

**Question 11**

Which of the below statements is incorrect?

I. An individual insurance agent is a representative of the insurance company

and is governed by the agent-principal relationship.

**II. An individual insurance agent's primary relationship and responsibility is to**

**the insurance buyer and not the insurance company.**

III. Insurance broker, who represents the insured, generally does not have any

contractual agreement to exclusively serve any one insurance company

IV. Insurance broker is expected to represent the customer’s interest when

choosing the right product and company that would best fit the customer’s

particular needs.

**Question 12**

In 1964, Harvard Business Review published a study on “What makes a good

salesman”. The authors came up with an interesting insight. They found that a

good salesman should have two basic qualities. Which are those two qualities?

I. Affection and zeal to succeed

II. Patience and pro-activeness

**III. Empathy and ego drive**

IV. Hunger for growth and self-confidence

**Question 13**

Proportion of policies remaining in force at the end of the period out of the

total policies in force at the beginning of the period is referred to as

\_\_\_\_\_\_\_\_\_\_\_.

**I. Persistency**

II. Consistency

III. Uniformity

IV. Reliability

**CHAPTER -18-LIFE INSURANCE SELLING PROCESS**

**Question 1**

The key to successful closing lies in helping the prospect to say \_\_\_\_\_\_\_\_.

I. No

II. Don’t know

**III. Yes**

IV. Maybe

**Question 2**

Which of the following is not part of sales process?

I. Prospecting

II. Sales interview

**III. Loss assessment**

IV. Closing

**Question 3**

Prospecting in an insurance sale is \_\_\_\_\_\_\_\_\_\_\_.

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

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

III. Enlisting all the policyholders of the branch office

IV. Preparing list of all the agents in the neighbourhood

**Question 4**

In insurance, need-gap analysis involves \_\_\_\_\_\_\_\_\_\_\_\_\_.

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

II. Identifying people to work as insurance agents

III. Identifying how much assets a prospect has

IV. Identifying the poverty level of the prospects

**Question 5**

Cold Calling is \_\_\_\_\_\_\_\_\_\_\_.

I. Meeting customers in winter

II. Meeting customers when they are suffering from cold

**III. Meeting people unannounced**

IV. Meeting customer after fire was extinguished

**Question 6**

\_\_\_\_\_\_\_\_ as a profession refers to the act of inducing a commercial transaction

through inducing the purchase of a product or service, such act being carried

out with the intent of earning remuneration.

I. Marketing

**II. Selling**

III. Advertising

IV. Promotion

**Question 7**

Which of the below statement is correct?

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

II. Life insurance is bought, not sold

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

be bought by every individual.

IV. None of the above

**Question 8**

Which of the below statement is correct?

I. Selling is an art and not a science

II. Selling is a science and not an art

III. Selling is neither an art or a science

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

**Question 9**

While prospecting for selling insurance, approaching the members of a caste or

community association will be classified under which category?

I. Immediate group

**II. Natural market**

III. Centres of influence

IV. References and introductions

**Question 10**

Identify the incorrect statement with regards to a ‘qualified’ prospect.

I. A qualified prospect is one who can pay for insurance

II. A qualified prospect is one who can be approached on a favourable basis

**III. A qualified prospect is one who is academically well qualified to buy**

**insurance**

IV. A qualified prospect is one who can pass the company underwriting

Requirements

**Question 11**

Which of the below statement best describes a “testimonial”?

**I. An endorsement from a satisfied customer**

II. Test result for a product in a benchmarking test

III. List of tests that a product must pass

IV. Money required to test a product

**CHAPTER -19-CUSTOMER SERVICE**

**Question 1**

\_\_\_\_\_\_\_\_\_\_\_\_ is not a tangible good.

I. House

**II. Insurance**

III. Mobile Phone

IV. A pair of jeans

**Question 2**

\_\_\_\_\_\_\_\_\_\_\_\_ is not an indicator of service quality.

**I. Cleverness**

II. Reliability

III. Empathy

IV. Responsiveness

**Question 3**

In customer relationship the first impression is created:

I. By being confident

II. By being on time

III. By showing interest

**IV. By being on time, showing interest and being confident**

**Question 4**

Select the correct statement:

I. Ethical behaviour is impossible while selling insurance

II. Ethical behaviour is not necessary for insurance agents

**III. Ethical behaviour helps in developing trust between the agent and the**

**insurer**

IV. Ethical behaviour is expected from the top management only

**Question 5**

Active listening involves:

I. Paying attention to the speaker

II. Giving an occasional nod and smile

III. Providing feedback

**IV. Paying attention to the speaker, giving an occasional nod and smile and**

**providing feedback**

**Question 6**

\_\_\_\_\_\_\_\_\_ refers to the ability to perform the promised service dependably and

accurately.

**I. Reliability**

II. Responsiveness

III. Assurance

IV. Empathy

**Question 7**

\_\_\_\_\_\_\_\_\_\_\_ relate to one’s ability to interact effectively with other workers

and customers, both at work and outside.

I. Hard skills

**II. Soft skills**

III. Negotiating skills

IV. Questioning skills

**Question 8**

Which of the below elements promote trust?

I. Communication, assertiveness and being present

II. Politeness, affirmation and communication

**III. Attraction, communication and being present**

IV. Affirmation, assertiveness and attraction

**Question 9**

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

I. Being on time always

II. Presenting yourself appropriately

III. Being open, confident and positive

**IV. All of the above**

**Question 10**

\_\_\_\_\_\_\_\_\_\_\_ is reflected in the caring attitude and individualised attention

provided to customers.

I. Assurance

**II. Empathy**

III. Reliability

IV. Responsiveness

**Question 11**

What is meant by customer lifetime value?

I. Sum of costs incurred while servicing the customer over his lifetime

II. Rank given to customer based on business generated

**III. Sum of economic benefits that can be achieved by building a long term**

**relationship with the customer**

IV. Maximum insurance that can be attributed to the customer

**Question 12**

In a customer’s mind, there are two types of feelings and related emotions that

arise with each service failure on part of the insurance company. These feelings

are

I. Confusion and empathy

II. Dishonesty and revenge

III. Ignorance and sympathy

**IV. Sense of unfairness and hurt ego**

**Question 13**

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

I. Paying good attention

**II. Being extremely judgmental**

III. Empathetic listening

IV. Responding appropriately

**CHAPTER -20-GRIEVANCE REDRESSAL MECHANISM**

**Question 1**

Expand the term IGMS.

I. Insurance General Management System

II. Indian General Management System

**III. Integrated Grievance Management System**

IV. Intelligent Grievance Management System

**Question 2**

Which of the below consumer grievance redressal agencies would handle

consumer disputes amounting between Rs. 20 lakhs and Rs. 100 lakhs?

I. District Forum

**II. State Commission**

III. National Commission

IV. Zilla Parishad

**Question 3**

Which among the following cannot form the basis for a valid consumer

complaint?

I. Shopkeeper charging a price above the MRP for a product

**II. Shopkeeper not advising the customer on the best product in a category**

III. Allergy warning not provided on a drug bottle

IV. Faulty products

**Question 4**

Which of the below will be the most appropriate option for a customer to lodge

an insurance policy related complaint?

I. Police

II. Supreme Court

**III. Insurance Ombudsman**

IV. District Court

**Question 5**

Which of the below statement is correct with regards to the territorial

jurisdiction of the Insurance Ombudsman?

I. Insurance Ombudsman has National jurisdiction

II. Insurance Ombudsman has State jurisdiction

III. Insurance Ombudsman has District jurisdiction

**IV. Insurance Ombudsman operates only within the specified territorial limits**

**Question 6**

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

**I. The complaint is to be made in writing**

II. The complaint is to be made orally over the phone

III. The complaint is to be made orally in a face to face manner

IV. The complaint is to be made through newspaper advertisement

**Question 7**

What is the time limit for approaching an Insurance Ombudsman?

I. Within two years of rejection of the complaint by the insurer

II. Within three years of rejection of the complaint by the insurer

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

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

**Question 8**

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

the Ombudsman?

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

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

complaint

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

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

**Question 9**

Are there any fee / charges that need to be paid for lodging the complaint with

the Ombudsman?

I. A fee of Rs 100 needs to be paid

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

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

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

**Question 10**

Can a complaint be launched against a private insurer?

I. Complaints can be launched against public insurers only

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

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

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

Sector

**Question 11**

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_ has jurisdiction to entertain complaints, where value of

the goods or services and the compensation claimed is up to Rs.20 lakhs.

**I. District Forum**

II. State Commission

III. Zilla Parishad

IV. National Commission