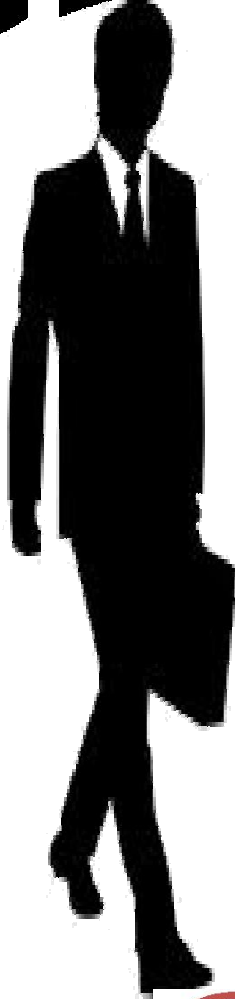




LIC DEEPAM

IC - 33

LIFE INSURANCE



QUESTION BANK

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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**
  - 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. Hospitalisation 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**

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 neighbouring 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 - WHAT LIFE INSURANCE INVOLVES**

1. HOW DOES DIVERSIFICATION REDUCE RISKS 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 difference between investments
- D. Investing in safe assets

2. Which of the below is not an element of the life insurance business?

- A. Asset
- B. Risk
- C. Principle of mutuality
- D. Subsidy**

3. Who devised the concept of HLV?

- A. Dr. Martin Luther King
- B. Warren Buffet
- C. Prof. Hubener**
- D. George Soros

4. 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

5. Which among the following cannot be termed as an asset?

- A. Car
- B. Human Life
- C. Air**
- D. House

6. Which of the below cannot be categorised under risks?

- A. Dying too young
- B. Dying too early
- C. Natural wear and tear**
- D. Living with disability

7. Which of the below statement is true?

- A. Life insurance policies are contracts of indemnity while general insurance policies are contracts of assurance
- B. Life insurance policies are contracts of assurance while general insurance policies are contracts of indemnity**
- C. In case of general insurance the risk event protected against is certain
- D. The certainty of risk event in case of general insurance increases with time

8. 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
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?
- 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
10. 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
11. Which of the below is an advantage 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**

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

1. 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
  
2. 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
  
3. Which element of a valid contract deals with premium?
  - A. Offer and acceptance
  - B. Consideration**
  - C. Free consent
  - D. Capacity of parties to contract
  
4. \_\_\_\_\_ relates to inaccurate statements, which are made without any fraudulent intention.
  - A. Misrepresentation**
  - B. Contribution
  - C. Offer
  - D. Representation
  
5. \_\_\_\_\_ involves pressure applied through criminal means.
  - A. Fraud
  - B. Undue influence
  - C. Coercion**
  - D. Mistake
  
6. 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
  
7. Which of the below is not a valid consideration for a contract?
  - A. Money
  - B. Property
  - C. Bribe**
  - D. Jewellery

8. 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

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



**CHAPTER 4 - FINANCIAL PLANNING**

1. 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
2. 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
3. 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
4. An individual with an aggressive risk profile is likely to follow wealth \_\_\_\_\_ investment style.
- A. Consolidation
  - B. Gifting
  - C. **Accumulation**
  - D. Spending
5. Which among the following is a wealth accumulation product?
- A. Bank Loans
  - B. **Shares**
  - C. Term Insurance Policy
  - D. Savings Bank Account
6. Savings can be considered as a composite of two decisions. Choose them from the list below.
- A. Risk retention and reduced consumption
  - B. Gifting and accumulation
  - C. Spending and accumulation
  - D. **Postponement of consumption and parting with liquidity**
7. During which stage of life will an individual appreciate past savings the most?
- A. **Post retirement**
  - B. Earner
  - C. Learner
  - D. Just married

8. What is the relation between investment horizon and returns?

- A. Both are not related at all
- B. Greater the investment horizon the larger the returns**
- C. Greater the investment horizon the smaller the returns
- D. Greater the investment horizon more tax on the returns

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

- A. Bank deposits**
- B. Life insurance
- C. Shares
- D. Bonds

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

- A. Bank deposits
- B. Life insurance**
- C. Shares
- D. Bonds

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

- A. Bank deposits
- B. Life insurance
- C. General insurance
- D. Shares**

12. \_\_\_\_\_ is a rise in the general level of prices of goods and services in an economy over a period of time.

- A. Deflation
- B. Inflation**
- C. Stagflation
- D. Hyperinflation

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

- A. Debt restructuring
- B. Loan transfer
- C. Investment restructuring
- D. Insurance purchase**

**CHAPTER 5 LIFE INSURANCE PRODUCTS – I**

1. Which among the following is an intangible product?

- A. Car
- B. House
- C. Life insurance**
- D. Soap

2. The premium paid for whole life insurance is \_\_\_\_\_ than the premium paid for term assurance.

- A. Higher**
- B. Lower
- C. Equal
- D. Substantially higher

3. \_\_\_\_\_ life insurance pays off a policyholder's mortgage in the event of the person's death.

- A. Term
- B. Mortgage**
- C. Whole
- D. Endowment

1. 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

5. 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

6. In decreasing-term insurance, the premiums paid \_\_\_\_\_ over time.

- A. Increase
- B. Decrease
- C. Remain constant**
- D. Are returned

7. 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

8. 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
9. 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
10. 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
11. 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
12. 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 6 Life insurance products – II**

1. 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
  
2. 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
  
3. 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
  
4. 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**
  
5. Where was the Universal Life Policy introduced first?
  - A. USA**
  - B. Great Britain
  - C. Germany
  - D. France
  
6. 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
  
7. 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
  
8. 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

9. 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

10. 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

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

Choice I: Unit Linked Insurance Plans

Choice II: Variable Insurance Plans

- A. I only
- B. II only
- C. I and II both**
- D. Neither I nor II

12. 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**

**CHAPTER 7 PENSION AND ANNUITIES**

1. Who provides public pensions?

- A. **State**
- B. Employers
- C. Insurers
- D. NGO's

2. Who bears the investment risk in a fixed benefit annuity?

- A. **Insurer**
- B. Insured
- C. State
- D. Risk pool

3. Which among the below statements is true?

Statement I: Every pension is an annuity

Statement II: Every annuity is a pension

- A. I and II are true
- B. I and II are false
- C. **I is true and II is false**
- D. I is false and II is true

4. Which of the below risk cannot be addressed through pensions?

- A. Life longevity
- B. Inflation
- C. Investment risk
- D. **Early death**

5. With relation to annuities, explain what does "Liquidation period" refer to?

- A. Period between the purchase of annuity and commencement of payments
- B. **Period during which insurer makes annuity payments**
- C. Time taken to build up the corpus
- D. Insolvency period

6. Amount of annuity payable depends on which of the following:

- A. Principal sum of money
- B. Investment period
- C. Rate of return
- D. Duration of annuity payments

- A. 1 and 2
- B. 1,2 and 3
- C. 1,3 and 4
- D. **1,2,3 and 4**

7. 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

- A. 1 only
- B. 2 only
- C. 3 only
- D. **4 only**

8. What is the basic contingency associated with pensions?

- A. Mortality
- B. Morbidity
- C. **Post-retirement income security**
- D. Disability

9. Which of the below best describes an ordinary annuity?

- A. Equal cash flows at equal time intervals forever
- B. **Equal cash flows at equal time intervals for a specific time period**
- C. Lumpy cash flows at equal time intervals forever
- D. Lumpy cash flows at equal time intervals for a specific time period

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

- A. Rs. 2000 received today, Rs. 2000 received next year and Rs. 2000 received in 2 years
- B. **Electricity Bill**
- C. Car payments
- D. Mortgage payments

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

- A. At the beginning
- B. **At the end**
- C. On maturity
- D. 6 months before expiry

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

- A. APR
- B. Amortised loan
- C. **Perpetuity**
- D. Principal

13. \_\_\_\_\_ is a term used to refer pensions that have some level of Government administration.

- A. Insurance Pension Fund
- B. **Public Pension Fund**
- C. Private Pension Fund
- D. Market Pension Fund



**CHAPTER 8 HEALTH INSURANCE**

1. Health insurance is designed to handle which of the following risks?
  - A. Mortality
  - B. Morbidity**
  - C. Infinity
  - D. Serendipity
  
2. IRDA stands for \_\_\_\_\_.
  - A. International Regulatory & Development Authority
  - B. Indian Regulatory & Development Authority
  - C. Insurance Regulatory & Development Authority**
  - D. Income Regulatory & Development Authority
  
3. 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
  
4. Which of the below group would not be eligible for a group health insurance policy?
  - A. Employees of a company
  - B. Credit card holders of an organisation
  - C. Professional association members
  - D. Group of unrelated individuals formed for the purpose of availing group health insurance**
  
5. Who cannot be covered under a family floater policy?
  - A. Children
  - B. Spouse
  - C. Parents-in-law
  - D. Maternal uncle**
  
6. 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
  
7. 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

8. Moral hazard by health insurance companies can result in \_\_\_\_\_.
- A. Community rating
  - B. Adverse selection**
  - C. Abuse of health insurance
  - D. Risk pooling
9. 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
10. \_\_\_\_\_ is an insured who undergoes treatment after getting admitted in a hospital.
- A. Inpatient**
  - B. Outpatient
  - C. Day patient
  - D. House patient
11. \_\_\_\_\_ 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

**CHAPTER9****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 categorised under \_\_\_\_\_.
  - B. Increasing term life assurance
  - C. Decreasing term life assurance**
  - D. Variable life assurance
  - E. 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 10 PRICING AND VALUATION IN LIFE INSURANCE**

1. 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
  
2. Who bears the investment risk in case of ULIPs?
  - A. Insurer
  - B. Insured**
  - C. State
  - D. IRDA
  
3. 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
  
4. Which of the below is not a factor in determining life insurance premium?
  - A. Mortality
  - B. Rebate**
  - C. Reserves
  - D. Management expenses
  
5. 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
  
6. 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**
  
7. 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**

8. 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

9. 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

10. Which of the below statement is correct?

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

11. 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**

12. 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

**CHAPTER 11 DOCUMENTATION – PROPOSAL STAGE**

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. 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
9. 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**
10. 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
11. Which of the below is not a valid address proof?
- A. PAN Card
  - B. **Voter ID Card**
  - C. Bank passbook
  - D. Driving licence



**CHAPTER 12 DOCUMENTATION – POLICY STAGE**

2. 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
2. 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
3. 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?
- 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
4. Select the option that best describes a policy document.
- A. It is evidence of the insurance contract**
  - B. It is evidence of the interest expressed by the insured in buying an insurance policy from the company
  - C. It is evidence of the policy (procedures) followed by an insurance company when dealing with channel partners like banks, brokers and other entities
  - D. It is an acknowledgement slip issued by the insurance company on payment of the first premium
5. Which of the below statement is correct?
- A. The proposal form acceptance is the evidence that the policy contract has begun
  - B. The acceptance of premium is evidence that the policy has begun
  - C. The First Premium Receipt is the evidence that the policy contract has begun**
  - D. The premium quote is evidence that the policy contract has begun
6. For the subsequent premiums received by the insurance company after the first premium, the company will issue \_\_\_\_\_.
- A. Revival premium receipt
  - B. Restoration premium receipt
  - C. Reinstatement premium receipt
  - D. Renewal premium receipt**

7. What will happen if the insured person loses the original life insurance policy document?

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

8. Which of the below statement is correct?

- A. The policy document has to be signed by a competent authority but need not be compulsorily stamped according to the Indian Stamp Act.
- B. **The policy document has to be signed by a competent authority and should be stamped according to the Indian Stamp Act.**
- C. The policy document need not be signed by a competent authority but should be stamped according to the Indian Stamp Act.
- D. The policy document neither needs to be signed by a competent authority nor it needs to be compulsorily stamped according to the Indian Stamp Act.

9. Which of the below forms the first part of a standard insurance policy document?

- A. **Policy schedule**
- B. Standard provisions
- C. Specific policy provisions
- D. Claim procedure

10. In a standard insurance policy document, the standard provisions section will have information on which of the below?

- A. Date of commencement, date of maturity and due date of last premium
- B. Name of nominee
- C. **The rights and privileges and other conditions, which are applicable under the contract**
- D. The signature of the authorised signatory and policy stamp

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

- A. Policy schedule
- B. General provisions
- C. Standard provisions
- D. **Specific policy provisions**

**CHAPTER 13 DOCUMENTATION - POLICY CONDITION**

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.

**E. Evidence of insurability at revival**

- F. Revival of the policy leading to increase in risk for the insurance company
- G. Payment of unpaid premiums with interest
- H. 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 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 right, 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 14 UNDERWRITING**

1. 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
  
2. 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
  
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 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
  
5. 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**
  
6. Which of the following is not a standard age proof?
  - A. Passport
  - B. School leaving certificate
  - C. Horoscope**
  - D. Birth certificate
  
7. Which of the following condition will affect a person's insurability negatively?
  - A. Daily jogs
  - B. Banned substance abuse**
  - C. Lazy nature
  - D. Procrastination

8. 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

9. 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

10. 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**

11. 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

12. 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

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

- A. Standard lives
- B. Preferred risks**
- C. Substandard lives
- D. Declined lives

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

1. 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
2. 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
3. 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.
4. 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**
5. 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
6. 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 instalment 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

7. 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
8. 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
9. 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**
10. 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
11. As per IRDA (Protection of Policyholders Interests) Regulations, 2002, a claim under a life policy shall be paid or be disputed, within \_\_\_\_\_ - 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



**CHAPTER 16 REGULATORY ASPECTS**

1. Which of the below statements is correct?
  - A. The prime purpose of insurance regulation is to protect the insurance companies
  - B. The prime purpose of insurance regulation is to protect the policyholder**
  - C. The prime purpose of insurance regulation is to protect the insurance intermediaries
  - D. The prime purpose of insurance regulation is to protect the Government
  
2. Which of the below statement is correct?
  - A. 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
  - B. If agent loses the licence, then the Authority may issue a duplicate licence free of cost.
  - C. 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.
  - D. If the agent loses the licence, then the Authority may issue a duplicate licence on payment of a fee of rupees fifty.**
  
3. Applicant shall complete \_\_\_\_\_ hours training to become an insurance agent.
  - A. 50**
  - B. 100
  - C. 30
  - D. 25
  
4. Insurance agent represents the \_\_\_\_\_.
  - A. Insurance company**
  - B. Sub-agent
  - C. Co-agent
  - D. Broker
  
5. Licence to work as an insurance agent is issued by \_\_\_\_\_.
  - A. General Insurance Corporation (GIC)
  - B. Insurance Regulatory & Development Authority (IRDA)**
  - C. State Bank of India (SBI)
  - D. Post office
  
6. Agent's licence is to be renewed \_\_\_\_\_.
  - A. Every year
  - B. After 5 years
  - C. After 3 years**
  - D. After 15 years
  
7. Identify the statement which is not correct. Insurance agent should \_\_\_\_\_.
  - A. Indicate the scale of commission if asked by the customer
  - B. Share the commission by way of rebate**
  - C. Disclose his licence on demand
  - D. Indicate the premium to be charged

8. \_\_\_\_\_ is the fees payable to the Authority for issue / renewal of licence to Act as an insurance agent or composite insurance agent.
- A. **250**
  - B. 150
  - C. 520
  - D. 100
9. The Authority may issue duplicate licence in case it is \_\_\_\_\_.
- A. Lost
  - B. Destroyed
  - C. Mutilated
  - D. **All of the above**
10. If an agent is found guilty of criminal misappropriation the designated person will \_\_\_\_\_.
- A. **Cancel the licence**
  - B. Issue a duplicate licence
  - C. Renew the existing licence
  - D. Take some fees from the agent
11. Minimum qualification required for insurance agent is \_\_\_\_\_ pass.
- A. Graduate
  - B. **10<sup>th</sup>**
  - C. Post-graduate
  - D. 7<sup>th</sup>
12. \_\_\_\_\_ may deal with more than one life insurance company or general insurance company or both.
- A. Agent
  - B. Surveyor
  - C. **Composite agent**
  - D. None of the above

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

1. Which of the below statements is incorrect?
  - A. An individual insurance agent is a representative of the insurance company and is governed by the agent-principal relationship.
  - B. **An individual insurance agent's primary relationship and responsibility is to the insurance buyer and not the insurance company.**
  - C. Insurance broker, who represents the insured, generally does not have any contractual agreement to exclusively serve any one insurance company
  - D. 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.
  
2. 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?
  - A. Affection and zeal to succeed
  - B. Patience and pro-activeness
  - C. **Empathy and ego drive**
  - D. Hunger for growth and self-confidence
  
3. 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 \_\_\_\_\_.
  - A. **Persistency**
  - B. Consistency
  - C. Uniformity
  - D. Reliability
  
4. An insurance agent is typically a representative of \_\_\_\_\_.
  - A. Customer
  - B. **Insurance company**
  - C. Government
  - D. IRDA
  
5. Direct marketing involves which of the below?
  - A. Telemarketing
  - B. Insurance agents
  - C. Bancassurance
  - D. **All of the above**
  
6. "Hurt not others with that which pains yourself". This golden rule of ethics is given in the teaching of which religion?
  - A. **Buddhism**
  - B. Christianity
  - C. Hinduism
  - D. Judaism

7. When an applicant is seeking license for the first time, he / she is supposed to undergo \_\_\_\_\_ of practical training (from an approved institution) in life insurance.
- A. 25 hours
  - B. 50 hours**
  - C. 75 hours
  - D. 100 hours
8. The license issued to the agent is valid for \_\_\_\_\_.
- A. One year
  - B. Two years
  - C. Three years**
  - D. Five Years
9. As per Section 182 of the Indian Contract Act, \_\_\_\_\_ is a person employed to do any act for another or to represent another in dealing with a third person.
- A. Principal Officer
  - B. Proxy
  - C. Mediator
  - D. Agent**
10. An insurance broker represents \_\_\_\_\_.
- A. Insurance company
  - B. Insured**
  - C. Association of insurance companies
  - D. Community of people who have already taken insurance
11. Which of the below reflects Principle 2 of the Insurance Marketplace Standards Association (IMSA) principles?
- A. To provide competent and customer-focused sales and service.**
  - B. To engage in active and fair competition.
  - C. To provide for fair and expeditious handling of customer complaints and disputes.
  - D. To maintain a system of supervision and review that is reasonably designed to achieve compliance with these principles of ethical market conduct.
12. Before the composite licence could be renewed, the applicant needs to undergo renewal training of \_\_\_\_\_ from an approved institution.
- A. 25 hours
  - B. 50 hours
  - C. 35 hours**
  - D. 75 hours
13. IRDA has decided to implement guidelines on persistency from \_\_\_\_\_.
- A. 1<sup>st</sup> July 2011
  - B. 1<sup>st</sup> July 2012
  - C. 1<sup>st</sup> July 2013
  - D. 1<sup>st</sup> July 2014**

**CHAPTER 18 LIFE INSURANCE SELLING PROCESS**

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

- A. An endorsement from a satisfied customer**
- B. Test result for a product in a benchmarking test
- C. List of tests that a product must pass
- D. Money required to test a product

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

- A. No
- B. Don't know
- C. Yes**
- D. Maybe

3. Which of the following is not part of sales process?

- A. Prospecting
- B. Sales interview
- C. Loss assessment**
- D. Closing

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

- A. Gathering the names of people who may be interested in insurance**
- B. Preparing a list of all the persons in the city
- C. Enlisting all the policyholders of the branch office
- D. Preparing list of all the agents in the neighbourhood

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

- A. Identifying the areas where the prospect needs insurance protection**
- B. Identifying people to work as insurance agents
- C. Identifying how much assets a prospect has
- D. Identifying the poverty level of the

prospects 6. Cold Calling is \_\_\_\_\_.

- A. Meeting customers in winter
- B. Meeting customers when they are suffering from cold
- C. Meeting people unannounced**
- D. Meeting customer after fire was extinguished

7. \_\_\_\_\_ as a profession refers to the act of inducing a commercial transaction through inducing the purchase of a product or service, such act being carried out with the intent of earning remuneration.

- A. Marketing
- B. Selling**
- C. Advertising
- D. Promotion

8. Which of the below statement is correct?

- A. Life insurance is sold, not bought
- B. Life insurance is bought, not sold**
- C. Life insurance is neither bought nor sold; it is a necessity and hence should be bought by every individual.
- D. None of the above

9. Which of the below statement is correct?

- A. Selling is an art and not a science
- B. Selling is a science and not an art
- C. Selling is neither an art or a science
- D. Selling is both an art and a science**

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

- A. Immediate group
- B. Natural market**
- C. Centres of influence
- D. References and introductions

11. Identify the incorrect statement with regards to a 'qualified' prospect.

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

**CHAPTER 19 CUSTOMER SERVICE**

1. 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

2. 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

- A. Confusion and empathy
- B. Dishonesty and revenge
- C. Ignorance and sympathy
- D. Sense of unfairness and hurt ego**

3. 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

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

- A. House
- B. Insurance**
- C. Mobile Phone
- D. A pair of jeans

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

- A. Cleverness**
- B. Reliability
- C. Empathy
- D. Responsiveness

6. 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**

7. 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

8. 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**

9. \_\_\_\_\_ refers to the ability to perform the promised service dependably and accurately.

- A. Reliability**
- B. Responsiveness
- C. Assurance
- D. Empathy

10. \_\_\_\_\_ relate to one's ability to interact effectively with other workers and customers, both at work and outside.

- A. Hard skills
- B. Soft skills**
- C. Negotiating skills
- D. Questioning skills

11. Which of the below elements promote trust?

- A. Communication, assertiveness and being present
- B. Politeness, affirmation and communication
- C. Attraction, communication and being present**
- D. Affirmation, assertiveness and attraction

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

- A. Being on time always
- B. Presenting yourself appropriately
- C. Being open, confident and positive
- D. All of the above**

13. \_\_\_\_\_ is reflected in the caring attitude and individualised attention provided to customers.

- A. Assurance
- B. Empathy**
- C. Reliability
- D. Responsiveness



**CHAPTER 20 GRIEVANCE REDRESSAL MECHANISM**

1. The \_\_\_\_\_ has jurisdiction to entertain complaints, where value of the goods or services and the compensation claimed is up to Rs.20 lakhs.

- A. **District Forum**
- B. State Commission
- C. Zilla Parishad
- D. National Commission

2. Expand the term IGMS.

- A. Insurance General Management System
- B. Indian General Management System
- C. **Integrated Grievance Management System**
- D. Intelligent Grievance Management System

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

- A. District Forum
- B. **State Commission**
- C. National Commission
- D. Zilla Parishad

4. 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

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

- A. Police
- B. Supreme Court
- C. **Insurance Ombudsman**
- D. District Court

6. 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**

7. 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

8. What is the time limit for approaching an Insurance Ombudsman?

- A. Within two years of rejection of the complaint by the insurer
- B. Within three years of rejection of the complaint by the insurer
- C. Within one year of rejection of the complaint by the insurer**
- D. Within one month of rejection of the complaint by the insurer

9. 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.

10. 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

11. 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