

IC – 38

Question Bank



POINTS TO REMEMBER

1. Candidates need to take the test at the designated NSEiT test centre selected at the time of enrolment.
2. Candidates need to be present at the test centre **15 minutes** prior to the test time. Candidates who reach the test centre after their scheduled test time would not be allowed to take the test.
3. Candidates need to carry Print copy of the **Hall Ticket** to the examination centre along with an original Photo ID proof of verification. Valid photo ID proof include PAN card, Driver's License, Passport, Employee ID, Voter's ID card or Student ID card issued by college or school.
4. On arrival at the designated test centre on the test date, the NSEiT test administrator would verify the identity of the candidate and then grant him access to the test terminal.
5. In case the candidate is not present at the venue at the given test time for any reason whatsoever, the test paper of the candidate would be marked absent. In such cases, the candidate would need to seek fresh enrolment.
6. The candidate may bring a scientific calculator and a pen to the test venue. A backup sheet and rough sheet(s) would be provided to the candidates for carrying out their workings during the test. This back up sheet and rough sheet(s) needs to be returned to the test administrator before leaving the test venue.
7. Please note that mobile phones are strictly not allowed inside the test room.
8. A candidate found using any unfair means including use of mobile phone or in possession of any incriminating material during the test will be expelled from the test venue and his test would be cancelled. The decision of the test administrator in this regard would be final.

EXAM PATTERN

- Exam Duration: 1 Hour (60 Minutes)
- Exam Mode: Online (Computer)
- No. of Questions in the Exam: 50
- No. of Marks in the Exam: 50
- Each Question carries 1 Mark
- Pass Mark: **17 and Above**
- Questions will be in MCQ (**Multiple Choice Questions**)
- **No Negative Marking** for Wrong Answers
- Result will be displayed instantly after submitting the question paper.

USEFUL TIPS

- Attempt all questions as there is no negative marking in the exam. Do not leave even a single question unattempted.
- More number of options and more lengthy questions are created to confuse you. Focus on the concept in the question. No matter how long or tough a question is, once you can isolate and remember the concept, answer is easy to spot. The long questions which may consume a good chunk of time in reading may be avoided in the first go.
- Read the question carefully and completely before you look at the answer. Most questions are indirect and twisted.
- Each question paper has a mix of easy, somewhat difficult and difficult questions. So it is better to attempt all the easy questions first. You may come back after hovering over the question paper once and then solve the difficult questions.



Q1. 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

Explanation: Height, weight and blood pressure are among the few items that will be checked in a medical examiner's report.

Q2 .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**

Explanation: With regards to valuation of assets by insurance companies, book value is the value at which the life insurer has purchased or acquired its assets.

Q3. Identify which of the below statement is correct?

- A. Health insurance deals with morbidity**
- B. Health insurance deals with mortality
- C. Health insurance deals with morbidity as well as mortality
- D. Health insurance neither deals with morbidity or mortality

Explanation: Health insurance deals with morbidity i.e. rate of incidence of disease.

Q4. 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

Explanation: Endowment assurance plan has both a death benefit as well as a survival component.

Q5 .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**

Explanation: Savings is a combination of postponement of consumption and parting with liquidity.

Q6.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.

Explanation: If the insured person loses the original life insurance policy document, the insurance company will issue a duplicate policy without making any changes to the contract.

Q7.Which of the following factor does not affect the morbidity of an individual?

- A. Gender
- B. Spouse job**
- C. Habits
- D. Residence location

Explanation: The morbidity of an individual is not affected by their spouse's job, though their own occupation is one of the important factors which can affect their morbidity (Rate of disease)

Q8.For an insurance policy nomination is allowed under _____ of the Insurance Act, 1938.

- A. Section 10
- B. Section 48
- C. Section 39**
- D. Section 45

Q9.Which of the below is an example of an endowment assurance plan?

- A. Money Back Plan**
- B. Credit Life Insurance Plan
- C. Mortgage Redemption Plan
- D .Whole Life Plan

Explanation: Money Back Plan is an example of an endowment assurance plan.

Q10.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

Q11. Unethical business means _____ .

- A. high concern for self
- B. little concern for others
- C. serves self interest

D. All of the above

Explanation: All given options are unethical

Q12. Which of the following is not an investment parameter?

- A. Diversification
- B. Time horizon
- C. Risk tolerance

D. Corporate finance

Explanation: Corporate finance is not related to personal investment parameters

Q13. Proximate cause is _____ .

- A. cause nearest to the loss in point of time
- B. dominant factor in causing the loss**
- C. dynamic or effective in causing the loss
- D. Both 2 and 3

Explanation: Proximate cause need not be the cause nearest to the event; it has to be the cause which sets off the chain of events which lead to the loss.

Q14. Elements of a valid contract – pick the WRONG one out.

- A. consideration
- B. coercion**
- C. capacity of the parties
- D. free consent

Explanation: Coercion is undue influence and is illegal.

Q15. 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

Explanation: If there is complex language used to word a certain policy document and it has given rise to an ambiguity, it generally will be construed in favour of the insured.

Q16.Suresh 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 savings deposit

D. Surrender value

Explanation: If Suresh dies before the maturity of the ULIP policy, higher of sum assured or fund value will be paid.

Q17.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

Explanation: Claim rejection is not an underwriting decision.

Q18 .Which of the below is correct with regards to universal life insurance?

1. It allows policy owner to vary payments

2. Policy owner can earn market based rate of return on cash value

A.1 is true

B.2 is true

C.1 and 2 are true

D.1 and 2 are false

Explanation: Both statements are true. Premium payment flexibility is a characteristic of universal life insurance. This form of life insurance also permits the policy owner to earn a rate of return tied to some market-based index.

Q19.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

Explanation: Friends cannot take out insurance on one another as there is no insurable interest present.

Q20.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

Explanation: The higher the premium paid by you towards your life insurance, the higher will be the compensation paid to the beneficiary in the event of your death.

Q21. _____ means transfer of all rights and remedies, with respect to the subject matter of insurance, from insured to insurer.

A. Contribution

B. Legal hazard

C. Risk pooling

D. Subrogation

Q22. Arbitration is a claim settlement process done _____.

A. in the court of law

B. by a group of surveyors

C. by arbitrator(s) chosen by the parties involved

D. arbitrarily by the insurance company's employees

Explanation: Arbitration is a claim settlement process done by arbitrator(s) chosen by the parties involved.

Q23. _____ means spreading one's investment in different kinds of assets.

A. Pooling

B. Diversification

C. Gambling

D. Dynamic risk

Explanation: Diversification means spreading one's investment in different kinds of assets.

Q24. Mr. X has purchased a money back insurance plan from an Insurance Company. How will the insurance company decide on the claim for the money back plan of Mr. X?

A. Claim will be decided based on dates which are determined at the beginning of the contract itself

B. Claim will occur when the policy holder decides to cancel the product

C. Claim will be decided based on the medical and other records provided by the policy holder in support of the claim

D. Claim will be decided as per conditions stipulated in the policy

Explanation: A money back policy provides life coverage during the term of the policy and the maturity benefits are paid in instalments by way of survival benefits, every few years.

Q25. Which of this scenario requires a medical examiners report? Either the sum insured is big or some facts which were revealed in the

A. proposal warranted medical attention

B. Sum insured is very small

C. Insured is of sound health

D. Coverage is extensive

Explanation: Requirement of the medical report is based on the norms of the insurer. It usually depends on the age of the insured and sometimes on the cover opted especially if it is large. Sometimes the proposal form may contain some information that leads to asking of medical reports by the underwriter.

Q26. What is the cause of Moral Hazard?

- A. Difficulty in getting clients
- B. Difficulty in getting full information
- C. Difficulty in distinguishing good risk from bad risk

D. Likelihood that bad risks are more willing to purchase insurance

Explanation: After buying an insurance policy if the insured indulges in behaviour which increases the chances of loss for the insurer it is a case of moral hazard. Bad risks are more likely to do so.

Q27. Which of these is the most important that is required to process a health insurance claim?

A. Discharge summary

- B. Receipt of payment
- C. Investigation reports
- D. Consolidated and detailed bills

Explanation: While all the above documents are necessary, discharge summary – where it mentions from when to when the patient was admitted and what had happened to him and what is his condition now, is the most important document.

Q28. Ananth Kumar, aged 40 years, plans to buy an individual health cover. Apart from himself, which of the below dependents can be covered under the plan?

- 1. Spouse
- 2. Siblings
- 3. Dependent parents in law

A. Only 1

- B. Both 1 and 2
- C. Both 1 and 3

D. All 1, 2 and 3

Explanation: An individual insured can cover himself along with family members such as spouse, dependent children, dependent parents, dependent parents in law, dependent siblings etc.

Q29. Can a company provide insurance cover to Radha who is six months pregnant?

A. Yes, the insurance company can accept the risk with a restrictive clause

- B. Yes, the insurance company can accept the risk at discounted premium rates
- C. Yes, the insurance company would accept the risk at ordinary rates of premium

D. No, the company would decline the proposal for insurance and ask her to reply after the delivery of the baby

Explanation: A term insurance with higher premium and restrictive clause may be offered as chance of mishappening is high. The pregnancy clause restricts amount of payment in case of death within 3 months after delivery.

Q30. With respect to medical underwriting, what is the threshold age after which insurers require any medical examination or tests?

- A. Post 35 years
- B. Post 40 years
- C. Post 45 years**
- D. Post 50 years

Explanation: In the Indian health insurance market, the key medical underwriting factor for individual health insurance is the age of the person. Persons above the age of 45 enrolling for the first time are normally required to go undergo specified pathological investigations to assess health risk profile.

Q31. Consumer Protection Act deals with:

- A. Complaint against insurance companies
- B. Complaint against shopkeepers
- C. Complaint against brand
- D. Complaint against insurance companies, brand and shopkeepers**

Explanation: Consumer Protection Act deals with complaint against insurance companies, shopkeepers and brands.

Q32. Which among the following is a limitation of traditional life insurance products?

- A. Yields on these policies are 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**

Explanation: Rate of return is not easy to ascertain in traditional life insurance products.

Q33. 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**

Explanation: For the subsequent premiums received by the insurance company after the first premium, the company will issue renewal premium receipt.

Q34. 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

Explanation: By transferring risk to insurer, it becomes possible to enjoy peace of mind and plan one's business more effectively.

Q35. 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

Explanation: In customer relationship the first impression is created by being confident, on time and by showing interest.

Q36. What does unbundling of life insurance products refer 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

Explanation: Separation of the protection and savings element refers to the unbundling of life insurance products.

Q37. 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

Explanation: Documents like claim form by nominee, Certificate of burial or cremation, Treating physician's certificate, Hospital's certificate, Employer's certificate etc. are required to be submitted in case of natural death as well as accidental death. First Information Report (FIR), Inquest Report, Post-Mortem Report, Final Report etc. are additional documents required to be submitted in case of accidental death as compared to natural death. (An inquest is a judicial inquiry in common law jurisdictions, particularly one held to determine the cause of a person's death)

Q38. Which of the below is not a factor in determining life insurance premium?

- A. Mortality
- B. Management expenses
- C. Reserves

D. Rebate

Explanation: Rebate is not a factor in determining life insurance premium.

Q39. 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. warning not provided on a drug bottle

D. Faulty products

Explanation: Shopkeeper not advising the customer on the best product in a category cannot form the basis of a valid consumer complaint.

Q40. The first and the primary source of information about an applicant, for the underwriter is his ____.

A. Age proof documents

B. Financial documents

C. Previous medical records

D. Proposal form

Explanation: The primary source of information about an applicant, for the underwriter is his proposal form or application form, in which all the critical information related to the health and personal details of the proposer are collected.

Q41. Section ____ of the MWP Act provides for security of benefits under a life insurance policy to the wife and children.

A. Section 2

B. Section 4

C. Section 6

D. Section 8

Q42. _____ has prescribed regulations for protecting the interests of policy holders by stipulating obligations on both insurers and intermediaries.

A. Life insurance corporation and General insurance corporation jointly

B. SEBI and RBI jointly

C. Policy holders association of India (PAI)

D. IRDAI

Q43. Match the investment instruments with their respective investment funds

Investment Instruments	Investment Funds
1. Equity and Debt	A. Equity
2. Equity Stocks	B. Debt
3. Government Bonds	

1. Equity and Debt

2. Equity Stocks

3. Government Bonds

A. Equity

B. Debt

C. Balanced

A.1 - A

B.2 - C

C.2 - B

D.1 - C

Explanation: Balance funds allocate funds to both equity and debt.

Q44. Direct disclosure of information is designed to reduce _____ .

A. Principal agent problem

B. Adverse selection

C. Surrender

D. Free look returns

Explanation: Adverse selection occurs when the insured deliberately hides certain pertinent information from the insurer. Direct disclosure is required to get maximum material facts.

Q45. Generally high risk consumers are more likely to take insurance. This is an example of _____ .

A. Moral hazard

B. Risk aversion

C. Adverse selection

D. Poor gamble

Explanation: Customers who know that they are under high chance of risk are keen to buy insurance, if selected chance of loss will be high for insurers.

Q46. Who is NOT a 'consumer' as per Consumer Protection (Amendment) Act 2002?

A. Any person who buys any goods for a consideration and includes any user of such goods

B. Any person who avails any service and is also the beneficiary of that service

C. Any person who hires or avails any services for a consideration

D. A person who obtains goods for resale or for any commercial purpose

Explanation: A person who purchases goods for business purpose is not treated as consumer under the Consumer Act.

Q47. Mr. Anil had borrowed substantial money to run his business. Due to his sudden death, all the creditors wanted their money back. Which asset from the below options cannot be touched by the creditors?

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

B. Anil's bank accounts with nationalised banks

C. Property under Anil's name

D. Mutual funds owned by Anil

Explanation: This section of Married Women's Property Act (MWP) provides that a policy of insurance effected by a married man on his own life for the benefit of his wife and children shall not be subject to the control of his creditors or form part of his estate.

Q48. A policy holder CANNOT file a complaint with the Ombudsman if _____ .

- A. If the complaint is made before 1 year from the date of rejection by the insurance company
- B. If the complaint has made a previous written representation to the insurance company and it has been rejected by the insurance company

C. If the complaint is pending in any court

- D. If the complaint is not satisfied with the reply given by the insurer

Explanation: The ombudsman can intervene only if you have not moved any court or approached a consumer forum.

Q49. Which life insurance product combines insurance and investment and is suitable for investors who can take high risks?

- A. Term insurance
- B. Money Back plans
- C. Whole Life

D. Unit linked Insurance Plan (ULIP)

Explanation: ULIPs invest both in Equity and Debt and are considered risky as equity markets are usually volatile and can lead to losses for investors.

Q50. With respect to standard life insurance – which of these statements is true?

- 1. The owner of a life insurance policy needs to be the beneficiary
 - 2. The owner of a life insurance policy needs to be insured
- A. Only Statement 1 is true
 - B. Only Statement 2 is true
 - C. Both statements 1 and 2 are true

D. Neither 1 nor 2 is true

Explanation: All life insurance policies have three parties that are required as part of the application process – the insured, the policy owner and the beneficiary. While often the policy owner is the insured, they can be different persons.

Q51. 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

Explanation: In case of life insurance insurable interest needs to be present at the time of taking out insurance.

Q52. 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

Explanation: Term insurance can be bought as a stand-alone policy as well as a rider with another policy.

Q53. 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**

Explanation: Excess value of assets over liabilities is one way of defining surplus.

Q54. 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. Usury
- C. Mortgage**
- D. Hypothecation

Explanation: The practice of charging interest to borrowers who pledge their property as collateral but leaving them in possession of the property is called mortgage.

Q55. 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. Find out the proximate cause for death in this scenario?

- A. Pneumonia
- B. Broken back
- C. Falling off a horse**
- D. Surgery

Explanation: Falling off the horse is the proximate cause for Ajay's death. Proximate cause is the event which sets the consequential events. 'Falling off the horse' is the effective cause here.

Q56. 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

Explanation: Term plan is a good choice for an individual who needs insurance and has a low budget as there is no savings element.

Q57. Who among the following is considered as primary stakeholder in insurance claim process?

A. Customers

B. Owners

C. Underwriters

D. Insurance agents/brokers

Explanation: Customers are primary stakeholder in insurance claim process.

Q58. Decreasing-term insurance, the premiums paid _____ over time.

A. Increase

B. Decrease

C. Are returned

D. Remain constant

Explanation: In decreasing-term insurance, the premiums paid remain constant over time. These plans provide a death benefit that decreases in amount with term of coverage. A ten year decreasing term policy may thus offer a benefit of Rs. 1,00,000 for death in the first year, with the amount decreasing by Rs. 10,000 on each policy anniversary, to finally come to zero at the end of the tenth year. The premium payable each year however remains level. Decreasing Term Assurance plans have been marketed as mortgage redemption and credit life insurance.

Q59. Which of the below statement is correct with regards to cashless service provided in health insurance?

A. It is an environment friendly go-green initiative started by insurance companies to promote electronic payments so that circulation of physical cash notes can be reduced and trees can be saved.

B. Service is provided free of cost to the insured and no cash is to be paid as the payment is made by the Government to the insurance company under a special scheme

C. All payments made by insured have to be made only through internet banking or cards as cash is not accepted by the insurance company

D. The insured does not pay and the insurance company settles the bill directly with the hospital

Explanation: Under the cashless service, the insured does not pay and the insurance company settles the bill directly with the hospital.

Q60. 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

Explanation: Complaint is to be lodged with the Insurance Ombudsman under whose territorial jurisdiction the insurer's office falls.

Q61. 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

Explanation: Disclosing known material facts on an insurance proposal form is in tune with the principle of "Uberrima Fides" - (Utmost good faith)

Q62. A customer having complaint regarding his insurance policy can approach IRDA through

A. IGMS

- B. District Consumer Forum
- C. Ombudsman
- D. IGMS or District Consumer Forum or Ombudsman

Explanation: A customer having complaint regarding his insurance policy can approach IRDA through IGMS. The Integrated Grievance Management System (IGMS) facilitates online registration of policyholders' complaints and helps track their status.

Q63. Mortgage redemption insurance (MRI) can be categorised under _____.

- A. Increasing term life assurance
- B. Decreasing term life assurance**
- C. Variable life assurance
- D. Universal life assurance

Explanation: Mortgage redemption insurance (MRI) can be categorised under decreasing term life assurance.

Q64. 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

Explanation: Decreasing term insurance is term life insurance with coverage decreasing over the life of the policy at a predetermined rate. Premiums are usually constant throughout the contract. A decreasing term life insurance policy typically works best to cover a loan or other financial obligation that will reduce in size over a known period of time. For example, if you want just enough life insurance to cover your mortgage so that your family would be able to keep your home after you pass away, a decreasing term policy's death benefit could be structured to decrease as you pay off the outstanding balance. Due to this reducing death benefit, decreasing term life insurance is often cheaper than a term life insurance policy.

Q65. 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

Explanation: ULIP premium comprises of policy allocation charge, investment risk premium and mortality charge.

Q66. According to the principle of indemnity, the insured is paid for _____.

- A. The actual losses to the extent of the sum insured
- B. The sum insured irrespective of the amount actually spent
- C. A fixed amount agreed between both the parties

D. The actual losses irrespective of the sum assured

Explanation: According to the principle of indemnity, insured is compensated for the actual costs or losses, but to the extent of the sum insured.

Q67. 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.

Explanation: Option IV is incorrect. In case of Absolute Assignment, the policy vests absolutely with the assignee till maturity. In the event of death of the insured during the policy tenure, the policy will NOT revert back to the beneficiaries of the insured. The assignee will be entitled to policy benefits.

Q68. 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 50% of the premium
- B. The insurance company will refund 100% 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

Explanation: With regards to a policy returned by a policyholder during the free look period, 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.

Q69. During the revival of a lapsed policy, which of the below aspect is considered most significant by the insurance company? Choose the most appropriate option.

A. Evidence of insurability at revival

- B. Revival of the policy leading to increase in risk for the insurance company
- C. Payment of unpaid premiums with interest
- D. Insured submitting the revival application within a specified time frame

Explanation: During the revival of a lapsed policy, evidence of insurability at revival is considered as the most significant aspect by the insurance company.

Q70. 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

Explanation: The First Premium Receipt is the evidence that the policy contract has begun.

Q71. Which of the following is a legal requisite especially for insurance?

- A. Consideration
- B. Free consent
- C. Capacity to contract

D. Insurable interest

Explanation: Consideration, free consent, capacity to contract is necessary for all contracts including insurance but insurable interest is required in insurance contracts.

Q72. Who will be responsible for all acts of omission and commission of the principal officer and the specified person?

- A. The corporate agent**
- B. The specified person and the principal officer
- C. The insurer
- D. The telemarketer

Explanation: These are the employees of the corporate agent and he is liable for their actions.

Q73. Which of the following is NOT a contract of indemnity?

- A. Motor insurance
- B. Marine insurance
- C. Personal accident**
- D. Liability insurance

Explanation: Personal accident policy is the only general policy where indemnity is not applied

Q74. Under the principle of mutuality

- A. the funds are spread out amongst various assets

B. funds flow from one source to many destinations

C. the funds of various individuals are combined

D. All the above

Explanation: 1 & 2 are features of diversification not mutuality.

Q75. Peril may be defined as

A. Chance of loss

B. Cause of the risk event

C. an event that increases the chance of loss

D. All the above

Explanation: Chance of loss is risk, cause of loss is PERIL and that increases the chance of loss is HAZARD

Q76. The Redressal of Public Grievances Rules, 1998

A. apply only to life policies

B. apply only to non-life policies

C. apply both to non-life and life policies

D. apply both to life and non-life policies in an individual capacity

Explanation: Under these rules the ombudsman deals with individual policies only.

Q77. Choose the INCORRECT option.

A. ombudsman can award only up to Rs. 20 lakhs

B. the insurer should comply with the award and sent a written notice to the ombudsman within 15 days.

C. in the event that the insured does not accept the award, the insurer will proceed ahead with the process.

D. the award should be made within a period of 3 months from the date of receipt of such a complaint

Explanation: Without the insured accepting the award the insurer will not proceed with the award.

Q78. Mortgage redemption reserve is a type of

A. Increasing term insurance

B. Decreasing term insurance

C. Level term insurance

D. No term insurance at all

Explanation: In Mortgage redemption reserve the intention is to provide cover if death happens during the tenure of the loan, the sum insured is reduced every year.

Q79. Subrogation is applicable to

A. policies of indemnity

B. term insurance policies

C. universal life insurance

D. money back policies

Explanation: Subrogation and indemnity are applied to general insurance policies, not life policies.

Q80. In term insurance policies

A. there is a cash value or savings element accruing to the insured

B. regular survival benefits are available

C. Both the above

D. None of the above

Explanation: None of the above as term policies provide only death cover and there is no savings or survival benefits.

Q81. Which of the below option is true with regards to MWP Act cases?

I: Maturity claims cheques are paid to policyholders

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

Explanation: Maturity claims cheques are paid to trustees.

Q82. 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

Explanation: The complainant must approach the ombudsman within one year of rejection of the complaint by the insurer.

Q83. In India _____ insurance is mandatory.

A. Motor third party liability

B. Fire insurance for houses

C. Travel insurance for domestic travel

D. Personal accident

Explanation: Motor third party liability insurance is mandatory in India.

Q84. Which of the below is NOT a strategy to maximise discretionary income?

A. Debt restructuring

B. Loan transfer

C. Investment restructuring

D. Insurance purchase

Explanation: Insurance purchase cannot maximise discretionary income.

Q85. For personal accident claims, report of _____ is necessary.

A. Surveyor

B. Doctor

C. Police

D. Coroner

Explanation: For personal accident claims report of a Doctor is necessary.

Q86. A document which provides an evidence of contract of insurance is called _____ .

A. Policy

B. Cover note

C. Endorsement

D. Certificate of insurance

Explanation: A document which provides an evidence of contract of insurance is called policy.

Q87. In motor insurance one of the warranties is

A. The vehicle should be washed daily

B. The vehicle should not be used for speed testing

C. The vehicle should not be used for carrying luggage for personal use

D. The vehicle should not be run more than 200 km per day.

Explanation: In motor insurance one of the warranties is that vehicle should not be used for speed testing.

Q88. _____ is NOT a source of information for underwriter.

A. Annual accounts of a proposer

B. Pre-acceptance risk survey of the asset

C. Proposal form

D. Registration certificate of insurer

Explanation: Registration certificate of insurer is not a source of information for underwriter.

Q89. With respect to 'numerical rating method', which of the following statements is true?

A. In this method the medical reports are called for from the proposer to determine the health status of an individual applying for health insurance policy

B. In this method the Premium rates / sum assured are decided on the basis of answers to a few health questions mostly based on age, smoking class, gender etc

C. In this method the individuals are categorized and assigned to different risk classes depending on the degree of risks they pose

D.A process adopted in underwriting wherein numerical or percentage assessments are made on each component of the risk

Explanation: Numerical method of underwriting is a method used in classifying applicants for life insurance contracts according to certain demographic factors and assigning weights to these factors. Upon completion of the debiting/ crediting process, debits and credits would be totalled for a final rate which would classify the applicant as standard, substandard or uninsurable risk.

Q90. The concept of Human life value was originally proposed by _____ .

A. Prof. Hubener

B. Mr. William Faulkner

C. Economist Adam Smith

D. Mr. N Malhotra

Q91.The full form of ULIP is _____ .

A. Unit linked insurance plan

B. Unit linked investment policy

C. Union linked insurance policy

D. Unit less insurance policy

Explanation: A Unit Linked Insurance Plan (ULIP) is a product offered by insurance companies that, unlike a pure insurance policy, gives investors both insurance and investment under a single integrated plan.

Q92.Choose the correct statement with respect to 'Renewal Notice'.

A. There is a legal obligation on insurers to send a renewal notice to insured 15 days before the expiry of the policy

B. There is a legal obligation on insurers to send a renewal notice to insured 30 days before the expiry of the policy

C. There is no legal obligation on insurers to send a renewal notice to the insured before the expiry of the policy

D. There is a legal obligation on insurers to send a renewal notice to insured 7 days before the expiry of the policy

Explanation: Insurer is not legally bound to remind the policyholders about the premium due but still there is a practice among the insurers to send renewal notices regularly.

Q93.Which of the below statements is NOT CORRECT?

A. The first non-life insurer to be established in India was the Triton Insurance Co. Ltd in 1850

B. The first life insurance company to be set up in India was an English company, the Oriental life Insurance co ltd in 1818

C. The first wholly Indian insurance company was the Bombay Mutual Assurance Society Ltd formed in 1906 in Mumbai

D .The first fire insurance company to be set up in UK was Fire Office in 1680

Explanation: Bombay mutual assurance society was formed in 1870 not 1906.

Q94.What is the full form of PIL?

- A. Public Innovative Legislation
- B. Personal Information Limit
- C. Partial Information Leak

D. Public Interest Litigation

Explanation: PIL - Public Interest Litigation

Q95.Mr. Akash indulges in buying and selling of illegal goods and plans to invest the cash in buying an insurance policy. If you are an insurance agent and are aware of it, what will you do if Akash approaches you for buying a policy?

- A .Complete the sale so that you get your commission. Background checking is not your field of activity
- B. Maintain silence about the transaction
- C. Try and blackmail Akash so that you can extract some money from him

D. Report the suspicious transactions of Amit along with all the information

Explanation: You should report the suspicious transactions to the concerned authorities.

Q96.Which is one of the major innovation of the universal life insurance policy?

- A. Regular payouts after first year
- B. Complete flexible premium after first policy year**
- C. No premiums after first year
- D. Reduced premiums after first year

Explanation: Premiums within a universal life insurance policy are broken down by the insurance co. into two categories- the cost of insurance and a saving component known as cash value. The cost of insurance must be covered so the policy remains in force but premiums may be shifted over time as per the policyholders needs.

Q97._____ provides for a Grievance Redressal Procedure.

- A.IRDA (Regulations of Indian insurance companies) Regulations, 2000
- B.IRDA (Reinsurance advisory committee) Regulations, 2001
- C.IRDA (Meetings) Regulations, 2000

D.IRDA (Policy holders' interest) Regulations, 2002

Q98.What led to the formulation of insurance?

- A. Indemnity
- B. Risk**
- C. Loss
- D .Hazards

Explanation: The history of insurance consisted of the development of the modern business of insurance against risks especially regarding cargo, property, death, automobile accidents and medical treatment.

Q99. The standard provisions section of an insurance policy document will contain information on which of the below?

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

Explanation: The second component of the policy document is made of standard policy provisions which are normally present in all life insurance contracts unless specifically excluded. These standard provisions define the rights and privileges and other conditions which are applicable under the contract.

Q100. What is an intangible product?

- A. An intangible product is one that basically has no value
- B. An intangible product refers to products that can only be perceived indirectly**
- C. An intangible product has infinite value
- D. An intangible product can be directly perceived by touch

Explanation: An intangible good is a good that does not have a physical nature, as opposed to a physical good (an object). Digital goods such as downloadable music, mobile apps or virtual goods used in virtual economies are all examples of intangible goods.

Q101. 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

Explanation: An alteration that involves splitting up of the policy into two or more policies is permitted.

Q102. 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

Explanation: Life insurance contracts are contracts between two parties (insurer and insured) as per requirements of Indian Contract Act, 1872.

Q103. Which of the below statement is INCORRECT with regards to a policy against which a loan has been taken from the insurance company?

- A. The policy will have to be assigned in favour of the insurance company
- B. The nomination of such policy will get cancelled due to assignment of the policy in favour of the insurance company**

- C. The nominee's right will be affected to the extent of the insurer's interest in the policy
- D. The policy loan is usually limited to a percentage of the policy's surrender value

Explanation: Option II is incorrect. With regards to a policy against which a loan has been taken from the insurance company, the nomination will NOT get cancelled due to assignment of the policy in favour of the insurance company.

Q104. 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

Explanation: Surrender of policy in return for acquired surrender value is termed as policy withdrawal.

Q105. Mr. Manish's insurance claim was denied by insurance company. In case of a denial, what is the option available to Mr. Manish, apart from the representation to the insurer?

- A. To approach Government
- B. To approach legal authorities**
- C. To approach insurance agent
- D. Nothing could be done in case of case denial

Explanation: In case of insurance claim denial, individuals can approach legal authorities.

Q106. 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

Explanation: Greater the investment horizon larger will be the returns. This can either be through compounding of interest and/or long term growth in equities.

Q107. 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

Explanation: If the policyholder does not pay the premium by the due date and dies during the grace period, the insurer will pay the claim after deducting the unpaid premium. (If premiums remain unpaid even after the grace period is over, the policy would then be considered lapsed and the company is not under obligation to pay the death benefit)

Q108. Which of the below is not an element of the life insurance business?

- A. Asset
- B. Risk
- C. Principle of mutuality

D. Subsidy

Explanation: The elements of life insurance business include asset, risk, principle of mutuality and the life insurance contract. Subsidy is not an element of life insurance business.

Q109. Which of the below policy can provide protection to home loan borrowers?

- A. Life Insurance
- B. Disability Insurance
- C. General Insurance

D. Mortgage Redemption Insurance

Explanation: Mortgage Redemption Insurance can provide protection to home loan borrowers. It is an insurance policy that provides financial protection for home loan borrowers. It is basically a decreasing term life insurance policy taken by a mortgagor to repay the balance on a mortgage loan if he/she dies before its full repayment. It can be called a loan protector policy.

Q110. 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

Explanation: Mahesh's insurance proposal is not likely to qualify under nonmedical underwriting because his age is higher (50 years) and his occupation is more risky as compared to other occupations in software, banking industry etc.

Q111. 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

Explanation: In the insurance context 'risk retention' indicates a situation where one decides to bear the risk and its effects.

Q112. 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. 20% of the relief sought must be paid as fee

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

D. No fee or charges need to be paid

Explanation: No fee / charges need to be paid for lodging the complaint with the Ombudsman.

Q113.Nita 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

Explanation: When deciding on a complex case like that of Nita who is suffering from acute diabetes, the underwriter will use the judgment method of underwriting.

Q114.Which among the following can be categorised under transactional products?

A. Bank deposits

B. Life insurance

C. Shares

D. Bonds

Explanation: Bank deposits can be categorised under transactional products. Transactional products - Bank deposits and other savings instruments that enable one to have adequate purchasing power (liquidity) at the right time and quantum.

Q115 .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

Explanation: Lower yield is one of the disadvantages of cash value insurance contracts.

Q116.The purpose of deductible clause is to

A. To avoid claim payment

B. To eliminate payment of small claims

C. To harass the policyholder

D. To increase the premium

Explanation: The purpose of deductible clause is to eliminate small claims.

Q117.Earthquake is an example of

A. Catastrophic risk

- B. Dynamic risk
- C. Marginal risk
- D. Speculative risk

Explanation: Earthquake is an example of catastrophic risk.

Q118. Insurance cannot protect an asset from loss or damage State True or False?

- A. True**
- B. False
- C. Partially true
- D. Not partially true

Explanation: Insurance cannot protect an asset from loss or damage but only compensate for the losses as per the terms.

Q119. A warranty _____ .

- A. Is a condition expressly stated in the policy
- B. Has to be complied with
- C. Both 1 and 2**
- D. None of the above

Explanation: A warranty is a condition expressly stated in a policy and has to be complied with.

Q120 .An example of a fact which need not be disclosed unless asked for is _____ by the insurer.

- A. Age of the insured
- B. Heart ailment
- C. Presence of fire extinguisher**
- D. Other insurance details

Explanation: Presence of fire extinguisher need not be disclosed while buying insurance, unless asked for.

Q121 .A Fire proposal will seek to know _____ .

- A. Process of manufacture
- B. Details of material stored
- C. Construction of building
- D. All the above**

Explanation: Fire proposal seeks to know process of manufacture, details of material stored and construction of the building.

Q122. What is the subject matter of an insurance contract with regard to property?

- A. It is the insured`s financial interest in the property**
- B. It is related to the property insured
- C. It is the rental value of the concerned property

D. All the above

Explanation: Insurable interest or subject matter of insurance is the financial interest of the insured in the property.

Q123. 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

Explanation: Policy document is an evidence of the insurance contract.

Q124. 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

Explanation: A prospectus is a formal legal document used by insurance companies that provides details about the product.

Q125. 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

Explanation: Increased risky behaviour following the purchase of insurance can be attributed to moral hazard.

Q126. 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

Explanation: Underwriter decides acceptability of risks.

Q127. 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

Explanation: Natural wear and tear is a phenomenon and not a risk.

Q128. Which of the below is not a valid address proof?

A. PAN Card

B. Voter ID card

C. Bank passbook

D. Driving licence

Explanation: PAN Card is not a valid address proof as it does not contain the address.

Q129. 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

Explanation: In case of a money-back policy the claim payment is made in the form of periodic payments.

Q130. Which of the following condition will affect a person's insurability negatively?

A. Daily jogs

B. Banned substance abuse

C. Lazy nature

D. Procrastination

Explanation: Banned substance abuse will affect a person's insurability negatively.

Q131. During which stage of life will an individual appreciate past savings the most?

A. Post retirement

B. Earner

C. Learner

D. Just married

Explanation: Post retirement an individual appreciate past savings the most.

Q132. Prashant pays insurance premium for his employees. Which of the below insurance premium will not be treated deductible as compensation paid to employee?

I: Health insurance with benefits payable to employee

II: Keyman life insurance with benefits payable to Prashanth

A. I only

B.II only

C. Both I and II

D. Neither I nor II

Explanation: Keyman life insurance with benefits payable to Ajay will not be treated deductible as compensation paid to employee.

Q133.Hazards are _____ .

A. Factors that increase the impact of losses

B. Factors that increases the frequency of loss

C. Factors that increase the impact and severity of losses

D. Factors that decrease the impact and severity of losses

Explanation: Hazards are factors that increase the impact and severity of losses. For eg - A concrete building is superior to a wood building. If a building is made of wood it's a hazard.

Q134.Morbidity is affected by _____ .

1. Income

2. Age

3. Gender

A. Only 2

B .Both 1 and 2

C. Both 2 and 3

D. All 1, 2 and 3

Explanation: Morbidity - the condition of being diseased. Age, gender, habits, occupation, family, history, build, past illness or surgery, current health status and other factors or complaints, environment & residence are factors affecting morbidity. Income is an underwriting rating factor.

Q135.IRDA's regulations stipulate TAT. These are part of _____ .

A. protection of policyholders interest regulations

B. corporate agent's regulations

C. insurance brokers regulations

D. Third party administrator regulations

Explanation: Turnaround times or TAT are part of protection of policyholder's interest's regulations.

Q136._____ can be charged the lowest applicable premium rate by the insurance company.

A. Preferred risk

B. Standard lives

C. Sub-standard risk

D. Declined lives

Explanation: In preferred risk the anticipated mortality is significantly lower than standard lives and hence could be charged a lower premium.

Q137. Which of the following statement(s) is true with respect to 'Jan Arogya Bima policy'?

1. The sum insured per insured person is restricted to Rs 5000

2. The age limit is 5 to 70 years

A. Only 1 is true

B. Only 2 is true

C. Both 1 and 2 are true

D. Neither 1 nor 2 is true

Explanation: In Jan Arogya Bima policy - Benefits are Rs.5000 per person per annum Insurance is available to a person between 5 to 70 years

Q138. _____ are not registered by IRDA.

A. Insurance brokers

B. Third party administrators

C. Corporate agents

D. CASA agents

Explanation: Corporate agents, insurance brokers & TPAs (Third party administrators) are all required to be registered with IRDA.

Q139. The agreement between the insurer and insured is _____ .

A. Provisional agreement

B. Contingent agreement

C. Interim agreement

D. Special agreement

Explanation: Insurance contracts are contingent contracts and cover a contingent event- that may happen or not happen.

Q140. What is the difference between policy lapse and policy withdrawal?

A. Lapsed policy does not offer any coverage while withdrawn policy offers coverage

B. Policy withdrawal involves discontinuation of premium payments while policy lapse involves returning the policy to the insurer in return for surrender value

C. Lapsed policy cannot be revived while withdrawn policy can be revived

D. Policy lapse involves discontinuation of premium payments while policy withdrawal involves returning the policy to the insurer in return for surrender value

Explanation: Policy withdrawal means one does not wish to continue with the policy, one surrenders the policy and gets surrender value, policy lapse occurs when premium is not paid even in grace period

Q141 .How is an insurance contract different from other contracts?

- A. Caveat emptor
- B. Uberrima fides**
- C. Consensus ad idem
- D. None of the above

Explanation: Uberrima fides or utmost good faith is most important in an insurance contract as the insurer is dependent on the proposer to provide all material facts.

Q142.Which among the following is primarily a savings programme?

- A. Endowment policy**
- B. Term policy
- C. Term policy with return of premiums
- D. Unit linked policies

Explanation: Endowment policies charge higher premium a part of which is invested to build up cash value.

Q143.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

Q144.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.**

Q145.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

Q146.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

Explanation: Term insurance does not have a savings element associated with it.

Q147. In case the policyholder is not satisfied with the policy, he / she can return the policy within the free-look period i.e. within _____ days of receiving the policy document.

A.5

B.15

C.30

D.45

Q148. 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

Explanation: A nominee does not have any right to whole (or part) of the claim.

Q149. Insured's declared value in motor insurance includes

A. Registration

B. Manufacturer's cost price

C. Manufacturer's selling price

D. Arbitrary price component

Explanation: Insured's declared value in motor insurance includes manufacturer's selling price.

Q150. Fire Insurance Policy does not cover damage to property even as add-on cover due to_____.

A. Floods

B. Earthquake

C. Fire

D. Bombing due to war

Q151. Material fact _____ .

A. Is the value of all material covered in a policy

B. Not important for assessing the risk

C. Is important as it influences the decision of the underwriter

D. Is not important as it has no bearing on the decision of the underwriter

Q152. _____ is the maximum limit of liability of insurer under the policy.

A. Sum insured

- B. Premium
- C. Surrender value
- D. Amount of loss

Q153. Which of the following acts as central repository of insurance grievance data?

- A. Integrated grievance management system**
- B. Ombudsman
- C. National commission
- D. The insurance council of India

Explanation: IGMS acts as a repository and also monitors grievances.

Q154. Why are free assets maintained? To raise capital for new business and leverage greater freedom in

- A. investments**
- B. This is as per IRDA regulations
- C. To pay off liabilities
- D. To pay off debts

Explanation: Free assets mean unencumbered assets which can be used to expand business.

Q155. Mehta was an experienced sales manager and was responsible for 30 to 40% of the company's sales. Due to illness he was temporarily disabled the company sales fell suddenly resulting in reduced profitability. Which type of insurance policy would have compensated for the losses?

- A. Health insurance
- B. Life insurance
- C. Profitability insurance
- D. Keyman insurance**

Explanation: Keyman Insurance can be described as an insurance policy taken out by a business to compensate that business for financial losses that would arise from the death or extended incapacity of an important member of the business.

Q156. Which of these statement(s) is / are TRUE?

1. Health plus life combi products are jointly designed by the two insurers and marketed through the distribution channels of both insurers
2. For Health plus life combi products the claims are handled by the insurers jointly

- A. Only statement 1 is true**
- B. Only statement 2 is true
- C. Both 1 and 2 are true
- D. Neither 1 nor 2 are true

Explanation: Statement 2 is false as claims payouts are handled by the respective insurers depending on which section of the policy is affected

Q157.One of the documents which needs to be submitted by the nominee in the event of a natural death of the insured is _____ .

A. Post mortem report

B. Treating physician certificate

C. Inquest report

D. FIR

Explanation: All other documents are required in case of unnatural death.

Q158.Before selling his company, Mr. Suresh fudges the account to present a very good picture. Categorise his action into one of the following options –

A. Misrepresentation

B. Mistake

C. Fraud

D. Coercion

Explanation: The sale price will be decided on the basis of the balance – sheet and other financial statements, which if false is an act of fraud.

Q159. Which of the following will NOT apply if the insurance company perceives an individual as a ‘sub-standard risk’?

A. Acceptance with a lien on sum insured

B. Acceptance with a restrictive clause

C. Acceptance with an extra over the tabular rate of premium

D. Acceptance at ordinary rates

Explanation: An individual who is a substandard risk does not qualify for a standard insurance rate. Sub-standard insurance policies may contain special provisions or higher premiums because the insured carries a greater risk which increases the possibility that the insurer will incur a loss.

Q160.Arvind plans to make a financial plan for himself. Which of these things he needs to consider

1. His age

2. His career choices

3. His existing wealth

A. Only 1

B. Only 2

C. Both 1 and 2

D. All 1, 2 and 3

Explanation: Career choices would affect one`s income, the lower the age when one starts investing the bigger the corpus, present wealth also has to be protected and grown in value.

Q161.The amount of premium payable for a family up to five persons under the Universal health insurance scheme is _____ .

A.Rs 463/- per annum

B.Rs 780/- per annum

C.Rs 636/- per annum

D.Rs 548/- per annum

Explanation: Rs. 548 is the premium paid under universal health scheme for a family of 5.

Q162. Anil is interested in buying an insurance cover from an insurance company. The insurance company anticipates his mortality to be quiet lower than standard lives. The insurance company would classify Anil in the category of –

A. Standard lives

B. Preferred risk

C. Sub-standard lives

D. Declined lives

Explanation: Low mortality means lower risk of death and less chance of death claim for the insurer so Anil will be a preferred risk.

Q163.Which is the correct combination?

1. Standard Proof

2. Non Standard Proof

A - Horoscope

B - Passport

C - Panchayat Certificate

A.1- A

B.1 - B

C.2 - B

D.1 – C

Q164.Which of the below statement(s) is/are correct with respect to the 'needs approach method of estimating the amount' of life insurance?

1. An analysis of all family needs which must be met if a family breadwinner dies is done

2. Estimation of potential estate of the insured is also considered

A. Only 1 is correct

B. Only 2 is correct

C. Both 1 and 2 are correct

D. Both 1 and 2 are incorrect

Explanation: The needs based approach is a function of two variables: 1. how much will be needed at death to meet obligations? 2. How much future income is needed to sustain the household? Estimation of estate is taken into account in the human life value method.

Q165. Identify the true statement(s) –

1. In reimbursement claims, the identity proof is less significant.
 2. Insistence on identity proof has resulted in a significant reduction of impersonation cases in cashless claims
- A. Only statement 1 is true
B. Only statement 2 is true
C. Both 1 and 2 are true
D. Neither 1 nor 2 is true

Explanation: Insistence on identity proof has resulted in significant reduction of impersonation cases in cashless claims as the identity proof is sought before hospitalization, making it a duty of the hospital to verify and present the same to the insurer or the TPA. In reimbursement cases, the identity proof serves a lesser purpose.

Q166. Cost of risk is directly proportional to _____ .

- 1. Probability and impact of loss**
2. Probability of loss and object of insurance
 3. Impact of loss alone
 4. Impact of loss and the object of insurance

Explanation: Both frequency and severity of risk have to be factored in cost of risk or premium.

Q167. Claim payment will be denied if _____ .

- A. The illness treated is excluded under the policy
B. The admission is only for investigation purpose and there is no active treatment
C. The illness is due to abuse of alcohol and drugs
D. All the three above

Explanation: The objective of the policy is to cover hospitalization expenses. If the admission is for diagnostics or investigation, hospitalization expenses are not reimbursed. The ailment or injury should not fall under excluded diseases/conditions such as self-inflicted injury, related to alcohol etc.

Q168. _____ is the basic insurance legislation of the country that governs insurance business in India.

- A. IRDA Act 1999
B. Public Liability Insurance Act 1991
C. Insurance Act 1938
D. Deposit Insurance and Credit Guarantee Corporation Act 1961

Explanation: Insurance Act 1938 is the basic insurance legislation, IRDA is the Authority which oversees the regulations and development of the insurance industry.

Q169. Describe the term 'Cream Skimming'.

- A. It is a process of risk selection and risk pricing

B.A process in which medical reports are called for from the proposer to determine the health status of an individual applying for health insurance policy

C. The process where individuals are categorized and assigned to different risk classes depending on the degree of risks they pose

D. Accepting only the best kind of risk and denying others

Explanation: When insurers resort to a high degree of medical underwriting they are blamed for cream skimming and it reduces the no. of people willing to provide the requisite information and to undergo the required tests.

Q170.As per regulations, the insurer shall frame a 'Board Approved Policy' covering Agency Matters and file the same with the Authority before _____ every year.

A.31st March

B.1st January

C.30th June

D.31st December

Explanation: General conditions for appointment of Agents by the insurer: - The Insurer shall frame a "Board Approved Policy covering Agency Matters and file the same with the Authority before 31st March every year. The guidelines for the 'Board Approved Policy' to be framed by the Insurer.

Q171.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

Q172. Which of the below statement is correct with regards to a hospitalization expenses policy?

A. Only hospitalization expenses are covered

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

C. Hospitalization as well as pre and post hospitalization expenses are covered and a lump sum amount is paid to the family members in the event of insured's death

D. Hospitalization expenses are covered from the first year and pre and post hospitalization expenses are covered from the second year if the first year is claim free.

Explanation: In a hospitalization expenses policy, hospitalization as well as pre and post hospitalization expenses are covered.

Q173. 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

Explanation: Life insurers collect premiums at the beginning of a given term and these premiums earn interest. If the interest rates are higher, the premiums will earn more interest so the amount which needs to be collected as premiums will be lower. Thus - Higher the interest rate assumed, lower the premium.

Q174. The measures to reduce chances of occurrence of risk are known as _____.

A. Risk retention

B. Loss prevention

C. Risk transfer

D. Risk avoidance

Explanation: The measures to reduce chances of occurrence of risk are known as loss prevention measures.

Q175. One of the methods of reducing insurance cost of an insured is _____ .

A. Reinsurance

B. Deductible

C. Co-insurance

D. Rebate

Explanation: One of the methods of reducing insurance cost of an insured is the deductible clause in a policy.

Q176. 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

Explanation: Knowledgeable people comfortable with equity are most likely to buy variable life insurance. Variable life insurance is a kind of "Whole Life" policy where death benefit and cash value of the policy fluctuates according to the investment performance of a special investment account into which premiums are credited.

Q177. 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

Explanation: Under risk classification, Santosh will be classified under preferred risks as his mortality rate (chance of death) is lower and he will be preferred by the insurance companies.

Q178. 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.

Q179. 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 dependent
- B. Old people can afford to pay more
- C. Mortality is related to age**
- D. Mortality is inversely related to age

Explanation: Mortality is related to age and hence young people who are less likely to die are charged lower premiums as compared to old people.

Q180. _____ relates to inaccurate statements, which are made without any fraudulent intention.

- A. Misrepresentation**
- B. Contribution
- C. Offer
- D. Representation

Explanation: Misrepresentation relates to inaccurate statements, which are made without any fraudulent intention.

Q181. From the below mentioned options, how can the internet aid in the process of financial planning?

1. Internet provides quotations which can aid in making financial decisions
 2. Internet provides updated information regarding performance of various investment products
 3. Internet provides information related to various facets of financial planning
- A. Only 1
 - B. Only 2
 - C. Both 1 and 2 but not 3
 - D. All 1, 2 and 3**

Explanation: The internet is a great platform for learning about financial products, comparing prices and even buying financial products online.

Q182. If a person wants to be appointed as an insurance agent of an insurer, he shall submit an application in Form _____ to the _____ of the insurer.

- A. I-A, Designated official**
- B. I-A, Appellate officer

C. I-B, Designated official

D. I-B, Appellate officer

Explanation: According to the IRDAI (Appointment of Insurance Agents Regulations, 2016), Form 1- A has to be submitted to the Designated Official.

Q183.The net amount at risk for an ordinary life insurance policy is the difference between the _____

A. Annual premium and the annual policyholder dividend

B. Face amount of the policy and the legal reserve

C. Face amount of the policy and the total premium that have been paid

D. Present value of future benefits and the present value of future returns

Explanation: For a particular life insurance policy the net amount at risk is the benefit amount minus the established reserve. It represents the additional funds that the company will have to pay if the insured dies now.

Q184 .Mohan had purchased an insurance policy about 5 years back. At the time of making the claim there was a dispute due to some ambiguity in the policy wordings. How is the court expected to settle?

A. Strictly in favour of the Mohan

B. Strictly in favour of the insurer

C. Strictly against Mohan

D. None of the above

Explanation: The contract of adhesion implies that if there is ambiguity in the wordings of the contract it will go against the drafter of the contract in this case, the insurance company.

Q185.What will be a good investment strategy for a person who needs an optimum level of insurance along with high returns from his investments?

A. He should buy term insurance and invest the balance money in high yield instruments

B. He should buy term insurance and invest the balance money in low yield instruments

C. He should buy cash value insurance products only

D. He should buy cash value insurance products and invest the balance money in high yield instruments

Explanation: Term insurance is cheap while covering life in case of emergency. The balance investible funds can be invested in high yield instruments. This strategy will give good insurance cover as well as high returns.

Q186.What is a valid argument in favour of policy loans?

A. Insured can decide the terms / conditions of the loan

B. No collateral is required

C. There is no legal obligation to repay loan

D. A loan of any amount can be obtained easily

Explanation: Unlike in other loans by banks or non-banking finance company, there is no legal obligation to repay the loan which can be adjusted against the cash value of the policy.

Q187. The purpose of 'Reserve' fund maintained by insurance companies is to _____ .

- A. Pay bonuses to top management
- B. Meet future obligations of the insurer**
- C. Create an investment fund and therefore earn interest
- D. Speculate using high risk instruments

Explanation: Reserve fund is created from collected premiums to meet future obligations of the insurer.

Q188. Mark the correct statement(s) –

1. All proposals have to be processed by the insurer with speed and efficiency and the decisions thereof are communicated by it in writing within a reasonable period
 2. As per IRDAI guidelines, the insurer has to process the proposal within 15 days
- A. Only 1 is correct
 - B. Only 2 is correct
 - C. Both 1 and 2 are correct**
 - D. Neither 1 nor 2 is correct

Explanation: As per IRDA guidelines proposal has to be processed within 15 days

Q189. The analysis on current income and expenditure flow is known as _____ .

- A. Net worth analysis
- B. Budgeting**
- C. Personal financial planning
- D. Profitability analysis

Explanation: Budgeting enables one to plan cash flow, reduce expenses if required and invest accordingly.

Q190. Filing a complaint before the district forum requires

- A. fee of Rs.500 plus the services of an advocate
- B. fee of Rs. 500 but no advocate is required
- C. no fee but advocate is necessary
- D. no fee and no advocate**

Explanation: Filing a complaint before the consumer forums does not require payment of any fees, the case may be filed by the consumer.

Q191. You have a very good understanding of personnel finance. Which of the below options may NOT be the way in which you will benefit from this expertise?

- A. You can assess the advice of another financial planner
- B. You can become a director of large bank**
- C. You can become a financial planner

D. You can take your own financial decisions

Explanation: Knowing personal finance does not mean that you can become a director of a bank.

Q192. 'Credit life insurance' is an example of which type of insurance?

A. Term insurance with fixed returns

B. Term insurance with return of premium

C. Increasing term insurance

D. Decreasing term insurance

Explanation: Credit life insurance is designed to pay off a borrower's debt if the borrower dies. The face value of a credit life insurance policy decreases proportionately with an outstanding loan amount as the loan is paid over time until both reach zero value.

Q193. Which is the most powerful non-verbal clue?

A. Touch

B. Personal appearance

C. Facial expression

D. Eye contact

Explanation: Attraction is the first pillar of any relationship. Customers form an opinion about you by the way you look, your clothes and your mannerisms.

Q194. What is the advantage of underwriting to an insurer?

A. Low premium

B. Transfer of risk

C. Maintain the experience of its portfolio in line with the morbidity assumptions

D. Fair and competitive price

Q195. A person from United States shakes his or her head when saying 'NO'. This is an example of non-verbal _____ .

A. acceptance

B. regulation

C. contradiction

D. substitution

Explanation: Sometimes people give mixed signals i.e. their words contradict their body language. For eg- when someone is saying NO but shaking his head to signal YES. This is Non Verbal Contradiction.

Q196. Define Risk

A. Any situation in which the probability of loss is one

B. Any situation in which the probability of loss is zero

C. The probability of loss not occurring

D. Uncertainty concerning the occurrence of loss

Q197. What are the insurance agents called who hold license to act as agents for life insurer, general insurer and health insurer?

A. Third party administrators (TPA)

B. Brokers

C. Composite insurance agents

D. Corporate agents

Explanation: Under section 42 of the Insurance Act, a composite agent can work for one life insurer, one general insurer and one health insurer.

Q198. Who regulates Third Party Administrators (TPAs)?

A. SEBI

B. Insurance brokers association of India

C. Life insurance council and General insurance council jointly

D. IRDA

Q199. _____ is/are examples of pre-hospitalisation expenses.

1. Doctors' fees

2. Medical tests

3. Medicines

A-Only 1

B-Only 2

C-Only 3

D-All 1, 2 and 3

Explanation: All 3 options are part of pre hospitalization expenses.

Q200. With respect to 'Critical illness rider' - which of the following statement is INCORRECT?

A. The life insurance policy contract will terminate after the rider payments are made

B. A specified amount is paid as per policy terms if critical illness is diagnosed

C. The illness should be covered in the list of critical illnesses specified by the insurance company

D. CI rider is an example of claims that may occur during policy term

Explanation: The life insurance contract continues after the rider payments are made. The rider is an additional benefit only.

Q201. What is 'SURPLUS' with regards to insurance companies?

A. Excess value of liabilities over assets

B. Excess value of cash inflow over cash outflow

C. Excess value of cash outflow over cash inflow

D. Excess value of assets over liabilities

Explanation: Surplus is defined in insurance as excess of assets over liabilities.

Q202 Mr. M is planning to buy a life insurance policy which will give him the following choices –

1. Flexible premium payments
2. The insurance and savings components are separate.

Mr. M is considering buying which type of insurance?

A. ULIPs

B. Universal life insurance

C. Endowment life insurance

D. Term insurance

Explanation: Universal life insurance policies provide more flexibility. Premiums are broken down by the insurance company into two categories – the cost of insurance and a saving component known as the cash value. Premiums may be shifted over time based on the policyholders needs.

Q203. Some decisions which have been taken by Mahesh are listed below. Which of these is not in the interest of asset protection and retirement planning?

- A. Deciding on the insurance needs
- B. Deciding on the cost of standard of living post retirement
- C. Deciding on the amount of savings to be made annually

D. Deciding on which car to buy

Explanation: A car is a depreciable asset with many expenses. It has nothing to do with asset protection and retirement planning.

Q204. Which of these statements is true with respect to 'interpretation of the policy wordings'?

1. In the event of a contradiction in terms between the standard printed policy and the hand written parts, the hand written part is deemed to express the intention of the parties in the particular contract and their meaning will over rule those of the original printed words
2. In the event of a contradiction in terms between the standard printed policy and the hand written parts, the original printed words are deemed to express the intention of the parties in the particular contract and their meaning will over rule those of the hand written parts?

A. Only statement 1 is correct

B. Only statement 2 is correct

C. Both the statements are correct

D. Both the statements are incorrect

Explanation: In the event of contradiction between standard printed form & handwritten parts, the handwritten part will be given primacy and will be considered correct.

Q205 .The first step in financial planning is _____ .

A. Develop Financial Goals

B. Analyse current financial situation

C. Implement a financial plan

D. Evaluate Alternatives

Explanation: Financial Planning steps:

Step 1: Determine Your Current Financial Situation

Step 2: Develop Financial Goals

Step 3: Identify Alternative Courses of Action

Step 4: Evaluate Alternatives

Step 5: Create and Implement a Financial Action Plan

Step 6: Re-evaluate and Revise Your Plan

Q206. _____ cannot be the subject matter of an insurance contract.

A. An aeroplane

B. A Chartered ship

C. Debtors life

D. A Lottery ticket

Explanation: A lottery ticket is a speculative risk where there is a chance of gain also, a speculative risk cannot be the subject matter of insurance

Q207. Sailesh is interested to find the amount of insurance cover needed by him. Which method is the right way to find out the amount of life insurance cover needed by Sailesh?

A. Future life value

B. Human life value

C. Social life value

D. Personal economic value

Explanation: Human life value measures the value of human life based on an individual's expected future earnings, it indicates the economic loss a family would suffer if the wage earner were to die prematurely.

Q208 _____ person(s) can be nominated under a policy.

A. Only one

B. Upto two

C. Upto three

D. One or more than one

Explanation: One can appoint multiple nominees such as your parents, your spouse and your children etc.

Q209 .Which of the following is NOT a risk class?

A. Standard risk

B. Substandard risk

C. Preferred risk

D. Active risk

Explanation: Active risk is not a category for insurers.

Q210.'Declined risk' means _____ .

A. Persons whose impairments and anticipated extra morbidity are so great that they could not be provided insurance coverage at an affordable cost

B. Persons whose anticipated morbidity is higher than the average but still considered to be insurable

C. Persons whose anticipated morbidity is significantly lower than average and hence could be charged a lower premium

D. Persons whose anticipated morbidity is average

Explanation: Where the risk is too large compared to the premium that can be charged such proposals are rejected – these are termed as declined risks.

Q211.Which information is material in relation to Mr. Ashok, who wants to buy a life insurance policy?

A. Ashok goes to the gym regularly

B. Ashok has a critical illness

C. Ashok likes to play football

D. Ashok takes annual vacation

Explanation: Critical illness is the material fact, insurer is likely to decline the risk as the risk is certain to occur.

Q212. The system of _____ tracks complaints made by policy holders and the time taken for their redressal.

A.IGMS

B.SCORES

C. Arbitration

D. Ombudsman

Explanation: The online system of SCORES ie. SebiCOmplaintsREdress System, facilitates for lodging the complaints online with SEBI and subsequently viewing its status.

Q213. What led to the formulation of insurance?

A. Profits

B. Indemnity

C. Risks

D. Hazards

Explanation: The history of insurance consisted of the development of the modern business of insurance against risks especially regarding cargo, property, death, automobile accidents and medical treatment.

Q214.Which of the following statement is TRUE with respect to 'Endowment Assurance'?

A. It has both a death benefit as well as a survival component

- B. It has a death benefit component only
- C. It has a survival benefit component only
- D. It is similar to a term plan

Explanation: Under endowment plans in case of death, sum assured is paid along with bonus if applicable, if the insured survives maturity claims are paid.

Q215. Which of the following statements is TRUE?

1. The costs of Medical Underwriting is quite high in terms of receiving and examining medical reports.
2. When insurers use a high degree of medical underwriting, they are criticised for 'cream skimming'

- A. Only 1 is true
- B. Only 2 is true
- C. Both 1 and 2 are true**
- D. Neither 1 nor 2 is true

Explanation: There is high cost involved in getting medical reports, if the insurer insists on a high level of medical underwriting it sends a message that it wants standard or preferred risks only.

Q216. Who regulates banks in India?

- A. Commerce Ministry
- B. SEBI
- C. RBI**
- D. CBI

Explanation: In 1949 the banking regulation act was enacted which empowered the RBI to regulate control and inspect the banks in India.

Q217. In case of policy affected under the MWP (Married Women Property) Act, the policy monies shall be payable to _____

- A. Nominee
- B. Assignee
- C. Trustee**
- D. Appointee

Explanation: Under MWP Act the payment of maturity claim has to be made to the appointed trustees as the policyholder has relinquished his right to all the benefits under the policy.

Q218. In which type of bonus, a company expresses the bonus as a percentage of basic benefit and already attached bonuses?

- A. Simple bonus
- B. Reversionary bonus

C. Persistency bonus

D. Compound bonus

Explanation: In Compound bonus method, bonus is attached to the existing sum assured including vested bonus.

Q219. In a standard insurance policy document, the standard provision section will have information on ____ .

A. Name of nominee

B. The signature of the authorized signatory and policy stamp

C. The rights and privileges and other conditions which are applicable under the contract

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

Q220. What is TRUE with respect to Financial Advisers?

A. Financial Advisers provide only sensitivity analysis for your existing investments

B. Financial Advisers only pay attention to high net worth individuals

C. Financial Advisers sell products yielding maximum commission

D. Financial Advisers are motivated always to act in the best interests of the client

Q221. What is it called when two parties agree to the same thing in the same sense?

A. CalcuseMindo

B. Uberrima fides

C. Consensus ad-idem

D. Caveat emptor

Explanation: Meeting of the minds (also referred to as mutual agreement, mutual assent or consensus ad idem) is a phrase in contract law used to describe the intentions of the parties forming the contract.

Q 222. Rohan plans to invest most of his money in money market fund of an ULIP. The insurance company will invest his premiums in _____ .

A. Commercial paper or Treasury bills

B. Equity as well as debt

C. Government or Corporate debt

D. Stocks

Explanation: Money market funds generally invest in Treasury bills, Certificate of deposit & Commercial paper.

Q223. Keyman Insurance Policy is a term insurance policy in which the sum assured is linked to ____ .

A. Chairman / MD's personal income

B. Personal income of all employees

C. Business profitability of the company

D. Number of employees

Explanation: Keyman policy is linked to the profitability of the company.

Q224.If Mr. A has assigns his life insurance policy to Mr. B. and the policy matures and there is a claim dispute. Who will have the right to sue under the policy?

A. Mr. A

B. Mr. B

C. Mr A and Mr B both

D. Either A or B as decided by the insurance company

Explanation: Mr. B has the right to sue under the policy as A loses all rights over the policy.

Q225.Rocky is employed as an enforcer in a liquor bar. To which of the following occupational hazards he is likely to be exposed to?

A. Lifestyle hazard

B. Accidental hazard

C. Moral hazard

D. Health hazard

Explanation: Working in a liquor bar he may be exposed to alcohol, drugs or criminal elements which can create a moral hazard for the insurer.

Q226.In relation to insurance, what is the full form of MRI?

A. Money return insurance

B. Money reliable insurance

C. Mortgage redemption insurance

D. Most reliable insurance

Q227.In which year was the Consumer Protection Act passed?

A.1986

B.1987

C.1988

D.1989

Q228.If the earning head of the family is hospitalized due to an accident, then what is the amount of compensation payable under disability cover under a Universal health insurance scheme?

A.Rs 50 per day

B.Rs 100 per day

C.Rs 30 per day

D.Rs 120 per day

Explanation: If the earning head of the family is hospitalized due to an accident illness compensation of Rs 50 per day will be paid per day of hospitalization up to a maximum of 15 days after a waiting period of 3 days.

Q229. When a patient is discharged from a hospital, what all details are included in the Discharge Summary?

1. Post operation advice
 2. Consultants treating the condition
 3. Line of treatment, description of surgery etc.
 4. History of illness
- A. Both 4 and 3
B. 2, 3 and 4
C. All 1, 2, 3 and 4
D. Only 3

Explanation: As per IRDA guidelines, the discharge summary lists many items, including the four given in the above question.

Q230. The principal of pooling in relation to insurance can be summarized as

- A. Gathering people having different type of assets but exposed to similar risks
- B. Gathering people having similar type of assets but exposed to different risks
- C. Gathering people having different type of assets but exposed to different risks
- D. Gathering people having similar type of assets but exposed to similar risks**

Explanation: Let us suppose that there are 100000 houses exposed to a chance of fire that can cause an average loss of 50000 rupees. Suppose the chance that a house will catch fire is 2 in 1000 (0.002) it would mean that the total amount of loss suffered would be Rs.10000000.

(50000*2 per thousand *100000). If an insurer were to get each of one lakh houses to contribute hundred rupees a piece and if these contributions were pooled into a single fund it would be enough to pay for the loss of the unfortunate few who suffered from the fire. To ensure that there is equity among all being insured, it is necessary that the houses should all be similarly exposed to the risk.

Q231. Under the Act, who is an Authorised Verifier?

- A. A person employed to solicit customer sales
- B. A person who is a fellow or associate of insurance institute of India, approved to act as an authorised verifier
- C. a person who verifies all proposals received by the insurer
- D. is a person employed by a telemarketer for the purpose of solicitation or sale over telephone mode**

Explanation: As provided in the Act under corporate agents regulations.

Q232. What is the meaning of Subrogation?

- A. transfer of all claims from third party to the insured
- B. transfer of all claims from the insured to third party
- C. transfer of all rights from the insured to the insurer**
- D. transfer of all rights of the insured to the bank

Explanation: Under subrogation any recovery of amount from third party is payable to the insurer. Any excess will be paid to the insured.

Q233. The initial complaint is made to the _____ .

- A. Ombudsman
- B. District forum
- C. Insurer**
- D. IRDA

Explanation: Only when the insurer does not dispose of the complaint other authorities may be approached.

Q234. Insurance is _____ .

- A. transfer of risk**
- B. avoidance of risk
- C. reduction of risk
- D. All the above

Explanation: When you purchase insurance, you transfer your risk to the insurer.

Q235. Complaints can be made to the ombudsman if – choose the ODD ONE OUT.

- A. the insurer rejects the complaint
- B. the complainant is not satisfied with the reply given by the insurer
- C. the complainant has not received any reply 3 months after receipt of the complaint by the insurer.**
- D. the complaint is made within one year from the date of rejection by the company

Q236. When one party has drafted the agreement with greater bargaining advantage, it is called a ____ .

- A. an aleatory contract
- B. a contingent contract
- C. an unlawful contract
- D. A contract of adhesion**

Explanation: Contract of adhesion - the insurance co. is bound by the wordings and conditions contained in the contract and any ambiguity that may arise about the meaning of these words will be held against the insurer.

Q237. Consensus ad idem means _____ .

- A. Policyholder agrees to pay premium regularly
- B. Insurer and the policyholder agree on the same thing in the same sense**
- C. Insurer and the policyholder agree to terminate the policy
- D. there is consensus between the policyholder and the insurer that the policy will never be surrendered

Q238. Which one of the following is NOT a material fact in Fire insurance?

A. Income of the owner

- B. Age of building
- C. Construction of building
- D. Usage of building

Explanation: Income of the owner is not a material fact for fire insurance.

Q239. Which out of the following are similar policies?

- A. Endowment assurance and variable insurance
- B. Money back and whole life policies

C. Term policies and whole life policies

- D. Universal life and term insurance

Explanation: A whole life is term policy of long duration with guaranteed death benefit whenever death occurs

Q240. An employee of a corporate agent who is responsible for soliciting and procuring Insurance business with the requisite qualifications is termed as _____ .

A. Specified person

- B. Principal Officer
- C. Business development manager
- D. Administrative officer

Q241. _____ is a judicial channel established by a Central Government notification and there is only one of it in India?

- A. Civil court
- B. District forum
- C. State commission

D. National commission

Explanation: There is only one National commission while a number of state commissions and district forums operate under it.

Q242. Mr. Manoj has a policy in which he needs to pay premium every month. Due to some reason he is unable to pay the premium for over 3 months. What is the current state of his policy?

- A. The policy is still in force
- B. The policy is lapsed**
- C. The policy is surrendered
- D. The policy is in grace period

Explanation: For a policy which has monthly premium payment clause, the grace period is 15 days only.

Q243. Which of the below options is NOT a feature of 'Reversionary bonus'?

- A. Company has to declare such bonus additions each year

B. Once this bonus is declared, it get attached and cannot be taken away

C. Once declared they get attached but can be taken away in case of special circumstances

D. Policy holder receives these bonuses when the contract becomes a claim by death or maturity

Explanation: Reversionary bonus once attached are guaranteed, they cannot be taken away under any circumstance.

Q244.Mr. A is interested in an insurance cover and applies for it from an insurance company. The insurance company anticipates his mortality to be higher than average of standard lives but still regards him to be insurable. The insurance company would classify Mr. A in the category of ____ .

A. Preferred risk

B. Declined risk

C. Standard lives

D. Sub-standard lives

Explanation: As Mr. A risk of death is higher than his category, he will be deemed a substandard risk and charged a higher premium.

Q245 .From the below options, which one will prevent the revival of a policy?

A. Satisfactory evidence of continued insurability

B. Payment of overdue premiums with interest

C. Increased risk for the insurer

D. Revival of the policy within specific time period

Explanation: Increased risk for insurer will prevent revival, the insurer may call for medical reports and then decide.

Q246.The proposer is requested to give full details of all earlier losses suffered by him, whether or not they were insured. Why is this information needed?

1. Underwriters can understand the risk much better for such answers and decide on conducting risk inspections

2. It will give the insurer information about the subject matter of insurance and how the insured has managed the risk in the past

A. Only 1 is correct

B. Only 2 is correct

C .Both 1 and 2 are correct

D.As per IRDA, the earlier losses have no role to play in the underwriting of current risk

Explanation: This information is required to consider the adverse features of a risk. While assessing the risk characteristics the rating plan has to look broadly at risks on the two sides of a matrix - on the one side the frequency of losses and on the other severity of losses.

Q247.Let us assume that the assets of XYZ insurance company are currently valued at Rs 50,000,000. This value represent the _____ .

A. Market value of assets

B. Discounted value of assets

- C. Book value of assets
- D. Cover value of assets

Explanation: In insurance there is a concept of embedded value which is the present value of future profit and net adjusted assets

Q248. A person had to be admitted in a hospital in an emergency situation. Within how many hours of admission has an intimation to be given to the insurance company?

- A. 3 hours
- B. 12 hours
- C. 24 hours**
- D. 48 hours

Q249. In which policy is the premium payable throughout the life of the assured?

- A. Endowment life
- B. Annuity policies
- C. Money back

D. Whole life

Explanation: Under whole life plans premiums can be paid throughout one`s life, death benefit is paid when the insured dies.

Q250. When the general level of prices of goods and services in the economy rise over a period of time, this is known as _____

- A. Growth
- B. Stagflation
- C. Hyperinflation

D. Inflation

Explanation: In economics, inflation is a sustained increase in the general price level of goods and services in an economy over a period of time. When the price level rises, each unit of currency buys fewer goods and services; consequently, inflation reflects a reduction in the purchasing power per unit of money

Q251. Which of these attributes can be associated with LIFE insurance policies?

- A. Intangibility**
- B. Inseparability
- C. Heterogeneity
- D. Very high returns

Explanation: Intangible means - unable to be touched; not having physical presence. Insurance is not a physical product like a mobile phone. It is a service provided by the insurer to the insured.

Q252. What does unbundling of life insurance products mean?

- A. Separation of protection and savings element**

- B. Amalgamation of protection and savings element
- C. Correlation of life insurance products with equities
- D. Correlation of life insurance products with bonds

Explanation: Generally ULIPs are unbundled products, there is a death cover for protection and a savings element which is invested in funds according to the investor's choice.

Q253. Which of the following statement is NOT true with respect to 'Variable life insurance'?

- A. Cash surrender values are guaranteed
- B. The death benefit and cash values varies according to performance of the investment account
- C. The premiums are fixed as under traditional life insurance**
- D. The policy holder can choose the investment fund where the premium should be invested

Explanation: Premiums are completely flexible after the first policy year. One has to only ensure that premiums as a whole were enough to cover the costs of maintaining the policy.

Q254. Which agency will entertain complaints where value of goods or services and the compensation claimed is upto Rs 20 lakhs?

- A. IRDA
- B. District forum**
- C. State Commission
- D. National Commission

Explanation: As per consumer protection act 1986 District Forum can handle complaints up to Rs.20 lakhs.

Q255. _____ are usually charged the lowest applicable premium rate by the insurance company.

- A. Declined lives
- B. Standard lives
- C. Preferred risk**
- D. Sub-standard risk

Explanation: Preferred risks have better profile than others in the same risk category and therefore can be charged a lower premium.

Q256. Savings is basically a composition of two decisions. Which two decisions are they?

- A. Postponement of consumption and parting with liquidity**
- B. Preponment of consumption and parting with liquidity
- C. Preponment of consumption and postponement of financial goals
- D. Sticking with purchasing power and using for liquidity

Explanation: When you consume less you save more, more savings mean more investment although it may result in less liquidity in the short term.

Q257. Miss Susmitha wants to know on the point / time when insurable interest has to be present in case of property insurance.

A. Only at the time of taking a policy

B. At the time of taking a policy and at the time of making a claim

C. In case of property insurance, no insurable interest is required

D. Only at the time of making a claim

Explanation: In property insurance, insurable interest must be shown at the time of taking a policy and at the time of making a claim.

Q258. 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

Explanation: State Commission would handle consumer disputes amounting between Rs. 20 lakhs and Rs. 100 lakhs.

Q259. Which of the below death claim will be treated as an early death claim?

A. If the insured dies within 3 years of policy duration

B. If the insured dies within 5 years of policy duration

C. If the insured dies within 7 years of policy duration

D. If the insured dies within 10x years of policy duration

Q260. Which of the below losses are covered under key man 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

Explanation: Losses related to the extended period when a key person is unable to work are covered under key man insurance.

Q261. _____ 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

Explanation: Inflation is a rise in the general level of prices of goods and services in an economy over a period of time.

Q262. 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

Q263. Which of the following statements about the numerical rating method is INCORRECT?

- A. Numerical rating method provides greater speed in the handling of a large business with the help of trained personnel.
- B. Analysis of difficult or doubtful cases is not possible on the basis of numerical points without medical referees or experts.**
- C. This method can be used by persons without any specific knowledge of medical science.
- D. It ensures consistency between the decisions of different underwriters.

Explanation: A more careful analysis of difficult or doubtful cases is made possible by numerical rating method because past experience with reference to the doubtful points is expressed numerically in terms of a known standard and shadings.

Q264. _____ decides whether to accept or not to accept the risk.

- A. Actuary
- B. Agent
- C. Underwriter**
- D. Surveyor

Explanation: The Underwriter decides whether to accept or not to accept the risk and if accept, at what rates.

Q265. The duty of disclosure arises

- A. Prior to inception of the policy
- B. After inception of the policy
- C. Prior to inception and continues during the policy**
- D. There is no such duty

Explanation: The duty of disclosure arises prior to the inception and continues even during the policy.

Q266. An employer insures himself from dishonest act of his employees by _____

- A. Employee's compensation policy
- B. Public Liability Insurance policy
- C. Fidelity Guarantee Insurance policy**
- D. Declaration policy

Q267. Renewal Notice for Motor insurance is issued by _____ .

- A. The Insured before expiry of the policy
- B. The Insurer before expiry of the policy**

C. The Insured after expiry of the policy

D. The Insurer after expiry of the policy

Explanation: Renewal Notice for Motor insurance is issued by the insurer before expiry of the policy

Q268. Unbundling in insurance means

A. separation of life and non-life products

B. separation of savings and protection elements

C. segregation into various riders

D. combination of savings and protection elements

Explanation: This is used mainly in unit linked products, savings and protection components are separated to safeguard the insured from fluctuations in market prices.

Q269. Which class of insurance covers loss of name and goodwill?

A. Professional insurance

B. Liability insurance

C. Whole life insurance

D. Fire insurance

Q270. Which one is the evidence of contract?

A. Consideration

B. Proposal form

C. Acceptance letter of the insured

D. The policy bond

Explanation: The policy bond is the evidence of the contract.

Q271. For single premium policies the death cover will be

A. 150% of the single premium for those below 45 years and 125% for those 45 years

B. 110% of the single premium for those below 45 years and 90 % for those above 45 years

C. 125% of the single premium for those below 45 years and 110 % for those above 45 years

D. 175% of the single premium for those below 45 years and 125% for those above 45 years.

Q272. Collected premiums are kept in a reserve, what is this reserve called?

A. Life reserve

B. Life fund

C. General fund

D. General reserve

Q273. Which are the material facts which do not need to be disclosed?

A. which would be discovered by reasonable diligence

B. facts which the insured is not aware of

C. Both the above

D. None of the above

Explanation: The insured need not disclose facts which he does not know or which are known to any person under common law.

Q274. More cash value element in the premium means

A. it is a term policy

B. it is a savings oriented policy

C. Both the above

D. None of the above

Explanation: Savings policies have a cash value component.

Q275. A corporate agent (life) can work with maximum _____ .

A.5 life insurers

B.4 life insurers

C.3 life insurers

D.2 life insurers

Q276. Classify bank deposits:

A. transactional products

B. wealth accumulation products

C. contingency products

D. convenience products

Explanation: Bank deposits are transactional products, shares and mutual funds are wealth accumulation products, insurance is a contingency product and a washing machine would be a convenience product.

Q277. 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

Explanation: In order for the policy to acquire a guaranteed surrender value, premiums must be paid for at least 3 consecutive years.

Q278. When a patient is admitted in a hospital, the information is collected by the hospital and sent to the TPA for approval for cashless treatment facility. The format in which the information is presented is known as _____ .

A. Insurer authorization form

B. Hospitalization authorization form

C. Cashless treatment form

D. Cashless authorization form

Explanation: Cashless authorization form has to be filled up and sent to the TPA by the hospital for approval of cashless facility.

Q279. Which of the following is NOT a correct statement with respect to 'Community Health Centres'?

A. Community Health Centres provide specialist care facilities

B. Community Health Centers have been established for every 30,000 population

C. Community Health Centers are referral units for Primary health centers

D. Each Community Health Center should have at least 30 beds, one operation theatre, X Ray machine, labour room and lab facility etc

Explanation: Primary health centers are established for every 30000 population not Community health centers.

Q280. Which of the following are NOT contents of the policy 'prospectuses'?

A. Scope of benefits – Guaranteed and Non-Guaranteed

B. Assignment forms

C. the Terms and conditions

D. Entitlements

Explanation: The prospectus introduces the proposer to the terms & conditions, benefits & entitlements under the policy.

Q281. Which of these statements is true?

A. The typical loading to a net premium would have 3 parts - a) a percentage of premiums b) a constant amount for each of Rs 1000 sum assured c) a constant amount per policy

B. The typical loading to a net premium would have 3 parts - a) a constant amount for premiums b) a constant amount for each of Rs 1000 sum assured 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 amount for each of Rs 1000 sum assured c) a percentage amount per policy

D. The typical loading to a net premium would have 3 parts - a) a percentage of premiums b) a constant percentage for each of Rs 1000 sum assured c) a constant amount per policy

Q282. What are 'Contracts of Adhesion'?

A. These contracts are drafted by both parties and have to be accepted by both

B. These contracts are drafted by one party and the other can only accept or reject it

C. These contracts are binding on both the parties

D. These contracts are drafted by one party and the other has to accept it

Explanation: Contracts of adhesion are prepared by one party i.e. insurers and the proposer has the option to accept or reject the same, the insured cannot alter the contract.

Q283. Anil has to give a medical examiners report before his insurance proposal is accepted. This form of underwriting is known as _____ .

- A. Insurance underwriting
- B. Medical underwriting**
- C. Non-Medical underwriting
- D. Simple underwriting

Explanation: A medical examiners report is needed to determine how risky an individual is and thus how much that individual should pay for insurance.

Q284. A person declares his age incorrectly while buying a policy. Which of the following options hold true in this regard?

1. An understatement of age will result in the original policy being reissued for a reduced amount
 2. An over statement of age will usually result in a refund of premium payment
- A. Only option 1 is correct
 - B. Only option 2 is correct
 - C. Both 1 and 2 are correct**
 - D. Neither 1 nor 2 is correct

Explanation: If the error in age is discovered while the policy is still in force, the procedure followed depends on whether the age has been understated or overstated. If the age has been understated, the policy owner usually is given the option of paying the difference in premiums with interest or of having the policy reissued for the reduced amount. With an over statement of age, a refund is usually made by paying the difference in reserves.

Q285. Identify the correct statement

- A. Insurance reduces the possibility of loss
- B. Insurance protects the assets from damage
- C. Insurance indemnifies the insured in case of loss**
- D. Insurance prevents losses

Explanation: Insurance cannot protect a person from loss, insurance provides relief after the loss has occurred.

Q286. What is the objective behind Mortgage Redemption insurance?

- A. To facilitate cheaper mortgage rates
- B. To evade eviction in case of default
- C. To protect value of the mortgage property
- D. To provide financial protection for home loan borrowers**

Explanation: Under MRI the insurance is so arranged that the amount of death benefit at any given time equals the balance of the principal owed. The family members are thus protected from any claims from banks.

Q287. Which of the following is NOT an advantage of cash value insurance contracts?

- A. Inculcates saving discipline
- B. Benefits of Income tax
- C. Safe and secure investment

D. Lower yields

Explanation: A lower yield cannot be an advantage.

Q288. Negative surplus is also referred to as _____ .

- A. Inertia
- B. Strain**
- C. Cushion
- D. Load

Explanation: Surplus is the excess of value of assets over value of liabilities. If it is negative then it is known as a strain.

Q289. If the declared income when compared to the coverage sought show a mismatch then which of the following underwriting tool is taken to verify the financial status of the proposer?

- A. Sales personnel report
- B. Proposal form
- C. Medical report

D. Financial documents

Explanation: Generally the sum assured may be assumed to be around ten to twelve times ones annual income which can be calculated from financial documents.

Q290. What do you mean by Moral hazard?

- A. Dishonesty or character defects in an individual**
- B. Honesty and values in an individual
- C. Risk of religious beliefs
- D. Hazard of the property to be insured

Explanation: Moral hazard means dishonesty or character defects in an individual.

Q291. In householder's insurance _____ .

- A. Gold and silver ornaments are covered**
- B. Contents of one's shop is covered
- C. Cars owned by the family are covered
- D. Parcels sent by post are covered during transit.

Explanation: In householder's insurance gold and silver ornaments are covered.

Q292. Premium cannot be received in/by _____ .

- A. cash

B. cheque

C. promissory note

D. credit card

Q293. If the material facts presented by the insured in the proposal are wrong than the insurance company can repudiate the policy within a period ____ .

A. Upto 1 year

B. Upto 2 years

C. Upto 3 years

D. Upto 6 months

Explanation: Sec 45 of insurance act states that – no insurance policy can be called into question on grounds of misstatement or wrong disclosure after three years of the policy coming into force. However if the insurer is able to prove that the claim is fraudulent, it need not be passed.

Q294. Section _____ of the Insurance Act 1938 prohibits use of rebates as an inducement to take an insurance policy.

A.56

B.46

C.52

D.41

Q295. Which type of healthcare has acute care requiring treatment for a short period for a serious illness, often (but not necessarily) as an in-patient, including intensive care services, ambulance facilities, diagnostic and other relevant medical services ?

A. Primary health care

B. Secondary health care

C. Intensive health care

D. Tertiary health care

Explanation: Primary health care providers refer patients to secondary healthcare providers after initial care for more intensive treatment.

Q296. When can a policy holder file a complaint with ombudsman?

A. The complaint is pending in any consumer forum

B. The complainant is not satisfied with the reply given by the insurer

C. The complaint is made after one year from the date of rejection by the insurance company

D. The complainant had made a previous written representation to the insurance company and the insurance company has accepted the complaint

Explanation: If the complainant is not satisfied with the reply of the insurer he can file a complaint with the ombudsman.

Q297. Aakash had bought many insurance policies. Due to some issues he need money urgently. Recommend to him an option that will give him money instantly without having to incur any overheads.

- A. Stop premiums for some policies and allow them to lapse
- B. Purchase income benefit plan
- C. Purchase money back plans

D. Surrender high cash value policies

Explanation: Options 'Purchase income benefit plan' and 'Purchase money back plans' involve further outgo of cash and option 'Stop premiums for some policies and allow them to lapse' is not advisable. So option 'Surrender high cash value policies' is the best option to get some instant money.

Q298. In MWP Act cases, the maturity claims cheques are paid to _____.

- A. policy holders
- B. trustees**
- C. Both policy holders and trustees
- D. Neither policy holders nor trustees

Explanation: Under the MWP Act the policy holders loses all rights to the policy monies which are paid to the trustees on behalf of the beneficiaries.

Q299. From the below options, choose who can be a KEYMAN for the company?

- 1. Suresh who is working on the production line for last 10 years
 - 2. Mahesh who is the sales manager and is responsible for 30% of company's sale
- A. Only 1
 - B. Only 2**
 - C. Both 1 and 2
 - D. Neither 1 nor 2

Explanation: Mahesh is responsible for 30% of the sales and he is key to the Company fortunes. So key man insurance is necessary for Mahesh.

All the Best...

Important Abbreviations and ACT's

IRDA	Insurance Regulatory and Development Authority
IGMS	Integrated Grievance Management System
HLV	Human Life Value
FMR	Full Medical Report
MHR	Moral Hazard Report
KYC	Know Your Customer
AML	Anti-Money Laundering
TPA	Third Party Administrator
MRI	Mortgage Redemption Insurance
FPR	First Premium Receipt
RPR	Renewal Premium Receipt
GSV	Guaranteed Surrender Value
SSV	Special Surrender Value
Insurance Act	1938
Life Insurance Corporation (LIC) Act	1st September 1956
Insurance Regulatory and Development Authority (IRDA) Act	1999
Formation of IRDA	April 2000
Indian Contract Act	1872
Married Women Property (MWP) Act	1874
Employees State Insurance (ESI) Act	1948
The Consumer Protection Act	1986
The Prevention of Money Laundering (PML) Act	2002
General Insurance Business Nationalization (GIBN) Act	1972