

MODEL QUESTION PAPER - 4

1. A policy, in which payment to the annuitant begins five years after the policy has commenced, is called _____ annuity.
 - a. Deferred
 - b. Certain
 - c. immediate
 - d. five year
2. A duplicate policy may be issued when the original has been _____.
 - a. Mutilated
 - b. burnt
 - c. Stolen
 - d. All the above
3. What right does a consumer have?
 - a. Right of redressal
 - b. Right to information
 - c. right to education
 - d. all the above
4. What is required to pay the death claim if there is no will, nomination or Assignment?
 - a. Probate
 - b. Birth certificate
 - c. proof of title
 - d. Court order
5. When we agree to pay a claim, it is called _____.
 - a. Admission
 - b. payment
 - c. submission
 - d. consideration
6. Which of the statement/s are True?
 - A. Insurance helps one to be less dependent on others.
 - B. Insurance is necessary to cover the risk of living too long.
 - a. Only A
 - b. only B
 - c. Both
 - d. Neither
7. Which of the following are true?
 - A. The community of policyholders shares insurance claims.
 - B. In insurance, every policyholder contributes to the losses incurred by others.
 - a. Only A
 - b. only B
 - c. both
 - d. neither
8. Which of the following are true?
 - A. Insurance works on the law of averages.
 - B. Insurance is possible only when there are many policyholders.
 - a. Only A
 - b. only B
 - c. both
 - d. neither
9. Annuity covers the risk of _____.
 - a. Death
 - b. accident
 - c. Living too long
 - d. sickness
10. Which of the following are true?
 - A. Accident Benefit is an option available on payment of additional amount.

- B. Accident Benefit cover is automatic in all life insurance policies.
a. Only A b. only B c. both d. Neither
11. The reduction in the tabular premium for mode or sum assured is called _____.
a. Concession b. incentive c. Rebate d. reduction
12. Terminal Bonus is payable on _____.
a. Maturity b. surrender c. revival d. foreclosure
13. _____ is the process of deciding on a proposal for insurance.
a. Decision b. acceptance c. underwriting d. Consideration
14. In case of Moral Hazard _____
a. Proposal is declined b. Extra premium is charged
c. Sum assured is reduced d. lien is imposed
15. The principal is responsible for _____ acts of the agents.
a. All acts of the agent b. None of the acts of the agents
c. Some of the acts of the agent d. specified act on behalf of the principal
16. Which of the following is true?
A. A wife can take on a policy on her husband.
B. A person can take a policy on the life of a customer to whom he has lent money.
a. Only A b. only B c. both d. neither
17. A business wherein persons facing same risks are brought together, to create a fund from which those suffering losses are compensated.
a. Mutual fund b. insurance c. Banking d. security
18. If an immediate annuity is purchased on 10/12/2000 when will the first half-yearly annuity be paid?
a. 10/12/200 b. 10/03/2001 c. 01/06/2001 d. 10/06/2001
19. The happening of risk in insurance should be
a. Accidental b. Created c. Regular d. Deliberate
20. In LIC, social security fund is created as per instructions of _____.
a. IRDA b. State Govt. c. Controller of Insurance d. Central Govt.

21. A policy cannot be called in question after 2 years on the grounds of false information under Section _____ of the Insurance Act.
a. 45 b. 38 c. 44 d. 39
22. A prospect is one who has
a. Need for insurance b. capacity to pay
c. Need and capacity d. none of the above
23. Plans of life insurance are
a. Only term insurance b. Only pure endowment
c. Combination of term and pure endowment d. none of the above
24. Final Additional Bonus is payable on policies which are in full force for full sum assured for a minimum period of
a. 10 yrs. b. 15 yrs. c. 20yrs. d. 25 yrs.
25. In case of convertible whole life plan, policyholder has to exercise the option of converting it into endowment assurance at the end of
a. 2 yrs. b. 5 yrs. c. 7 yrs. d. 10 yrs.
26. In case of annuity policies, selection is made by
a. Insurer b. agent c. Annuitant d. Development officer
27. Insurance premium charged depends on
a. Sum assured b. term c. age d. all the above
28. A policy acquires paid up value after payment of premium for
a. 3 yrs. b. 5 yrs. c. 1 yr. d. 7 yrs.
29. For yearly mode of payment of premium rebate allowed in tabular Premium is
a. 3% b. 1.5% c. 5 % d. 1%
30. S.V. Factor depends on
a. Sum assured b. Duration elapsed c. term d. Term and duration elapsed
31. The present rate of interest for delayed payment of premium is
a. 6% b. 9% c. 7.5% d. 10.5%
32. _____ is the evidence of intimation of risk upto the next due date.
a. FPR b. challan c. renewal receipt d. Deposit receipt

33. _____ is the evidence of the policy contract.
a. FPR b. Renewal receipt c. proposal form d. policy document
34. Alterations are effected in a policy by
a. Separate endorsement b. correcting the document
c. Issuing a new document d. none of the above
35. _____ is the basic unit of growth and profit.
a. Branch office b. divisional office c. zonal office d. Central office
36. _____ Plan is designed to meet the outstanding loans of Individual
a. Endowment b. Jeevan Griha c. Bima Sandesh d. Mortgage redemption assurance
37. Life insurance business was nationalised in _____.
a. 1947 b. 1956 c. 1950 d. 1981
38. An annuity payable for a fixed period is called _____.
a. Annuity certain b. immediate annuity c. life annuity d. deferred annuity
39. _____ is the price paid by the insured for a life insurance policy.
a. Sum assured b. premium c. Maturity value d. Surrender value
40. Main advantages of group schemes
a. High sum assured b. low cost c. graded cover d. no age proof
41. Premiums paid under Jeevan Suraksha plan are exempt under Sec. _____ of IT Act.
a. 88 b. 80CCC c. 80D d. 80 G
42. LICI Act has been amended by _____.
a. IRDA Act, 1998 b. IRDA Act, 1999
c. IRDA Act, 2000 d. None
43. Licence to an insurance agent is issued by _____.
a. Controller of insurance b. IRDA
c. Marketing Manager d. Branch Manager
44. A composite insurance agent is one who _____.
a. Works for life insurance b. Works for general insurance
c. Works for life and general insurance d. works for UTI

43. The insurer before claim in case of _____ can send a discharge voucher.
a. Death claim b. surrender c. maturity claim d. none
47. Behavioral aspects include
a. Communication b. morale c. motivation d. all the above
48. Ideally the plan to be sold to the prospect is _____
a. Endowment b. Money back c. plan that suits the needs of the proposer
d. multipurpose
49. Maximum commission payable on first year premium is
a. 35% b. 50% c. 15% d. 25%
50. Minimum business required for an agent every year is _____.
a. 15 policies b. 12 policies c. 12 lives d. 15 lives
51. Purchase price in case of a deferred annuity can be paid in
a. Lump sum b. quarterly installments c. yearly installments d. any of these
52. Extended claim concession is applicable to policies where premiums have been paid for _____.
a. 3 years b. 10 years c. 5 years d. 2 years
52. If the proposer does not fully disclose fully all the material facts at the time of proposal, the principle violated is
a. Caveat emptor b. insurable interest c. utmost good faith
d. Sharing of risk
54. A plan of life insurance, which provides for payment of sum assured in the event of death only during the selected term and nothing payable in the event of survival is known as
a. Pure endowment b. term assurance c. Immediate annuity
d. Deferred annuity
55. A document required to pay the death claim
a. Birth certificate b. death certificate c. court order d. evidence of relationship to deceased.
56. The decision not to accept the life proposed to be insured is known as
a. Declining b. Negative c. rejection d. Refusal
54. Surplus in a valuation arises because of Favourable experience in

- a. Mortality b. cost of management c. Interest earned
- d. all the above

59. The amount paid by the insurer when the policyholder decides that he does not want to continue with the policy

- a. Forfeiture amount b. final claim c. lapse amount d. surrender value

60. The process of recording the correct age of a person insured is called _____.

- a. Certification b. age admission c. verification d. Proof of age

61. Infirmities are caused by _____.

- a. Old age b. sickness c. loss of limb d. all of these

62. Doctors appointed by the insurers will be _____.

- a. General physicians b. Specialists c. Surgeons d. All of these

63. To be eligible for bonus, _____ year's premiums have to be paid under an insurance policy

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

64. A contract, which provides for regular periodic payments for a specified period which, is fixed without regard to the duration of any life

- a. Life annuity b. Deferred annuity c. Fixed annuity d. Annuity certain

65. Licence for life insurance business is granted for _____ years.

- a. 3 years b. 5 years c. 6 years d. 4 years

66. _____ is bringing the policy back to life.

- a. Renewal b. Revival c. restart d. Lapsation

67. Payment of claim amount to claimants who are non-residents of India are governed by

- a. Passport b. Foreign Exchange Control Regulations
- c. Evidence Act d. Income Tax Act

68. Trust deed in a Group Insurance has to be approved

- a. Chairman of LIC b. Commissioner of Income- Tax
- c. Marketing manager d. Branch Manager

69. Guaranteed surrender value is 30% of the total amount of premiums excluding

- a. First year's premium
- b. extra premiums, if any
- c. Accident benefit premium
- d. all of these

70. The primary component of the distribution channel in life insurance

- a. Branch Manager
- b. agent
- c. Assistant
- d. development officer

71. Calculate the half-yearly installment premium given that:

Date of birth 10/01/1976

Date of proposal 10/01/2001

Sum Assured Rs. 10000

Assume that the proposal is without accident benefit and occupational extra Rs. 4% is chargeable.

The tabular premium for the plan and term is given below:

For age: 24 years Rs. 75.00

25 years Rs. 76.00

26 years Rs. 77.00

Also assume that there is no mode or sum assured rebate

- a. 450
- b. 400
- c. 800
- d. 760

71. Date of commencement : 13/7/1984

Endowment with profits 25 years

Sum Assured Rs.50000

Last premium paid was due on 13/01/2001

Mode: Qly Premium: Rs.450

S.V. Factor 46%

Bonus 1985 - 2000 – 960 /- per thousand

2001-75 /- per thousand

Calculate loan value as on 12.02.2002

- a. 33528
- b. 33530
- c. 35500
- d. 35501