

CHAPTER - 1 INTRODUCTION TO INSURANCE

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

I. Insurance Authority of India

II. Insurance Regulatory and Development Authority

III. Life Insurance Corporation of India

IV. General Insurance Corporation of India

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

I. Business interruption cost

II. Goods damaged cost

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

IV. Hospitalisation costs as a result of heart attack

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

I. Bank FD

II. Insurance

III. Equity shares

IV. Real estate

(4) Which among the following scenarios warrants insurance?

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

II. A person may lose his wallet

III. Stock prices may fall drastically

IV. A house may lose value due to natural wear and tear

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

I. Employees State Insurance Corporation

II. Crop Insurance Scheme

III. Jan Arogya

IV. All of the above

(6) Risk transfer through risk pooling is called _____.

I. Savings

II. Investments

III. Insurance

IV. Risk mitigation

(7) The measures to reduce chances of occurrence of risk are known as _____.

I. Risk retention

II. Loss prevention

III. Risk transfer

IV. Risk avoidance

(8) By transferring risk to insurer, it becomes possible _____.

I. To become careless about our assets

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

III. To ignore the potential risks facing our assets

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

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

I. Bottomry

II. Lloyds

III. Rhodes

IV. Malhotra Committee

(10)In insurance context 'risk retention' indicates a situation where _____.

I. Possibility of loss or damage is not there

II. Loss producing event has no value

III. Property is covered by insurance

IV. One decides to bear the risk and its effects

(11)Which of the following statement is true?

I. Insurance protects the asset

II. Insurance prevents its loss

III. Insurance reduces possibilities of loss

IV. Insurance pays when there is loss of asse

(12)Out of 400 houses, each valued at Rs. 20,000, on an average 4 houses get burnt every year resulting in a combined loss of Rs. 80,000. What should be the annual contribution of each house owner to make good this loss?

I. Rs.100/-

II. Rs.200/-

III. Rs.80/-

IV. Rs.400/-

(13)Which of the following statements is true?

I. Insurance is a method of sharing the losses of a 'few' by 'many'

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

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

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

(14)Why do insurers arrange for survey and inspection of the property before acceptance of a risk?

I. To assess the risk for rating purposes

II. To find out how the insured purchased the property

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

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

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

I. Sharing the losses of many by a few

II. Sharing the losses of few by many

III. One sharing the losses of few

IV. Sharing of losses through subsidy

CHAPTER-2- WHAT LIFE INSURANCE INVOLVES

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

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

II. Investing funds across various asset classes

III. Maintaining time difference between investments

IV. Investing in safe assets

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

I. Asset

II. Risk

III. Principle of mutuality

IV. Subsidy

(3) Who devised the concept of HLV?

I. Dr. Martin Luther King

II. Warren Buffet

III. Prof. Hubener

IV. George Soros

(4) Which of the below mentioned insurance plans has the least or no amount of savings element?

I. Term insurance plan

II. Endowment plan

III. Whole life plan

IV. Money back plan

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

I. Car

II. Human Life

III. Air

IV. House

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

I. Dying too young

II. Dying too early

III. Natural wear and tear

IV. Living with disability

(7) Which of the below statement is true?

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

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

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

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

(8) Which among the following methods is a traditional method that can help determine the insurance needed by an individual?

I. Human Economic Value

II. Life Term Proposition

III. Human Life Value

IV. Future Life Value

(9) Which of the below is the most appropriate explanation for the fact that young people are charged lesser life insurance premium as compared to old people?

I. Young people are mostly dependant

II. Old people can afford to pay more

III. Mortality is related to age

IV. Mortality is inversely related to age

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

I. Safe and secure investment

II. Inculcates saving discipline

III. Lower yields

IV. Income tax advantages

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

I. Returns subject to corroding effect of inflation

II. Low accumulation in earlier years

III. Lower yields

IV. Secure investment

CHAPTER-3 LEGAL PRINCIPLES OF LIFE INSURANCE

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

- I. Ramesh signs a contract without having knowledge of the fine print
- II. Ramesh threatens to kill Mahesh if he does not sign the contract**
- III. Ramesh uses his professional standing to get Mahesh to sign a contract
- IV. Ramesh provides false information to get Mahesh to sign a contract

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

- I. Ramesh's house
- II. Ramesh's spouse
- III. Ramesh's friend**
- IV. Ramesh's parents

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

- I. Offer and acceptance
- II. Consideration**
- III. Free consent
- IV. Capacity of parties to contract

(4) _____ relates to inaccurate statements, which are made without any fraudulent intention.

- I. Misrepresentation**
- II. Contribution
- III. Offer
- IV. Representation

(5) _____ involves pressure applied through criminal means.

- I. Fraud
- II. Undue influence
- III. Coercion**
- IV. Mistake

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

- I. They are verbal contracts not legally enforceable
- II. They are verbal which are legally enforceable
- III. They are contracts between two parties (insurer and insured) as per requirements of Indian Contract Act, 1872**
- IV. They are similar to wager contracts

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

- I. Money
- II. Property
- III. Bribe**
- IV. Jewellery

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

- I. Business owner
- II. Minor**

- III. House wife
- IV. Government employee

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

- I. Lying about known medical conditions on an insurance proposal form
- II. Not revealing known material facts on an insurance proposal form
- III. Disclosing known material facts on an insurance proposal form**
- IV. Paying premium on time

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

- I. Father taking out insurance policy on his son
- II. Spouses taking out insurance on one another
- III. Friends taking out insurance on one another**
- IV. Employer taking out insurance on employees

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

- I. At the time of taking out insurance**
- II. At the time of claim
- III. Insurable interest is not required in case of life insurance
- IV. Either at time of policy purchase or at the time of claim

(12) Find out the proximate cause for death in the following scenario?

Ajay falls off a horse and breaks his back. He lies there in a pool of water and contracts pneumonia. He is admitted to the hospital and dies because of pneumonia.

- I. Pneumonia
- II. Broken back
- III. Falling off a horse**
- IV. Surgery

CHAPTER-4 FINANCIAL PLANNING

(1) Which among the following would you recommend in order to seek protection against unforeseen events?

I. Insurance

- II. Transactional products like bank FD's
- III. Shares
- IV. Debentures

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

I. Post retirement

II. As soon as one gets his first salary

- III. After marriage
- IV. Only after one gets rich

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

I. Maximum tax benefit

II. Reduced tax burden as a result of prudent investments

III. Tax evasion

IV. Full advantage of tax breaks

(4) An individual with an aggressive risk profile is likely to follow wealth _____ investment style.

I. Consolidation

II. Gifting

III. Accumulation

IV. Spending

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

I. Bank Loans

II. Shares

III. Term Insurance Policy

IV. Savings Bank Account

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

I. Risk retention and reduced consumption

II. Gifting and accumulation

III. Spending and accumulation

IV. Postponement of consumption and parting with liquidity

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

I. Post retirement

II. Earner

III. Learner

IV. Just married

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

I. Both are not related at all

II. Greater the investment horizon the larger the returns

III. Greater the investment horizon the smaller the returns

IV. Greater the investment horizon more tax on the returns

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

I. Bank deposits

II. Life insurance

III. Shares

IV. Bonds

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

I. Bank deposits

II. Life insurance

III. Shares

IV. Bonds

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

I. Bank deposits

II. Life insurance

III. General insurance

IV. Shares

(12) _____ is a rise in the general level of prices of goods and services in an economy over a period of time.

I. Deflation

II. Inflation

III. Stagflation

IV. Hyperinflation

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

I. Debt restructuring

II. Loan transfer

III. Investment restructuring

IV. Insurance purchase

CHAPTER-5 LIFE INSURANCE PRODUCTS – I

(*Which among the following is an intangible product?

- I. Car
- II. House
- III. Life insurance**
- IV. Soap

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

- I. Higher**
- II. Lower
- III. Equal
- IV. Substantially higher

(1)_____ life insurance pays off a policyholder's mortgage in the event of the person's death.

- I. Term
- II. Mortgage**
- III. Whole
- IV. Endowment

(2)The _____ the premium paid by you towards your life insurance, the _____ will be the compensation paid to the beneficiary in the event of your death.

- I. Higher, Higher**
- II. Lower, Higher
- III. Higher, Lower
- IV. Faster, Slower

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

- I. Term insurance plans come with life-long renewability option
- II. All term insurance plans come with a built-in disability rider
- III. Term insurance can be bought as a stand-alone policy as well as a rider with another policy**
- IV. There is no provision in a term insurance plans to convert it into a whole life insurance plan

(4)In decreasing-term insurance, the premiums paid _____ over time.

- I. Increase
- II. Decrease
- III. Remain constant**
- IV. Are returned

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

- I. Whole life policy**
- II. Mortgage policy

- III. Bank FD
- IV. Decreasing term policy

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

- I. Tax rebates
- II. Safe investment avenue
- III. Protection against the loss of economic value of an individual's productive abilities**
- IV. Wealth accumulation

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

- I. An individual who needs money at the end of insurance term
- II. An individual who needs insurance and has a high budget
- III. An individual who needs insurance but has a low budget**
- IV. An individual who needs an insurance product that gives high returns

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

- I. Death benefit amount decreases with the term of coverage
- II. Premium amount decreases with the term of coverage**
- III. Premium remains level throughout the term
- IV. Mortgage redemption plans are an example of decreasing term assurance Plans

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

- I. It has a death benefit component only
- II. It has a survival benefit component only
- III. It has both a death benefit as well as a survival component**
- IV. It is similar to a term plan

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

- I. Mortgage Redemption Plan
- II. Credit Life Insurance Plan
- III. Money Back Plan**
- IV. Whole Life Plan

CHAPTER-6 LIFE INSURANCE PRODUCTS – II

Question 1

What does inter-temporal allocation of resources refer to?

I. Postponing allocation of resources until the time is right

II. Allocation of resources over time

III. Temporary allocation of resources

IV. Diversification of resource allocation

Question 2

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

I. Yields on these policies is high

II. Clear and visible method of arriving at surrender value

III. Well defined cash and savings value component

IV. Rate of return is not easy to ascertain

Question 3

Where was the Universal Life Policy introduced first?

I. USA

II. Great Britain

III. Germany

IV. France

Question 4

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

I. People seeking fixed return

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

III. Knowledgeable people comfortable with equity

IV. Young people in general

Question 5

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

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

II. Investment risk is borne by the insurer

III. ULIP's are opaque with regards to their term, expenses and savings components

IV. ULIP's are bundled products

Question 6

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

I. Flexible premium payments

II. Cash value is not guaranteed

III. Policy owner selects where savings reserve is invested

IV. Minimum Death benefit is guaranteed

Question 7

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

Statement I: It allows policy owner to vary payments

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

I. I is true

II. II is true

III. I and II are true

IV. I and II are false

Question 8

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

I. Unit holder can choose between different kind of funds

II. Life insurer provides guarantee for unit values

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

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

Question 9

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

savings life insurance products are permitted in India?

Choice I: Unit Linked Insurance Plans

Choice II: Variable Insurance Plans

I. I only

II. II only

III. I and II both

IV. Neither I nor II

Question 10

What does unbundling of life insurance products refers to?

I. Correlation of life insurance products with bonds

II. Correlation of life insurance products with equities

III. Amalgamation of protection and savings element

IV. Separation of the protection and savings element

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

I. Term assurance

II. Universal life insurance

III. Endowment insurance

IV. Whole life insurance

(*Which of the below statement is incorrect?

I. Variable life insurance is a temporary life insurance policy

II. Variable life insurance is a permanent life insurance policy

III. The policy has a cash value account

IV. The policy provides a minimum death benefit guarantee

CHAPTER -7 PENSION AND ANNUITIES

Question 1

Which of the below risk cannot be addressed through pensions?

- I. Life longevity
- II. Inflation
- III. Investment risk
- IV. Early death**

Question 2

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

- I. Period between the purchase of annuity and commencement of payments
- II. Period during which insurer makes annuity payments**
- III. Time taken to build up the corpus
- IV. Insolvency period

Question 3

Amount of annuity payable depends on which of the following:

- 1. Principal sum of money
- 2. Investment period
- 3. Rate of return
- 4. Duration of annuity payments

I. 1 and 2

II. 1,2 and 3

III. 1,3 and 4

IV. 1,2,3 and 4

Question 4

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

- 1. Principal sum of money
- 2. Investment period
- 3. Rate of return
- 4. Duration of annuity payments

I. 1 only

II. 2 only

III. 3 only

IV. 4 only

Question 5

What is the basic contingency associated with pensions?

- I. Mortality
- II. Morbidity

III. Post-retirement income security

IV. Disability

Question 6

Which of the below best describes an ordinary annuity?

- I. Equal cash flows at equal time intervals forever
- II. Equal cash flows at equal time intervals for a specific time period**
- III. Lumpy cash flows at equal time intervals forever
- IV. Lumpy cash flows at equal time intervals for a specific time period

Question 7

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

I. Rs. 2000 received today, Rs. 2000 received next year and Rs. 2000 received in 2 years

II. Electricity Bill

III. Car payments

IV. Mortgage payments

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Question 8

In an ordinary annuity, payments are made or received _____ of each period.

I. At the beginning

II. At the end

III. On maturity

IV. 6 months before expiry

Question 9

_____ is an annuity with an infinite life and making continuous annual payments.

I. APR

II. Amortised loan

III. Perpetuity

IV. Principal

Question 10

_____ is a term used to refer pensions that have some level of Government administration.

I. Insurance Pension Fund

II. Public Pension Fund

III. Private Pension Fund

IV. Market Pension Fund

Question 11

Who provides public pensions?

I. State

II. Employers

III. Insurers

IV. NGO's

Question 12

Who bears the investment risk in a fixed benefit annuity?

I. Insurer

II. Insured

III. State

IV. Risk pool

Question 13

Which among the below statements is true?

Statement I: Every pension is an annuity

Statement II: Every annuity is a pension

I. I and II are true

II. I and II are false

III. I is true and II is false

IV. I is false and II is true

CHAPTER- 8 HEALTH INSURANCE

Question 1

IRDA stands for _____.

- I. International Regulatory & Development Authority
- II. Indian Regulatory & Development Authority
- III. Insurance Regulatory & Development Authority**
- IV. Income Regulatory & Development Authority

Question 2

The term TPA refers to _____.

(Answer with regards to health insurance)

- I. The Primary Associate
- II. To Provide Assistance

III. Third Party Administrator

- IV. Third Party Assistance

Question 3

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

- I. Employees of a company
- II. Credit card holders of an organisation
- III. Professional association members

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

Question 4

Who cannot be covered under a family floater policy?

- I. Children
- II. Spouse
- III. Parents-in-law

IV. Maternal uncle

Question 5

As per IRDA regulations issued in February 2013, what is the grace period allowed beyond the expiry date of the policy, for renewal?

- I. 15 days
- II. 30 days**
- III. 45 days
- IV. 60 days

Question 6

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

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

- I. Service Benefit
- II. Direct contracting

III. Indemnity

- IV. Casualty

Question 7

Moral hazard by health insurance companies can result in _____.

- I. Community rating
- II. Adverse selection**
- III. Abuse of health insurance

IV. Risk pooling

Question 8

Primary care can be described as _____.

I. Care provided to patient in an acute setting

II. Care provided in hospitals

III. First point of contact for people seeking healthcare

IV. Care provided by Doctors

Question 9

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

I. Inpatient

II. Outpatient

III. Day patient

IV. House patient

Question 10

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

I. Day care centre

II. Network provider

III. Third Party Administrator

IV. Domiciliary

Question 11

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

I. Mortality

II. Morbidity

III. Infinity

IV. Serendipity

CHAPTER -9 APPLICATIONS OF LIFE INSURANCE

Question 1

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

I. Keyman income

II. Business profitability

III. Business history

IV. Inflation index

Question 2

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

I. Increasing term life assurance

II. Decreasing term life assurance

III. Variable life assurance

IV. Universal life assurance

Question 3

Which of the below losses are covered under keyman insurance?

I. Property theft

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

III. General liability

IV. Losses caused due to errors and omission

Question 4

A policy is effected under the MWP Act. If the policyholder does not appoint a special trustee to receive and administer the benefits under the policy, the sum secured under the policy becomes payable to the _____.

I. Next of kin

II. Official Trustee of the State

III. Insurer

IV. Insured

Question 5

Mahesh ran a business on borrowed capital. After his sudden demise, all the creditors are doing their best to go after Mahesh's assets. Which of the below assets is beyond the reach of the creditors?

I. Property under Mahesh's name

II. Mahesh's bank accounts

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

IV. Mutual funds owned by Mahesh

Question 6

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

Statement I: Maturity claims cheques are paid to policyholders

Statement II: Maturity claims cheques are paid to trustees

I. I is true

II. II is true

III. Both I and II are true

IV. Neither I nor II is true

Question 7

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

Statement I: Death claims are settled in favour of nominees

Statement II: Death claims are settled in favour of trustees

I. I is true

II. II is true

III. Both I and II are true

IV. Neither I nor II is true

Question 8

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

Choice I: Health insurance with benefits payable to employee

Choice II: Keyman life insurance with benefits payable to Ajay

I. I only

II. II only

III. Both I and II

IV. Neither I nor II

Question 9

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

I. Security

II. Mortgage

III. Usury

IV. Hypothecation

Question 10

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

I. Life Insurance

II. Disability Insurance

III. Mortgage Redemption Insurance

IV. General Insurance

Question 11

What is the objective behind Mortgage Redemption Insurance?

I. Facilitate cheaper mortgage rates

II. Provide financial protection for home loan borrowers

III. Protect value of the mortgaged property

IV. Evade eviction in case of default

CHAPTER -10 PRICING AND VALUATION IN LIFE INSURANCE

Question 1

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

- I. Profit earned by the insurer
- II. Price paid by an insured for purchasing the policy
- III. Margins of an insurer on a policy
- IV. Expenses incurred by an insurer on a policy

Question 2

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

- I. Mortality
- II. Rebate
- III. Reserves
- IV. Management expenses

Question 3

What is a policy withdrawal?

- I. Discontinuation of premium payment by policyholder
- II. Surrender of policy in return for acquired surrender value
- III. Policy upgrade
- IV. Policy downgrade

Question 4

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

- I. Excessive liabilities
- II. Excessive turnover
- III. Excess value of liabilities over assets
- IV. Excess value of assets over liabilities

Question 5

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

- I. Policy allocation charge
- II. Investment risk premium
- III. Mortality charge
- IV. Social security charge

Question 6

Life insurance companies may offer rebate to the buyer on the premium that is payable on the basis of _____.

- I. Sum assured chosen by the buyer
- II. Type of policy chosen by the buyer
- III. Term of the plan chosen by the buyer
- IV. Mode of payment (cash, cheque, card) chosen by the buyer

Question 7

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

- I. Lower the interest rate assumed, lower the premium
- II. Higher the interest rate assumed, higher the premium
- III. Higher the interest rate assumed, lower the premium
- IV. The interest rates don't affect premiums

Question 8

Which of the below statement is correct?

- I. The typical loading to a net premium would have 3 parts: a) a constant amount for premiums b) a constant amount for each '1000 sum assured' and

c) a constant amount per policy

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

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

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

Question 9

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

I. Discounted future value

II. Discounted present value

III. Market value

IV. Book value

Question 10

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

I. Reversionary bonus

II. Compound bonus

III. Terminal bonus

IV. Persistency bonus

Question 11

What does a policy lapse mean?

I. Policyholder completes premium payment for a policy

II. Policyholder discontinues premium payment for a policy

III. Policy attains maturity

IV. Policy is withdrawn from the market

Question 12

Who bears the investment risk in case of ULIPs?

I. Insurer

II. Insured

III. State

IV. IRDA

CHAPTER- 11 DOCUMENTATION – PROPOSAL STAGE

Question 1

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

- I. Ration card
- II. Horoscope

III. Passport

- IV. Village Panchayat certificate

Question 2

Which of the below can be attributed to moral hazard?

I. Increased risky behaviour following the purchase of insurance

- II. Increased risky behaviour prior to the purchase of insurance
- III. Decreased risky behaviour following the purchase of insurance
- IV. Engaging in criminal acts post being insured

Question 3

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

- I. Emotional behaviour of the proposer

II. Height, weight and blood pressure

- III. Social status
- IV. Truthfulness

Question 4

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

- I. Proposal form
- II. Proposal quote
- III. Information docket

IV. Prospectus

Question 5

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

- I. Application form
- II. Proposal form
- III. Registration form
- IV. Subscription form

Question 6

From the below given age proof documents, identify the one which is classified as non-standard by insurance companies.

- I. School certificate
- II. Identity card in case of defence personnel

III. Ration card

- IV. Certificate of baptism

Question 7

Money laundering is the process of bringing _____ money into an economy by hiding its _____ origin so that it appears to be legally acquired.

I. Illegal, illegal

- II. Legal, legal
- III. Illegal, legal
- IV. Legal, illegal

Question 8

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

- I. 60 days
- II. 45 days
- III. 30 days
- IV. 15 days**

Question 9

Which of the below statement is correct with regards to a policy returned by a Policyholder during the free look period?

- I. The insurance company will refund 100% of the premium
- II. The insurance company will refund 50% of the premium
- III. The insurance company will refund the premium after adjusting for Proportionate risk premium for the period on cover, medical examination Expenses and stamp duty charges**
- IV. The insurance company will forfeit the entire premium

Question 10

Which of the below is not a valid address proof?

- I. PAN Card
- II. Voter ID Card**
- III. Bank passbook
- IV. Driving license

Question 11

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

- I. Free evaluation
- II. Free look**
- III. Cancellation
- IV. Free trial

CHAPTER- 12 DOCUMENTATION – POLICY STAGE

Question 1

Which of the following documents is an evidence of the contract between insurer and insured?

I. Proposal form

II. Policy document

III. Prospectus

IV. Claim form

Question 2

If complex language is used to word a certain policy document and it has given rise to an ambiguity, how will it generally be construed?

I. In favour of insured

II. In favour of insurer

III. The policy will be declared as void and the insurer will be asked to return the premium with interest to the insured

IV. The policy will be declared as void and the insurer will be asked to return the premium to the insured without any interest

Question 3

Select the option that best describes a policy document.

I. It is evidence of the insurance contract

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

III. It is evidence of the policy (procedures) followed by an insurance company when dealing with channel partners like banks, brokers and other entities

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

Question 4

Which of the below statement is correct?

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

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

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

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

Question 5

For the subsequent premiums received by the insurance company after the first premium, the company will issue _____.

I. Revival premium receipt

II. Restoration premium receipt

III. Reinstatement premium receipt

IV. Renewal premium receipt

Question 6

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

I. The insurance company will issue a duplicate policy without making any changes to the contract

II. The insurance contract will come to an end

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

conditions based on the current health declarations of the life insured

IV. The insurance company will issue a duplicate policy without making any changes to the contract, but only after a Court order.

Question 7

Which of the below statement is correct?

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

II. The policy document has to be signed by a competent authority and should be stamped according to the Indian Stamp Act.

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

IV. The policy document neither needs to be signed by a competent authority nor it needs to be compulsorily stamped according to the Indian Stamp Act.

Question 8

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

I. Policy schedule

II. Standard provisions

III. Specific policy provisions

IV. Claim procedure

Question 9

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

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

II. Name of nominee

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

IV. The signature of the authorised signatory and policy stamp

Question 10

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

I. Policy schedule

II. General provisions

III. Standard provisions

IV. Specific policy provisions

Question 11

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

I. Free look period has ended

II. It is evidence that the policy contract has begun

III. Policy cannot be cancelled now

IV. Policy has acquired a certain cash value

CHAPTER- 13 DOCUMENTATION - POLICY CONDITION

Question 1

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

- I. Policy nomination is not cancelled if the policy is assigned to the insurer in return for a loan
- II. Nomination can be done at the time of policy purchase or subsequently
- III. Nomination can be changed by making an endorsement in the policy
- IV. A nominee has full rights on the whole of the claim**

Question 2

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

- I. Premiums must be paid for at least 2 consecutive years
- II. Premiums must be paid for at least 3 consecutive years**
- III. Premiums must be paid for at least 4 consecutive years
- IV. Premiums must be paid for at least 5 consecutive years

Question 3

When is a policy deemed to be lapsed?

- I. If the premiums are not paid on due date
- II. If the premiums are not paid before the due date
- III. If the premium has not been paid even during days of grace**
- IV. If the policy is surrendered

Question 4

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

- I. The standard length of the grace period is one month.
- II. The standard length of the grace period is 30 days.
- III. The standard length of the grace period is one month or 30 days.
- IV. The standard length of the grace period is one month or 31 days.**

Question 5

What will happen if the policyholder does not pay the premium by the due date and dies during the grace period?

- I. The insurer will consider the policy void due to non-payment of premium by the due date and hence reject the claim
- II. The insurer will pay the claim and waive off the last unpaid premium**
- III. The insurer will pay the claim after deducting the unpaid premium
- IV. The insurer will pay the claim after deducting the unpaid premium along with interest which will be taken as 2% above the bank savings interest rate

Question 6

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

- I. Evidence of insurability at revival**
- II. Revival of the policy leading to increase in risk for the insurance company
- III. Payment of unpaid premiums with interest
- IV. Insured submitting the revival application within a specified time frame

Question 7

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

- I. Section 10
- II. Section 38

III. Section 39

IV. Section 45

Question 8

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

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

II. The nomination of such policy will get cancelled due to assignment of the policy in favour of the insurance company

III. The nominee's right will be affected to the extent of the insurer's interest in the policy

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

Question 9

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

I. In case of Absolute Assignment, in the event of death of the assignee, the title of the policy would pass to the estate of the deceased assignee.

II. The assignment of a life insurance policy implies the act of transferring the rights, title and interest in the policy (as property) from one person to another.

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

IV. In case of Absolute Assignment, the policy vests absolutely with the assignee till maturity, except in case of death of the insured during the policy tenure, wherein the policy reverts back to the beneficiaries of the insured.

Question 10

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

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

II. Extension of the premium paying term

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

IV. Increase in the sum assured

Question 11

Under what circumstances would the policyholder need to appoint an appointee?

I. Insured is minor

II. Nominee is a minor

III. Policyholder is not of sound mind

IV. Policyholder is not married

CHAPTER- 14- UNDERWRITING

Question 1

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

I. Process claims

II. Decide acceptability of risks

III. Product design architect

IV. Customer relations manager

Question 2

Which of the following is not an underwriting decision?

I. Risk acceptance at standard rates

II. Declinature of risk

III. Postponement of risk

IV. Claim rejection

Question 3

Which of the following is not a standard age proof?

I. Passport

II. School leaving certificate

III. Horoscope

IV. Birth certificate

Question 4

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

I. Daily jogs

II. Banned substance abuse

III. Lazy nature

IV. Procrastination

Question 5

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

I. Judgment

II. Arbitrary

III. Numerical rating

IV. Single step

Question 6

Under risk classification, _____ consist of those whose anticipated mortality corresponds to the standard lives represented by the mortality table.

I. Standard lives

II. Preferred risks

III. Sub-standard lives

IV. Declined lives

Question 7

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

I. Acceptance at ordinary rates

II. Acceptance with extra premium

III. Decline the proposal

IV. Acceptance with a restrictive clause

Question 8

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

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

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

III. Satish, aged 28 years, working in a bank and has applied for an insurance cover of Rs. 1 crore

IV. Pravin, aged 30 years, working in a departmental store and has applied for an endowment insurance plan for a tenure of 10 years

Question 9

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

Choose the most appropriate option.

I. Judgment method

II. Numerical method

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

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

Question 10

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

I. Standard lives

II. Preferred risks

III. Substandard lives

IV. Declined lives

Question 11

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

I. Healthy 18 year old

II. An obese person

III. A person suffering from AIDS

IV. Housewife with no income of her own

Question 12

Which of the following is an example of moral hazard?

I. Stunt artist dies while performing a stunt

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

III. Insured defaulting on premium payments

IV. Proposer lying on policy document

Question 13

Why is heredity history of importance in medical underwriting?

I. Rich parents have healthy kids

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

III. Poor parents have malnourished kids

IV. Family environment is a critical factor

CHAPTER -15-PAYMENTS UNDER A LIFE INSURANCE POLICY

Question 1

Given below is a list of policies. Identify under which type of policy, the claim payment is made in the form of periodic payments?

I. Money-back policy

II. Unit linked insurance policy

III. Return of premium policy

IV. Term insurance policy

Question 2

Mahesh has bought a life insurance policy with a critical illness rider. He has made absolute assignment of the policy in favour of Karan. Mahesh suffers a heart attack and there is a claim of Rs. 50,000 under the critical illness rider. To whom will the payment be made in this case?

I. Mahesh

II. Karan

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

IV. Neither of the two because Mahesh has suffered the heart attack but the policy is assigned in favour of Karan.

Question 3

Praveen died in a car accident. The beneficiary submits documents for death claim. Which of the below document is an additional document required to be submitted in case of accidental death as compared to natural death.

I. Certificate of burial or cremation

II. Treating physician's certificate

III. Employer's certificate

IV. Inquest Report

Question 4

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

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

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

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

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

Question 5

Given below are some events that will trigger survival claims. Identify which of the below statement is incorrect?

I. Claim paid on maturity of a term insurance policy

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

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

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

Question 6

A payment made under a money-back policy upon reaching a milestone will be classified under which type of claim?

I. Death claim

II. Maturity claim

III. Periodical survival claim

IV. Surrender claim

Question 7

Shankar bought a 10 year Unit Linked Insurance Plan. If he dies before the maturity of the policy which of the below will be paid?

I. Lower of sum assured or fund value

II. Higher of sum assured or fund value

III. Premiums paid will be returned with 2% higher interest rate as compared to a bank's savings deposit

IV. Surrender value

Question 8

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

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

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

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

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

Question 9

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

I. Inquest report

II. Claim form

III. Certificate of burial or cremation

IV. Hospital's certificate

Question 10

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

I. 7 days

II. 15 days

III. 30 days

IV. 45 days

Question 11

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

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

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

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

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

CHAPTER- 16-REGULATORY ASPECTS

Question 1

Applicant shall complete _____ hours training to become an insurance agent.

I. 50

II. 100

III. 30

IV. 25

Question 2

Insurance agent represents the _____.

I. Insurance company

II. Sub-agent

III. Co-agent

IV. Broker

Question 3

Licence to work as an insurance agent is issued by _____.

I. General Insurance Corporation (GIC)

II. Insurance Regulatory & Development Authority (IRDA)

III. State Bank of India (SBI)

IV. Post office

Question 4

Agent's licence is to be renewed _____.

I. Every year

II. After 5 years

III. After 3 years

IV. After 15 years

Question 5

Identify the statement which is not correct. Insurance agent should _____.

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

II. Share the commission by way of rebate

III. Disclose his licence on demand

IV. Indicate the premium to be charged

Question 6

_____ is the fees payable to the Authority for issue / renewal of licence to Act as an insurance agent or composite insurance agent.

I. 250

II. 150

III. 520

IV. 100

Question 7

The Authority may issue duplicate licence in case it is _____.

I. Lost

II. Destroyed

III. Mutilated

IV. All of the above

Question 8

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

I. Cancel the license

- II. Issue a duplicate license
- III. Renew the existing license
- IV. Take some fees from the agent

Question 9

Minimum qualification required for insurance agent is _____ pass.

- I. Graduate
- II. 10th**
- III. Post-graduate
- IV. 7th

Question 10

_____ may deal with more than one Life Insurance Company or general insurance company or both.

- I. Agent
- II. Surveyor

III. Composite agent

Question 11

Which of the below statements is correct?

- I. The prime purpose of insurance regulation is to protect the insurance companies
- II. The prime purpose of insurance regulation is to protect the policyholder**
- III. The prime purpose of insurance regulation is to protect the insurance intermediaries
- IV. The prime purpose of insurance regulation is to protect the Government
- IV. None of the above

Question 12

Which of the below statement is correct?

- I. If agent loses the licence, then no duplicate licence is issued. The agent has to wait till the time of renewal, when another copy is issued
- II. If agent loses the licence, then the Authority may issue a duplicate licence free of cost.
- III. If agent loses the licence, then the Authority may issue a duplicate licence only after a FIR is lodged and a waiting period of 30 days.
- IV. If the agent loses the license, then the Authority may issue a duplicate license on payment of a fee of rupees fifty.**

CHAPTER- 17-LIFE INSURANCE AGENCY AS A CAREER

Question 1

An insurance agent is typically a representative of _____.

I. Customer

II. Insurance company

III. Government

IV. IRDA

Question 2

Direct marketing involves which of the below?

I. Telemarketing

II. Insurance agents

III. Bancassurance

IV. All of the above

Question 3

“Hurt not others with that which pains yourself”. This golden rule of ethics is given in the teaching of which religion?

I. Buddhism

II. Christianity

III. Hinduism

IV. Judaism

Question 4

When an applicant is seeking license for the first time, he / she is supposed to undergo _____of practical training (from an approved institution) in life insurance.

I. 25 hours

II. 50 hours

III. 75 hours

IV. 100 hours

Question 5

The license issued to the agent is valid for _____.

I. One year

II. Two years

III. Three years

IV. Five years

Question 6

As per Section 182 of the Indian Contract Act, _____ is a person employed to do any act for another or to represent another in dealing with a third person.

I. Principal Officer

II. Proxy

III. Mediator

IV. Agent

Question 7

An insurance broker represents _____.

I. Insurance company

II. Insured

III. Association of insurance companies

IV. Community of people who have already taken insurance

Question 8

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

Association (IMSA) principles?

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

II. To engage in active and fair competition.

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

IV. To maintain a system of supervision and review that is reasonably designed to achieve compliance with these principles of ethical market conduct.

Question 9

Before the composite licence could be renewed, the applicant needs to undergo renewal training of _____ from an approved institution.

I. 25 hours

II. 50 hours

III. 35 hours

IV. 75 hours

Question 10

IRDA has decided to implement guidelines on persistency from _____.

I. 1st July 2011

II. 1st July 2012

III. 1st July 2013

IV. 1st July 2014

Question 11

Which of the below statements is incorrect?

I. An individual insurance agent is a representative of the insurance company and is governed by the agent-principal relationship.

II. An individual insurance agent's primary relationship and responsibility is to the insurance buyer and not the insurance company.

III. Insurance broker, who represents the insured, generally does not have any contractual agreement to exclusively serve any one insurance company

IV. Insurance broker is expected to represent the customer's interest when choosing the right product and company that would best fit the customer's particular needs.

Question 12

In 1964, Harvard Business Review published a study on "What makes a good salesman". The authors came up with an interesting insight. They found that a good salesman should have two basic qualities. Which are those two qualities?

I. Affection and zeal to succeed

II. Patience and pro-activeness

III. Empathy and ego drive

IV. Hunger for growth and self-confidence

Question 13

Proportion of policies remaining in force at the end of the period out of the total policies in force at the beginning of the period is referred to as _____.

I. Persistency

II. Consistency

III. Uniformity

IV. Reliability

CHAPTER -18-LIFE INSURANCE SELLING PROCESS

Question 1

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

- I. No
- II. Don't know
- III. Yes**
- IV. Maybe

Question 2

Which of the following is not part of sales process?

- I. Prospecting
- II. Sales interview
- III. Loss assessment**
- IV. Closing

Question 3

Prospecting in an insurance sale is _____.

- I. Gathering the names of people who may be interested in insurance**
- II. Preparing a list of all the persons in the city
- III. Enlisting all the policyholders of the branch office
- IV. Preparing list of all the agents in the neighbourhood

Question 4

In insurance, need-gap analysis involves _____.

- I. Identifying the areas where the prospect needs insurance protection**
- II. Identifying people to work as insurance agents
- III. Identifying how much assets a prospect has
- IV. Identifying the poverty level of the prospects

Question 5

Cold Calling is _____.

- I. Meeting customers in winter
- II. Meeting customers when they are suffering from cold
- III. Meeting people unannounced**
- IV. Meeting customer after fire was extinguished

Question 6

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

- I. Marketing
- II. Selling**
- III. Advertising
- IV. Promotion

Question 7

Which of the below statement is correct?

- I. Life insurance is sold, not bought**
- II. Life insurance is bought, not sold
- III. Life insurance is neither bought nor sold; it is a necessity and hence should be bought by every individual.
- IV. None of the above

Question 8

Which of the below statement is correct?

- I. Selling is an art and not a science
- II. Selling is a science and not an art
- III. Selling is neither an art or a science
- IV. Selling is both an art and a science**

Question 9

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

- I. Immediate group
- II. Natural market**
- III. Centres of influence
- IV. References and introductions

Question 10

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

- I. A qualified prospect is one who can pay for insurance
- II. A qualified prospect is one who can be approached on a favourable basis
- III. A qualified prospect is one who is academically well qualified to buy insurance**
- IV. A qualified prospect is one who can pass the company underwriting Requirements

Question 11

Which of the below statement best describes a "testimonial"?

- I. An endorsement from a satisfied customer**
- II. Test result for a product in a benchmarking test
- III. List of tests that a product must pass
- IV. Money required to test a product

CHAPTER -19-CUSTOMER SERVICE

Question 1

_____ is not a tangible good.

- I. House
- II. Insurance**
- III. Mobile Phone
- IV. A pair of jeans

Question 2

_____ is not an indicator of service quality.

- I. Cleverness**
- II. Reliability
- III. Empathy
- IV. Responsiveness

Question 3

In customer relationship the first impression is created:

- I. By being confident
- II. By being on time
- III. By showing interest
- IV. By being on time, showing interest and being confident**

Question 4

Select the correct statement:

- I. Ethical behaviour is impossible while selling insurance
- II. Ethical behaviour is not necessary for insurance agents
- III. Ethical behaviour helps in developing trust between the agent and the insurer**
- IV. Ethical behaviour is expected from the top management only

Question 5

Active listening involves:

- I. Paying attention to the speaker
- II. Giving an occasional nod and smile
- III. Providing feedback
- IV. Paying attention to the speaker, giving an occasional nod and smile and providing feedback**

Question 6

_____ refers to the ability to perform the promised service dependably and accurately.

- I. Reliability**
- II. Responsiveness
- III. Assurance
- IV. Empathy

Question 7

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

- I. Hard skills
- II. Soft skills**
- III. Negotiating skills
- IV. Questioning skills

Question 8

Which of the below elements promote trust?

- I. Communication, assertiveness and being present
- II. Politeness, affirmation and communication
- III. Attraction, communication and being present**
- IV. Affirmation, assertiveness and attraction

Question 9

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

- I. Being on time always
- II. Presenting yourself appropriately
- III. Being open, confident and positive
- IV. All of the above**

Question 10

_____ is reflected in the caring attitude and individualised attention provided to customers.

- I. Assurance
- II. Empathy**
- III. Reliability
- IV. Responsiveness

Question 11

What is meant by customer lifetime value?

- I. Sum of costs incurred while servicing the customer over his lifetime
- II. Rank given to customer based on business generated
- III. Sum of economic benefits that can be achieved by building a long term relationship with the customer**
- IV. Maximum insurance that can be attributed to the customer

Question 12

In a customer's mind, there are two types of feelings and related emotions that arise with each service failure on part of the insurance company. These feelings are

- I. Confusion and empathy
- II. Dishonesty and revenge
- III. Ignorance and sympathy
- IV. Sense of unfairness and hurt ego**

Question 13

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

- I. Paying good attention
- II. Being extremely judgmental**
- III. Empathetic listening
- IV. Responding appropriately

CHAPTER -20-GRIEVANCE REDRESSAL MECHANISM

Question 1

Expand the term IGMS.

I. Insurance General Management System

II. Indian General Management System

III. Integrated Grievance Management System

IV. Intelligent Grievance Management System

Question 2

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

I. District Forum

II. State Commission

III. National Commission

IV. Zilla Parishad

Question 3

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

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

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

III. Allergy warning not provided on a drug bottle

IV. Faulty products

Question 4

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

I. Police

II. Supreme Court

III. Insurance Ombudsman

IV. District Court

Question 5

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

I. Insurance Ombudsman has National jurisdiction

II. Insurance Ombudsman has State jurisdiction

III. Insurance Ombudsman has District jurisdiction

IV. Insurance Ombudsman operates only within the specified territorial limits

Question 6

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

I. The complaint is to be made in writing

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

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

IV. The complaint is to be made through newspaper advertisement

Question 7

What is the time limit for approaching an Insurance Ombudsman?

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

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

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

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

Question 8

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

- I. The complaint must be by an individual on a 'Personal Lines' insurance
- II. The complaint must be lodged within 1 year of the insurer rejecting the complaint

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

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

Question 9

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

- I. A fee of Rs 100 needs to be paid
- II. No fee or charges need to be paid**
- III. 20% of the relief sought must be paid as fee
- IV. 10% of the relief sought must be paid as fee

Question 10

Can a complaint be launched against a private insurer?

- I. Complaints can be launched against public insurers only
- II. Yes, complaint can be launched against private insurers**
- III. Complaint can be launched against private insurers only in the Life Sector
- IV. Complaint can be launched against private insurers only in the Non-Life Sector

Question 11

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

I. District Forum

- II. State Commission
- III. Zilla Parishad
- IV. National Commission