1. Insurance works on the principle of
   a. Trust
   b. Sharing
   c. Randomness
   d. All of the above

2. Insurance is legitimate
   a. when an adverse happening is likely
   b. When an adverse happening is unlikely
   c. When an adverse happening is certain
   d. In all the above three situations

3. Insurance benefits replace
   a. All physical losses, in full
   b. All physical losses, partly
   c. All monetary losses, in full
   d. The monetary losses, but only to some extent

4. Which one of the following statements is correct?
   a. People hesitate to buy life insurance because they are not aware of their needs
b People hesitate to buy life insurance because they prefer to enjoy the present

c Both the statements are correct

d Both the statements are wrong

Which is the right time for taking life insurance?

a When you are about to get married

b Soon after you have got married

c Just when you are joined a new job

d All the three 'times' are right

Retention of risk may be done conveniently by

a Large corporations

b Small companies

c Single individuals

d None of the three

A valuation is done by a life insurer because

a It is a statutory requirement

b It is necessary to be able to declare dividends to shareholders

c It tells the insurer how well it is managing the business

d All of the above

The reason for charging level premiums is
a. Risk increases as age increases
b. It is convenient to the policyholder
c. It is convenient to the insurer
d. All the above reasons

9. What does a premium depend upon?

a. The place of worship visited by the person to be insured
b. The state of health of the policyholder
c. The decision of the underwriter
d. The report of the agent

10. State which one of the following statements is correct?

a. In group insurance, a single policy is issued covering many persons
b. A master policy covers servants of a master
c. Both the statements above are correct
d. Both the statements above are wrong

11. Which one of the following statements is correct?

a. In a limited payment policy, there is a maximum limit to the SA
b. In a limited payment policy, there is a maximum limit to the term
c. Both the statements above are wrong
d. Both the statements above are correct

12. Which one of the following statements is true with regard to Children’s policies?
a  On vesting, the insured person has an option to change the term of the policy
b  On vesting the insured person has an option to increase the SA
c  Both the statements above are wrong
d  Both the statements above are correct

13  Which of the following could be the basis of the cover in a group policy?

a  Height of the life insured
b  Age of the life insured
c  Size of the insured’s family
d  All the three above

14  Which one of the following statements is true with regard to Children’s policies?

a  On vesting, the insured person has an option to change the term of the policy
b  On vesting the insured person has an option to increase the SA
c  Both the statements above are wrong
d  Both the statements above are correct

15  Which one of the following statements is correct?

a  Every plan of insurance is a combination of two basic plans
b  The name given to a plan indicates the benefits available under the plan
c  Both the statements above are correct
d  Both the statements above are wrong
16 Which one of the following statements is correct?

a Underwriting is done only when there is a medical examination
b Medical examination is necessary before a policy can be issued
c Both the statements above are correct
d Both the statements above are wrong

17 Which one of the following statements is correct?

a The underwriter determines the premium to be charged
b The underwriter is an employee of the insurer
c Both the statements above are correct
d Both the statements above are wrong

18 Which one of the following statements is correct?

a If the underwriter feels that the risk is more, he will accept at OR
b If the underwriter feels that the risk is more, he may impose a lien
c Both the statements above are correct
d Both the statements above are wrong

19 Which one of the following statements is correct?

a The schedule of a policy is not altered after the policy is issued
b Changes in the terms of the policy are made through endorsements
c Both the statements above are correct
d Both the statements above are wrong
20. The date of issue of the FPR indicates

a. The date when the risk effectively begins
b. The date when the next premium falls due
c. The date when the policy will commence
d. None of the above

21. Which one of the following statements is correct?

a. In the case of SSS policies, renewal premium receipts are issued
b. In the case of SSS policies, FPRs are issued
c. Both the statements above are correct
d. Both the statements above are wrong

22. Which one of the following statements is correct?

a. Assignee is free from the assignor’s obligations under the policy
b. A nomination is automatically cancelled when a loan is taken under the policy
c. Both the statements above are correct
d. Both the statements above are wrong

23. Which one of the following statements is correct?

a. The beneficiaries under the MWP Act can be any member of the family
b. A policy can be taken under the MMWP Act for the benefit of parents
c. Both the statements above are correct
Both the statements above are wrong

Which one of the following statements is correct?

a. Foreclosure can be done only with the consent of the policyholder
b. Foreclosure can be done only after informing the policyholder
c. Both the statements above are correct
d. Both the statements above are wrong

Which one of the following statements is correct?

a. Revivals are not done unless the entire outstanding premium is paid
b. Revivals are not done unless the underwriter agrees
c. Both the statements above are correct
d. Both the statements above are wrong

Which one of the following statements is correct?

a. Foreclosure action cannot be taken till a notice is served on the policyholder
b. When a foreclosure action is taken, nothing is payable to the policyholder
c. Both the statements above are correct
d. Both the statements above are wrong

Which one of the following statements is correct?

a. The beneficiaries under the MWP Act can be any member of the family
b. A policy can be taken under the MMWP Act for the benefit of parents
28 Which one of the following statements is correct?

a A presumption of death is not the same as proof of death
b Presumption of death allows inheritance of property
c Both the statements above are correct
d Both the statements above are wrong

29 When does a claim arise under an insurance policy?

a Whenever the policyholder feels the need for money
b When the insured events happen
c When a premium is not paid
d Whenever any of the three things mentioned above happen

30 Which one of the following statements is correct?

a Maturity claim cheques are paid to the trustees in a MWP Act case
b Maturity claim cheques are paid to the beneficiaries in a MWP Act case
c Both the statements above are correct
d Both the statements above are wrong

31 If a claim is made in January 2007 under a policy, which commenced in May 2002, stating that the life insured had died in April 2004,

a Section 45 of the Act will not apply
b. The claim can be treated as an early claim

c. Foul play must be suspected

d. All the three statements above are correct

32. Which one of the following statements is correct?

a. A policy reported to be lost, may actually have been assigned

b. A policy has no value after the payment of survival benefits

c. Both the statements above are correct

d. Both the statements above are wrong

33. Which one of the following statements is correct?

a. The foreign exchange regulations apply if the life insured is a non-resident

b. The foreign exchange regulations apply if the claimant is a non-resident

c. Both the statements above are correct

d. Both the statements above are wrong

34. State which of the following statements is correct

a. ULIPs provide for flexibility

b. ULIPs are better than traditional policies

c. Both the above statements are correct

d. Both the above statements are wrong

35. State which of the following statements is correct
a  In ULIPs, the offer bid spread is the difference between the two prices
b  In ULIPs, the offer bid spread, will in some cases be zero
c  Both the above statements are correct
d  Both the above statements are wrong

36  State which of the following statements is correct

a  In ULIPs the insurance cover must be a minimum multiple of the premium
b  ULIPs can be surrendered after two years
c  Both the above statements are correct
d  Both the above statements are wrong

37  State which one of the following statements is correct

a  Life insurance is the best savings scheme for all persons
b  Life insurance is the best investment scheme for young persons
c  Both the above statements are correct
d  Both the above statements are wrong

38  Which of the following statements is correct?

a  An insurance agent has fixed working hours
b  An insurance agent has to mark his attendance in office every day
c  An insurance agent works according to his schedule
d  An insurance agent cannot do any other work

39  State which one of the following statements is correct
When vital information is not disclosed, the policyholder is benefited

When a claim is repudiated, the agent’s trustworthiness is affected

Both the statements above are correct

Both the statements above are wrong

40 State which one of the following statements is correct?

The social sector is not only in the urban areas

The social sector includes the unorganized sector

Both the statements above are correct

Both the statements above are wrong

41 State which one of the following statements is correct?

The Ombudsman’s authority is limited to claims matters only

The Ombudsman is not a judicial authority

Both the statements above are correct

Both the statements above are wrong

42 State which one of the following statements is correct?

The tax provisions are the same for all kinds of savings

The tax provisions are included in the Constitution

Both the statements above are correct

Both the statements above are wrong
43 A proposal for SA of Rs. 10 lakhs with DAB for monthly mode under SSS.

Proposer had a previous policy of Rs. 5 lakhs with DAB. Proposal was accepted with health extra of Rs. 2.75 per thousand SA premium for DAB Re 1 per thousand. 5% extra for monthly mode. Large SA rebate of Rs 2/- per thousand for 1 lakh and above. Tabular premium Rs. 48.20 maximum total SA on which DAB is allowed is Rs. 10/- lakhs.

Find monthly (SSS) premium, rounded off to the next higher rupee

a  4102  
b  4121  
c  4183  
d  4195

44 Find out surrender value on the basis of following data (the answer to be rounded off to the next lower rupee). SA Rs.30, 000 DOC- 15.6.1992, Endowment with profit - 30 years

Due date of last premium paid 15-06-2007 mode half yearly

Accrued bonus Rs.750/- per thousand SA. SV factor 23%

a   3670  
b   3765  
c   8740  
d   None of these

45 A money back policy for SA. of Rs.50,000/- Matured after 25 years.

Survival benefits of 15% each had been paid at the end of 5th, 10th, 15th, and 20th years. Bonus had accrued at Rs.965/- per Rs.1000/- SA. Interim bonus @ Rs.25/- per thousand SA is payable. What is the maturity claim amount?

a  68250
Correct Answers Practice Paper

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