

IC 02 – Practice of Life Insurance – Model Questions

I. Select the appropriate answer to complete the sentence (Checking learning - Direct)

i. *In cases where a Life Insurance Agent collects the premium from the policyholder and remits it to the insurer's office, he is acting as an agent of _____:*

- a. IRDA
- b. the Insurance Company
- c. the Policyholder
- d. the broker
- e. the general public

Ans: b. the Insurance Company

ii. *A policy where the policyholder makes a one-time payment of premium, is known as a _____:*

- a. Money-back policy
- b. Single premium policy
- c. Salary Savings Scheme policy
- d. Half-yearly policy
- e. Annual policy

Ans: b. Single premium policy

II. i. State which of the statements given below is correct (Checking learning - Direct)

- a. An organisation can exist only with employees
- b. An organisation can exist only with different sections
- c. An organisation can exist only with its own office building
- d. An organisation can exist without a purpose
- e. An organisation will grow as years pass by

Ans: a. An organisation can exist only with employees

ii. State which of the statements given below is correct (Checking learning - Direct)

- a. People generally feel that life related risks are imminent
- b. Religious beliefs interfere with the purchase of life insurance
- c. People are always keen to buy insurance
- d. Life insurance cannot be denied to anyone at any time
- e. Life insurance is to be sold to people who are not in good health

Ans: b. Religious beliefs interfere with the purchase of life insurance

III. Answer the questions below by selecting the correct answer: (Checking learning - Direct)

i. *Which of the following is/ are important activities of an organisation's Accounts Department?*

- a. Keeping control on cash
- b. Investments of funds
- c. Processing bills
- d. Reconciling bank statements
- e. All of the above

Ans: e. All of the above

ii. Which of the following is an important reason for insurers to sell life insurance policies through agents?

- a. The benefits of life insurance policies are simple and clear to all
- b. People can decide which policy is best for them
- c. Agents have to earn their commissions
- d. Agents have to meet their marketing targets
- e. Many people require personalised guidance for selecting the right policy

Ans: e. Many people require personalised guidance for selecting the right policy

IV. Fill in the Blanks using the appropriate word(s) (Checking understanding - Indirect)

i. Compared to the premium for a Whole Life plan, the premium for an Endowment plan will be _____ for the same age

- a. more
- b. less
- c. the same
- d. double
- e. half

Ans: a. more

ii. A nomination can be made only in favour of _____

- a. a bank
- b. spouse and children with guardian
- c. spouse and minor children
- d. parents, spouse and children
- e. any individual

Ans: d. any individual

V. Select the expanded form of the abbreviation given (Checking understanding - Indirect)

i. Select the expanded form of SA as commonly used in life insurance

- a. Sum Assured
- b. Surrender of Assurance
- c. Supplementary Assurance
- d. Stamp Act
- e. Survivor's Annuity

Ans: a. Sum Assured

ii. Select the expanded form of OR as commonly used in life insurance

- a. Oral Rehydration
- b. Once Renewed
- c. Ordinary Rates
- d. Ordinary Renewal
- e. Ombudsman's Assurance

Ans: c. Ordinary Rates

iii. Select the expanded form of SV as commonly used in life insurance

- a. Summary Valuation
- b. Selected Value
- c. Surrender Value
- d. Stamp Value
- e. Survivor Value

Ans: c. Surrender Value

VI. Select the word(s) that most closely matches the given term. (Checking understanding - Indirect)

i. Which of the following terms matches closest with 'Automatic Teller Machines'?

- a. Divisional Offices
- b. Branch Offices
- c. Agents
- d. Information Kiosks
- e. Interactive Voice Response Systems

Ans: d. Information Kiosks

ii. Which of the following terms matches closest with 'Foreclosure'?

- a. Surrender Value
- b. Nominee
- c. Death Claim
- d. Maturity Claims
- e. Bonus

Ans: a. Surrender Value

VII. i. Find out which of the given statements is incorrect (Checking application of learning)

- a. An organisation must have a purpose
- b. An organisation is identified by its actions
- c. An organisation is identified by the building it occupies
- d. A organisation can sue and be sued
- e. A organisation can own assets

Ans.: c. An organisation is identified by the building it occupies.

ii. Find out which of the given statements is incorrect (Checking application of learning)

- a. Accounts department has to monitor cash flow from subordinate offices
- b. Marketing department has to monitor business inflow
- c. Marketing department has to monitor performance of agents
- d. Actuarial department is responsible for settling death claims
- e. Underwriting department has to assess risk and determine premium

Ans.: d. Actuarial department is responsible for settling death claims.

VIII. Which of the following terms is dissimilar to the other four options? (Find the odd-man out?) (Checking application of learning)

i. Which of the following terms is dissimilar to the other four in the context of insurable interest in life insurance?

- a. Employer
- b. Creditor
- c. Surety
- d. Employee
- e. Debtor

Ans: e. Debtor

ii. Which of the following terms is dissimilar to the other four in the context of death claims in life insurance?

- a. Early claims
- b. Non-early claims
- c. Foreclosure
- d. Claimant's statement
- e. Deeds of Assignment

Ans: c. Foreclosure.