

MODEL TEST 2

1. Amit is looking for term insurance plan for protection of his family, he is advised to approach for
a) Property Insurance b) Life Insurance c) Health Insurance d) Liability Insurance
2. Mr. Kunal used to participate in Car race. While taking up the Insurance policy he disclosed this information. What kind of hazard does it refer to
a) Physical hazard b) Fraudulent representation c) Moral hazard d) Peril
3. Suresh is suffering from Asthma and the policy has been taken on joint life basis and the need for nomination under the plan will be as
a) Effective only in the event of simultaneous death of both lives to effect nomination.
b) Not Possible c) Nomination has to be made in the proportion of 50:50 d) Not Applicable
4. Mr. Shyam is married and having 9 year old child. Which product is not to be given priority in his case?
a) Health plan b) Child Plan c) Life Insurance d) Retirement Plan
5. Vijay received his policy bond on 11th June, 2011. Due to some personal problems he has decided to cancel the policy on 8th July, 2011 Can he cancel or return the policy?
a) No, as 15 days period (free-look period) is over b) Yes, as it is within 1 year
c) No, as 20 days period is over d) Yes, as it is within 3 months
6. Mr. Mahesh is a software engineer. He has taken a term insurance for Rs. 30,00,000/- for 30 years. This is an example for
a) Risk retention b) Risk transfer c) Risk avoidance d) Risk tolerance
7. On 6th August there was a typhoon. Mr. Augustin who had insurance died in typhoon. Now how will the insurance company categorise this particular risk?
a) Under the category of Pure risk b) Under the category of peril risk
c) Under the category of speculative risk d) Under the category of dynamic risk
8. Amit has taken a G-Sec and he wanted to encash it in mid way as he required the money urgently; even though it may involve loss of interest. What he will be getting is known as. . . .
a) Discounted Value b) Principal amount
c) Discounted Value with persistency bonus d) Principal with persistency bonus
9. Ravi was expecting a claim amount of Rs. 12, 00,000 from insurer. But it was rejected. He feels that it is repudiated on wrong reasons. Which consumer forum can he approach?
a) National Commission b) District Level c) State Level d) Mandal Level
10. Rajesh is 34 years old and having 2 sons, Vineeth and Sumith. The level of risk appetite, to which Rajesh belongs will be _____.
a) Middle Level b) Top Level c) Low Level d) High Level
11. Mr. Shanth has taken an endowment policy of 15 years with ABC insurance company. He has paid premium for 4 years and he could not pay premium for 5th and 6th year. In the 7th year he approaches the company to renew the policy. Now which of the following options will be true in his case?
a) The policy will be renewed on the existing terms and conditions.
b) Mr. Shanth cannot renew the policy
c) The policy may be renewed on different terms and conditions
d) Mr. Shanth can renew the policy for certain without the approval of the insurer
12. Which of the following statements is correct in connection with assignment?
a) Assignee cannot make fresh nomination in the policy
b) The assignor need not be major at the time of assignment.
c) Section 45 of the insurance act speaks about assignment.
d) Conditional assignment and absolute assignment are one and the same.

13. Mr. Shanth has taken an endowment policy of 20 years. He has paid premium for 10 years and now the policy is in force. At this point of time can Shanth take loan?
 a) Mr. Shanth will not be granted any loan
 b) Mr. Shanth can take loan which would be certain percentage of the surrender value of the policy.
 c) There is no concept of loan in insurance policy
 d) Loans are allowed only in term plans
14. Mr. Akash filled the proposal form but before submitting to the company he discussed with the agent that he is not sure whether he can pay for 15 years. This attitude affects which part of the contract?
 a) Consideration in the contract
 b) Capacity to contract
 c) Consensus ad idem
 d) Offer and Acceptance in the contract
15. Mr. Karan who has to go abroad for 6 months on an official work decides to leave his car with his friend Mr. Jim. What will be the validity of the insurable interest in this case?
 a) The insurable interest between the car and Jim is valid for 6 months
 b) The insurable interest between the car and Karan is valid for 6 months
 c) The insurable interest between the car and Karan is valid until he owns it
 d) The insurable interest between the car and Jim is valid until Karan's return
16. Mr. Josh was filling the proposal form but as his mother was sitting beside him, even though he drinks and smokes he ticked "NO" in smoking & drinking column of proposal form. This indicates?
 a) He has breached the non-disclosure of the fact
 b) He has breached the 'duty of disclosure' by concealing the facts
 c) He has breached the company by fraudulent information
 d) He had done an innocent misrepresentation
17. Mr. Raj has taken an Endowment policy of 15 year term. He has paid the premium for 9 years. But now unfortunately he has lost his job. He is unable to pay the premium. What can be the best solution from the following?
 a) Converting the policy to Term policy
 b) Converting the policy to Paid up
 c) Converting the policy to money back
 d) Converting the policy to whole Life
18. Shamsher has a health insurance policy of 1, 00,000 individually and from his company for 2,00,000. He falls sick and got hospitalized. His hospital bill ran to 50,000. He claimed this amount from his individual policy. Also, he placed the request with his company for group policy claim, which was rejected. The reason for rejection that the group policy is.
 a) Indemnity contract.
 b) Value contract.
 c) Deemed contract.
 d) Rolling contract.
19. Lalu Yadav is having a saving plan with 20 years tenure. He has paid 5 annual premiums, but due to financial crisis is unable to make future premium payments. His policy
 a) Acquires surrender value.
 b) Contract comes to an end.
 c) Moneys will be forfeited.
 d) Acquires paid up value.
20. Manish took a loan from Pankaj of Rs.10 lac, Pankaj transferred his Insurance policy of Rs.10 lakhs to Manish as a security with the agreement that when Loan is fully paid, policy title will revert back to Manish. This transfer of right is called:
 a) Loan assignment
 b) Conditional Assignment
 c) Loan Agreement
 d) Absolute Assignment
21. Rakesh is having an Endowment, Money back, Term & Annuity Policy. He can to avail Loan from:
 a) Endowment Plan
 b) Term Plan
 c) Money Back Plan
 d) Annuity Plan
22. Gaurav is working in MNC. At the age of 32 he bought an Endowment Plan. He had nominated his 1 year old daughter Saanvi, but not able to get the Signature of her appointee due to unavailability of his spouse. After 5 years, he died in road accident. Now claim money would be payable to:
 a) Nominee only
 b) Legal heir of the life assured
 c) Appointee Only
 d) Will be Payable to Saanvi (Nominee) at the age of 18

23. Parvesh bought a policy under an endowment plan. But after one year, the insurer found he had Aorta Surgery which was not mentioned in the proposal. Which of the following will apply:
 a) Indisputability Clause (Section 45) apply b) Principal of Indemnity apply
 c) Lien Clause d) Utmost good faith apply
24. Jyoti is submitting a copy of the permanents account number card as age proof for buying a money back plan. Her age proof is considered as
 a) Non Standard Age Proof b) Standard Age proof
 c) an Address proof d) Proof of Income tax payer
25. Vishal and sandeep applied for a health plan in XYZ Life Insurance Company. Vishal is asked to undergo a medical checkup but Sandeep is not asked to do so. What will be the most possible reason?
 a) Sandeep has taken another policy from XYZ Life Insurance Company
 b) Vishal is older than Sandeep
 c) Sandeep is earning more then Vishal d) Vishal is working in a MNC
26. Shailesh and Ankit would be retiring in the age of 65 yrs. They have taken annuity policy at the same time. But Shailesh pays more monthly payment than Ankit for same amount of policy. Why?
 a) Shailesh is older than Ankit. b) Shailesh's income is more than Ankit's income
 c) Shailesh & Ankit want it that way d) Option 1 & 3 are correct
27. Mr. Kumar's wife is suffering from blood cancer. Doctors lost their hope on her live. Mr. Kumar would like to take Life Insurance policy on wife's name in order to get monitory benefit. Insurance company rejects this proposal on the grounds of.....
 a) Anti Money Laundry b) Legality of object of purpose
 c) Capacity of paying future premiums. d) All of the above
28. Mr. Ramesh works in a mining company. So he is exposed to.....
 a) Moral Hazard b) Occupation Hazard c) Physical Hazard d) Ethical Hazard.
29. Mr. Guptha is recently detected with lung cancer. He would like to take an insurance. What is your suggestion?
 a) Time of death is uncertain, so insurance can be given
 b) Only lung is affected so health insurance can be given.
 c) He can take insurance after submitting health certificate
 d) Cannot be given insurance for health reason
30. Mr. Santhosh working as a head master who is around 52 years had requested for an Insurance cover for Rs.1 crore. He insisted that his brother's son should be the nominee not his wife. Underwriter will verify this case for which one of the following?
 a) Physical hazard, as he is old b) Moral hazard, as he is 52 years old and wife is not the nominee
 c) Moral hazard, as coverage is high and brother's son is the nominee
 d) Moral hazard, as he is a head master and 52 years old
31. Mr. Feroz has applied for an insurance cover of Rs.4 crores. The Company will accept or reject the proposal only after confirming from one of the following agencies.
 a) Financial Inspection agencies b) Specialized inspection agencies
 c) Credit worth inspection agencies d) Insurance Investigation Agencies
32. Rakesh purchased a life insurance policy. While writing a proposal form he omits to mention that he practices mountaineering. Sadly he died in an accident while climbing Mount Everest. The insurers rejected the claim. What is the reason for rejection?
 a) Innocent misrepresentation. b) Fraudulent misrepresentation.
 c) Concealment. d) Non-Disclosure.
33. Ram Lal is an insurance policyholder. He has recently shifted his home from New Delhi to Noida. He wants the address to be changed. This change in policy document will be effective through?
 a) Terms & Condition. b) Preamble. c) Endorsement. d) Schedule.

59. Mr. Ranga has taken Critical Illness Rider. In which of the following scenarios the insurance company will pay him.....
- When Mr. Ranga dies due to critical illness
 - When Mr. Ranga is diagnosed a critical illness
 - When Mr. Ranga's family member will be in critical illness
 - When Mr. Ranga dies due to severe road accident.
60. Ajay bought a share for Rs.110 and he sold when it was Rs.630.What had happened to his share?
- Capital Appreciation
 - Capital Profit
 - Capital Benefit
 - Capital Variation
61. Mr. Yash has taken an annuity on 25th August 2011. The benefit of the plan will start from 25th August 2012. What type of annuity plan is this?
- Guaranteed period annuity
 - Life annuity
 - Deferred Annuity
 - Immediate annuity
62. Mr. Rohith wants to have a health insurance plan for his family and for his aged parents. which will be the best plan for him ?
- Group Family health insurance plan
 - Family health insurance plan
 - Family floater health insurance plan
 - Family Health benefit plan
63. Rohit is working as sales manager with an FMCG company. His job requires him to travel across states. He is planning of covering his additional risk involved while travelling and also a savings plan. What suggestion would you give him as an agent?
- To purchase an accidental rider with a savings insurance plan.
 - To purchase a health plan along with a savings insurance plan.
 - To save through fixed deposits in bank.
 - To purchase a medical plan.
64. Suresh has adequate reserve capital with him and he wishes to protect his income. Moreover he feels that if he does not die then he should get some amount. What type of plan should he opt for?
- Term Insurance Plan
 - Endowment plan
 - Return of premium plan
 - Pension plan
65. Manish and Manisha is a married couple with one child. They want to plan for savings, child education/marriage and their retirement and protection of income. Which should be their lowest priority?
- Marriage.
 - Savings.
 - Education.
 - Protection.
66. Mrs. Sheela received some amount out of her husband's death. In such a situation what will be her prime focus?
- Savings
 - Insurance
 - Investment management
 - Planning for pension
67. Mr. Raj is married and having 2 children. Which health plan can he take that can cover his whole family?
- Health Insurance
 - Family floater
 - Life Insurance
 - Retirement
68. Mr. Shanth is in his early 20s and has just started earning. His risk appetite is expected to be.....
- high
 - low
 - normal
 - Neutral.
69. Mr. Ramachandra's son Mr. Bharat has just been employed as a software engineer; daughter Anusha has got married. Now Mr. Ramachandra is free from his burden. So Mr. Ramachandra is now in thestage.
- Pre-retirement stage
 - Post retirement stage
 - Married with older children stage
 - Employment stage
70. Mr. Vinodh has lot of inconvenience to reach office every day. So he wants to buy an expensive car when he will have sufficient fund. Here Mr. Vinodh's need is.....
- Real need
 - Perceived need
 - Imaginary need
 - Important need
71. For his investment need, Ravi has parked his funds in equity. This form of investment can be categorized as
- High Risk.
 - Low Risk.
 - Moderate Risk.
 - No Risk.

83. Mr. Sham had taken a term plan in 2008. He died of cancer in 2009. Investigation about his death revealed that he was diagnosed with cancer in 2007. What will happen to his death claim?
 a) Claim will be rejected b) Claim will be settled as Cancer was not diagnosed in 2008
 c) Claim will be settled as he died in 2010 d) Claim will be delayed
84. Mr. Sampath has taken a policy on January 10th 2006 for a term of 12 years. Due to financial instability he discontinued to pay the premium from Jan 2010. He died on August 13th 2010. What will happen to his death claim?
 a) Eligible for claim as the premium was paid from 2006 to Dec 2010.
 b) Not eligible for Claim settlement
 c) Claim will be settled after deducting the unpaid premium
 d) Claim will be settled after the deduction of unpaid loan amount
85. Aman has taken a term plan for 20 years. In the 3rd year he suffered financial crisis due to which he was unable to pay premium within grace period and died after 1 month. The nominee files a claim and is rejected because
 a) The policy was not in force. b) This condition is excluded in the policy.
 c) The claim is fraudulent. d) The claim is an early claim.
86. Pranab is not able to pay premium for continuing his policy due to some financial problem. Rather than surrendering the policy, he has the option to
 a) Convert it to paid up and reduced Sum Assured would be payable on maturity.
 b) Return of Premium on maturity c) make the policy subject to lien.
 d) Deduct the underpaid premium from Sum assured and payable on Maturity
87. Ajay has bought an endowment with profit plan for 20 year. If he took a Loan after 5th year of commencement of policy and died before 2 year of Maturity. What would be payable on maturity?
 a) only Sum assured b) Sum Assured + Bonus c) Paid up value only.
 d) Sum assured plus vested bonus minus any outstanding loan/premium & Interest.
88. Which one of the following report is not considered in case of Pankaj, who bought a policy in 2009 & died in road accident in 2011:
 a) Police first information report. b) Advisor confidential report
 c) Post Mortem Report. d) Coroners Report
89. Ashish is looking at different plans of insurance for protection at the lowest premium. Which is the best plan for him?
 a) Term plan b) Endowment plan c) Whole life plan d) Money back plan.
90. Mr. Varun had taken up his agency in July 5th 2008. He lost his IRDA license while travelling. His agency is also expired. What is the solution for Mr. Varun?
 a) Need to complete 25 hrs of practical training and paying Rs.50 for the issuance of duplicate license apart from the renewal fees.
 b) Need to complete 50 hrs of practical training and paying Rs.100 for the issuance of duplicate license
 c) Need to complete 25 hrs of practical training and paying Rs.100 for the issuance of duplicate license
 d) Need to complete 50 hrs of IRDA training and paying Rs.50 for the issuance of duplicate license
91. Mrs. Hansa an agent, has planned to sell maximum products within a short span of time by giving maximum rebates to the customers to complete the contest target of the company.
 a) It will benefit both the company and the customer
 b) Reputation of the company will be high due to offers to the customer
 c) Agent will be terminated d) Agent will be qualified for the contest
92. Mr. Raghav is an expert in fact finding. Mr. Raghav helps his brother in his job by sharing the information of his clients after the fact finding he does to procure insurance. What will be the outcome?
 a) Raghav will be promoted to the next level b) Raghav will be terminated
 c) Raghav's License will be cancelled d) Customer will complain to Ombudsman

93. Harsh's policy matured. However, he was paid only 25% of the sum insured in spite of all his premiums been paid on time. This indicates that his policy is a
 a) Term plan. b) Endowment plan. c) Money back plan. d) Wholelife plan.
94. Mr. Gayaram, Insurance Advisor advised the customer to close the old policy and take new one. But new policy does not have any extra benefits but it will give more commission to Mr. Gayaram. This is called as..... a) Switching b) Churning c) Redirecting. d) Shifting.
95. Mr. Sharma is a newly recruited insurance advisor. To meet his month target he explains only some of the points of newly launched plan to his customer, in exclusion of certain other features. Here Mr. Sharma's behavior is..... a) ethical b) unethical c) professional d) Perfect.
96. Rahul is a licensed insurance agent. As an agent he must carry out his role in accordance with
 a) Company's code of conduct. b) IRDA Act's code of conduct.
 c) IRDA Regulations code of conduct. d) Insurance Acts code of conduct.
97. Shankar, an adviser, sold a term insurance policy and unit-linked insurance policy (ULIP) to Amar, the client, who is unmarried and has no dependent. Consequently, Shankar's action can be termed as
 a) Underselling of insurance policies. b) Churning.
 c) Overselling of insurance policies. d) Ethical practice by an adviser.
98. Pankaj being a licensed insurance advisor has to follow code of Conduct prescribed by:
 a) Insurance Regulatory Development Authority b) Life Insurance Company
 c) Reserve Bank of India d) SEBI.
99. During financial planning session if the agent finds out the following needs, which one should be given the top priority. Needs: Income protection, Childs education, marriage and emergency funds.
 a) Childs education b) Marriage c) Emergency funds d) Income protection
100. After doing the need analysis of the client, the agent advised the client to opt for TROP product. But the client refused. According to ethical business practices what will the agent do ?
 a) Enquire about the reason for refusal from the client b) Suggest an alternative plan
 c) Pass on to the superior d) Pass on to the other agent
101. Mr. Shanth has taken an endowment policy of 20 years. He has paid premium for 10 years and now the policy is in force. At this point of time can Shanth take loan?
 a) Mr. Shanth will not be granted any loan b) loans are allowed only in term plans
 c) Mr. Shanth can take loan which would be certain percentage of the surrender value of the policy. d) There is no concept of loan in insurance policy
102. Mr. Karan who has to go to abroad for 6 months on an official work decides to leave his car with his friend Mr. Jim. What will be the validity of the insurable interest in this case ?
 a) The insurable interest between the car and jim is valid for 6 months
 b) The insurable interest between the car and karan is valid for 6 months
 c) The insurable interest between the car and karan is valid until he owns it
 d) The insurable interest between the car and Jim is valid until Karan's return
103. Mrs. Shwetha has taken a loan from her policy. Later stage she neither paid back neither the loan nor she paid the premium for a very long time. What will happen to her policy?
 a) Policy will be foreclosed by the insurer b) Policy will be surrendered by the nominee
 c) Policy will be surrendered by the company d) Policy will be surrendered by the heir
104. Mr. Manish has a money back policy and a whole life policy. He is planning to take some loan from both the policies as he was regularly paying the premium. What is your suggestion?
 a) He regularly pays premium so he can take loan from both the policies
 b) He can surrender whole life policy and can take loan from Money back policy
 c) He can't take loan from money back but can avail loan from Whole life policy
 d) He can't take loan from whole life policy but can avail loan from Money back policy

105. In case the customer has stopped making payment of the premium for the policy. What are the two most important things required in order to revive the policy?
 a) Revival Fee and Proof of continuing good health b) Only health certificate
 c) Premium cheque and health declaration d) Premium cheque with arrears
106. An insurance agent sold two policies to two different persons having the same policy term. He declares the commission to each of them. The commission of one of the policy is more than the other. What should be the reasons for this difference?
 a) Risk profile of both the policyholder are different b) Age of both the candidate are different
 c) One has chosen Single premium policy and other has chosen regular premium policy
 d) Both have chosen different kind of policies.
107. An investor holds a wide range of shares. If the Reserve Bank of India announces a series of significant interest rate increases, the prices of these shares are most likely to
 a) Become volatile b) Decrease c) Increase d) Remain unchanged
108. After maturity in a Unit Linked Life Insurance Policy, customer does not receive the maturity amount in a lump sum. What is the possibility of receiving it in installments if it is not an annuity plan
 a) He has switched his fund b) He has opted for Settlement option
 c) He has he has redirected his past premium. d) Policy was lapsed on the time of maturity
109. In which of the following, the bank pays the Interest on the deposited fund on monthly/ quarterly /half yearly/ yearly basis as chosen by depositor:
 a) Saving Deposit b) Cumulative deposit c) Traditional Deposit d) Fixed Deposit
110. An elderly person wants to use tax efficient investment and invests in senior citizen saving scheme. Its the impact in his taxation
 a) He will get tax benefit up to 5000 b) He will get tax benefit up to 25%
 c) He will get a reduction in tax slab d) His investment would be deducted from taxable income
111. If a person is concentrating more on health plan and retirement plan then at which stage of life is he in. a) Young unmarried b) Young married c) Young married with Kids d) Pre retirement
112. During a fact finding process the needs analyzed were income replacement and children's education. But the customer insists on only a child plan for the time being and asks the agent to give him a child plan. The agent should.
 a) Do the fact finding exercise again b) Insist with the client to take a term plan
 c) Give a child plan and revisit the client on a later date d) Give the lead to another agent
113. After undertaking financial planning exercise, the prospective client said that he does not have funds for investments. To resolve this query, which skill of an agent would be tested?
 a) Objection handling skills. b) Listening skills.
 c) Communication skills. d) Client information gathering skills.
114. For the customer whose claim has been refused by the company, the three places where he/she can take up the matter are – Ombudsman, IRDA Customer Grievance Cell and
 a) Consumer Forum b) COPA c) SEBI d) Life Insurance Council
115. Under what kind of Rider the insurance company pays the treatment cost in the event of hospitalization of the insured, subject to term & Condition of the rider.
 a) Accidental death benefit (ADB) b) Critical illness (CI)
 c) Hospital Care (HC) d) Term Rider.
116. One person wants to take term plan for 20 lakh and wants to take ADB rider, he is not sure of how much sum assured he needs to take for ADB rider. What is your suggestion?
 a) Needs to take expert's suggestion b) Equal to base cover
 c) Any Amount he can take if he is ready to pay premium d) 50% of SA max.

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