

## 2007 IRDA Agent Licensing – Sample Question paper

1. Insurance is a mechanism to reduce impact of adverse events on

- a) Non-value generating assets.
- b) Value generating assets.
- c) Current assets
- d) Fixed assets

2. Perils could be

- a) Uncertain
- b) Certain
- c) Definite
- d) Unlikely

3. Insurance is a function of

- a) Uncertainty
- b) Life
- c) Society
- d) Loss

4. Insurance works on the principle of

- a) Sharing of profits
- b) Sharing of assets
- c) Sharing of losses

d) Sharing of expenses

5. A) Life Insurance protects the life of the insured.

B) Life Insurance minimizes the financial impact of untimely death.

a) A is correct b) B is correct

c) Both A & B are correct d) Both A & B are wrong

6. Occurrence of ----- has to be ----- & not a ----- of the insured person.

a. peril, uncertain, creation

b. event, certain, creation

c. risk, hazardous, profit

d. event, random, creation

7. For getting insurance you need to pay ----- and get compensated by -----.

a) Compensation, Claims

b) Claims, Premium

c) Premium, Claims

d) Fees, Claims

8. ----- is the process, which prevents entry of people who do not share the same risk.

a) New Business

b) Valuation

c) Underwriting

d) All of the above

9. Life insurance is ----- to the state's efforts in social management.

a) Complementary

b) Supplementary

c) Elementary

10. The insurance company is in the role of ----- where all decisions are taken for the benefit of the community.

a) Caveat Emptor

b) Uberrimae Fides

c) Underwriter

d) Fiduciary.

11. To make accurate statistical estimates insurance risks must be handled as per the law of

a) Law of Inertia

b) Law of Large Numbers

c) Law of Large Groups

d) None of the above

12. The insurer is in the position of ----- of funds

a) Owner

b) Partner

- c) Trustee
- d) All of the above

13. Insurance is applicable to

- a) Tangible Assets
- b) Intangible Assets
- c) Both of the above
- d) None of the above

14. Article ----- relates to Social Security

- a) 39
- b) 40
- c) 41
- d) 42

15. A) In order to be insurable a risk must be capable of  
Statistical estimation

B) In insurance only economic or financial losses can be  
Compensated.

- a) Statement A is correct
- b) Statement B is correct
- c) Both are correct
- d) None of the above

16. In the mechanism of insurance, people who are exposed to different risk come together. TRUE / FALSE.

17. A human life is an income generating asset TRUE / FALSE.

18. In order to be insurable a risk must be capable of statistical estimation TRUE / FALSE.

19. Insurance is a function of uncertainty TRUE / FALSE.

20. What is insurance?

Protection of \_\_\_\_\_ value of assets (ECONOMIC)

Mechanism to reduce impact of adverse events on \_\_\_\_\_ assets. ( VALUE GENERATING)

21. Damage to asset due to the PERIL IS CALLED Risk which an asset is exposed to TRUE / FALSE.

22. Life insurance protects the life of the insured. TRUE / FALSE.

23. Life insurance does not require any consideration. TRUE / FALSE.

24. In which of the cases Insurable interest does not exist

a. Spouse

b. Business Partner

- c. Tenant
- d. Self

25. Insurance prevents the damage of an asset due to PERIL. TRUE / FALSE.

26. Through Insurance only economic / Financial losses can be compensated. TRUE / FALSE.

27. The concept of insurance can be extended beyond the coverage of tangible assets.

TRUE / FALSE.

28. Match the following

- a. Caveat Emptor      1. False facts
- b. Uberrimae Fide    2. Influences premium fixing
- c. Misrepresentation 3. Buyer beware
- d. Material fact      4. Principle of utmost good faith

29. Caveate emptor and Ubereimae Fide put together mean that while the buyer holds the responsibility of revealing all relevant information from his side the agent is responsible to provide information only if asked for. TRUE / FALSE.

30. Caveate emptor and Ubereimae Fide put together mean that while the agent holds the responsibility of revealing all relevant information from his side the customer is responsible to provide information only if asked for. TRUE / FALSE

31. Almost all insurance policies are a combination of term and endowment policies. TRUE / FALSE.

32. Insurable interest is not defined in the insurance act 1938 TRUE / FALSE.

33. Insurable interest is not defined in the insurance act 1956 TRUE / FALSE

34. Insurable interest is defined in the IRDA act 1999 . TRUE / FALSE.

35. In group insurance, risk of individuals is not assessed TRUE/ FALSE

36. Underwriting is a process which ensures that all insured share the same risk. TRUE/ FALSE

37. Can an insolvent take a life insurance policy Yes / No

38. What is the part of surplus that is distributed to policyholders called?  
\_\_\_\_\_. (BONUS)

39. Which type of life insurance plans entitles the life insured full sum assured in the event of either death or survival? \_\_\_\_\_. endowment

40. A person's interest in his own life is .....

- a. Limited
- b. Restricted to HLV
- c. Unlimited

41. Minimum capital for new reinsurance companies entering Indian market as per IRDA norms is? \_\_\_\_\_ . 200cr

42. Which is correct

- A) Life Insurance contracts do not require consideration.
- B) Life Insurance contracts require offer and acceptance.

- (a) Statement A
- (b) Statement B
- (c) Both a and b
- (d) None of the above

43. In India, the Indian Contract Act, ---- governs commercial contracts.

- a) 1852
- b) 1862
- c) 1872



d) 1882

44. Section 45 deals with policies which are \_\_\_old

a) 2 years

b) 3years

c) 4years

d) 10years or more

46. Which of the following is not a Material Fact

a) Medical History

b) Smoking Habit

c) Earlier Insurance Taken

d) None of the above

45. 7. Which of the following relate to Material Fact

a) Caveat Emptor

b) Uberrimae Fides

c) Consensus "ad idem"

d) Legality of Object

46. . Adverse Selection refers to

a) Wrong policies being selected

b) Lack of consensus ad idem

c) Substandard lives entering insurance contracts by non-disclosure.

d) Selection of wrong target segment by insurance company.

47. The duty of disclosure in life insurance operates

a) Till the risk commences

b) On alteration

c) On revival

d) All of the above

48. A) All risks are not insurable

B) Insurance risks must be capable of financial measurement

a) Statement A is correct

b) Statement B is correct

c) Both are incorrect

d) None of the above

49. 11. Insurable Interest is

a) Defined in Insurance Act 1938

b) A legal pre-requisite

c) Both of the above

d) None of the above

50. A) Facts which everyone is supposed to know need not be disclosed

B) Facts which lessen the risk need to be disclosed

a) Statement A is correct

b) Statement B is correct

c) Both A & B are correct

d) Both A & B are wrong

51. Insurance contracts are subject to two additional principles viz.:

a) Caveat Emptor, Uberrimae Fides

b) Caveat Emptor, Consensus "ad idem"

c) Caveat Emptor, Capacity to Contract

d) Uberrimae Fides, Insurable Interest

52. A) The proposer can decide which fact is material

B) Material facts help in deciding the premium

a) Statement A is incorrect

b) Statement B is incorrect

c) Both statements are incorrect

d) None of the above is correct

53. A) Hazardous profession can affect the premium
- B) A commercial pilot's premium would be different from that of a Teacher of the same age
- a) Statement A is incorrect
  - b) Statement B is incorrect
  - c) Both statements are incorrect
  - d) Both statements are correct.

www.mockbank.com