



IC 38

General insurance agent exam Question bank



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CHAPTER 1
INTRODUCTION TO INSURANCE

1. What is the name of First Fire Insurance Company in the world?

- a) Fire Office
- b) Fire Insurance Co.
- c) National Fire Insurance Co.
- d) Global Fire Office.

Ans: a

2. What is the First life and non-life insurance companies set up in India?

- a) General Insurance Corporation.
- b) IRDA
- c) The Oriental Insurance Company Ltd. and Triton Insurance Co. Ltd.
- d) United India Insurance Co. Ltd.

Ans: c.

3. When did IRDA established?

- a) 2000
- b) 1999
- c) 1998
- d) 2002.

Ans: a

4. By transferring risk to insurer, it becomes possible:

- a) To enjoy from floods
- b) To enjoy and make money from insurance
- c) To enjoy a fire in the factory
- d) To enjoy peace of mind and plan one's business more effectively.

Ans. d

5. In the insurance context "risk retention" indicates a situation where _____.

- a) Possibility of loss or damage is not there
- b) Loss producing event has no value
- c) Property is covered by insurance
- d) One decides to bear the risk and its effects.

Ans. d

6. Origins of modern insurance business can be traced to _____.

- a) Bottomry
- b) Lloyds
- c) Rhodes
- d) Malhotra Committee

Ans. b

7. "The Great Fire of London" in 1666, in which more than 13000 houses were lost, gave a boost to insurance and the first fire insurance company, called the Fire Office, was started in _____.

- a) 1666





- b) 1660
- c) 1662
- d) 1668
- e) None of the above.

Ans. d

8. In 1993 the _____ Committee was setup to explore and recommend changes for development of the industry including the reintroduction of an element of competition.

- a) Parliamentary Committee
- b) Jain Committee
- c) Insurance Reforms Committee
- d) Malhotra Committee
- e) None of the above.

Ans. d

9. The asset may lose its value on the occurrence of a certain event. This chance of loss is referred to as _____. The cause of risk event is known as _____.

- a) Profit / Loss
- b) Debit / Credit
- c) Risk / Peril
- d) Primary / Secondary
- e) None of the above.

Ans. c

10. Mr. Rakesh fears loss due to road accident. What should he do?

- a) Always remain inside the house.
- b) Employ a driver.
- c) Take insurance for his life and vehicle
- d) Whilst on road, always be on high alert.
- e) None of the above.

Ans. c

11. Lloyds Coffee House is regarded as the place where insurance started the way it is practiced today. Lloyds is located in _____.

- a) Bangalore
- b) Singapore
- c) London
- d) Dubai

Ans. c

12. Risk transfer through risk pooling is called _____.

- a) Savings
- b) Insurance





- c) Transfer
- d) Investments

Ans. b

13. Which of the following statements is true?

- a) Insurance is a method of sharing the losses of a “few” by “many”
- b). Insurance is a method of transferring the risk of an individual to another individual
- c) Insurance is a method of sharing the losses of “many” by a “few “
- d) Insurance is a method of transferring the gains of a few to the many

Ans. a

14. Before acceptance of a risk, the insurer arranges a survey and inspection of the property.

Why?

- a) To assess the risk for rating purposes
- b) To find out how the insured purchased the property
- c) To find out whether other insurers have also inspected the property
- d) To find out whether neighboring property also can be insured

Ans. a

15. Which of the following statement is true?

- a) Insurance protects the asset
- b) Insurance prevents its loss
- c) Insurance reduces possibilities of loss
- d) Insurance pays when there is loss of asset

Ans. d

16. 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?

- a) Rs.100/-
- b) Rs.200/-
- c) Rs.80/-
- d) Rs.400/-

Ans. 200

17. The measures to reduce chances of risk are known as _____.

- a) Risk retention
- b) Loss prevention
- c) Risk transfer
- d) Risk avoidance

Ans. b





CHAPTER 2
PRINCIPLES OF INSURANCE

18. The principle of contribution implies that if the same property is insured with more than one insurance company then

- a) The compensation cannot be paid
- b) The compensation is paid by all the insurers
- c) The compensation is paid in full by all the insurers
- d) The compensation paid by all the insurers together cannot exceed the actual loss suffered.

Ans : d

19. Meaning of Uberrima Fides

- a) Good faith
- b) Utmost Good faith
- c) Buyer Beware
- d) Duty of disclosure

Ans : b

20. Moral hazard means:

- a) Dishonesty or character defects in an individual
- b) Honesty and values in an individual
- c) Risk of religious beliefs
- d) Hazard of the property to be insured

Ans. a

21. _____ means transfer of all rights and remedies, with respect to the subject matter of insurance, from insured to insurer.

- a) Contribution
- b) Subrogation
- c) Legal hazard
- d) Risk pooling

Ans. b

22. An example of a fact which need not be disclosed unless asked for is _____ by the insurer.

- a) Age of the insured
- b) Presence of fire extinguisher
- c) Heart ailment
- d) Other insurance details

Ans. b

23. For the purpose of insurance an Asset must have

- a) Moral Value





- b) Social Value
- c) International Value
- d) Economical value
- e) None of the above.

Ans. d

24. Mr. Shyam, who has a factory, with plant, machinery and inventory worth Rs.70 Lakh, wants to insure them with an insurer. The chance that there would be loss or damage to the factory and its contents from fire or other insured perils is 7 out of 1000 [0.007]. What are the options available for Mr. Shyam?

- a) Since the loss probability is low he should not spend on insurance.
- b) He should purchase insurance and focus on his business.
- c) He should spare some funds to meet the loss eventuality himself.
- d) He should form an association of similar industrialists and help each other in case of loss.
- e) None of the above.

Ans. b

25. Earthquake is an example of:

- a) Catastrophic risk
- b) Dynamic risk
- c) Marginal risk
- d) Speculative risk

Ans. a

26. Risk indicates:

- a) Fear of unknown
- b) Chance of loss
- c) Disturbances at public place
- d) Hazard

Ans. b

27. Select the most appropriate logical equivalence for the statement.

Statement: Insurance cannot protect an asset from loss or damage.

- a) True
- b) False
- c) Partially true
- d) Not necessarily true

Ans. a

28. _____ means spreading one's investment in different kinds of assets.

- a) Pooling
- b) Diversification
- c) Gambling
- d) Dynamic risk

Ans. b

29. _____ is not an example of an asset.





- a) House
- b) Sunlight
- c) Plant and machinery
- d) Motor car

Ans. b

30. _____ is not an example of risk.

- a) Damage to car due to accident
- b) Damage of cargo due to rain water
- c) Damage to car tyre due to wear and tear
- d) Damage to property due to fire

Ans. c

31. _____ is a wrong statement made during negotiation of a contract.

- a) Misrepresentation
- b) Contribution
- c) Offer
- d) Representation

Ans. A

CHAPTER 3

MARKETING AND SELLING INSURANCE

32. What is the four Ps that marketing literature speaks about?

- a) People, Product, Price, Promotion and Place
- b) Product, Promise, Price and Place
- c) Product, Price, Promotion and Place
- d) Product, Price, Promotion and Premium.

Ans: c.

33. What is the difference between sale and marketing?

- a) Sale is the act of giving Product or Service in return of money. Marketing is the act of identify, serve, satisfy and retain the customer
- b) Sales is act of individual and marketing is act of group
- c) Sales is door to door canvas and Marketing is a firm
- d) Sales in confined to single product and Marketing various product.

Ans: a.

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

- a) No
- b) Don't know
- c) Yes
- d) Maybe

Ans. c

35. _____ is not among the P's of marketing.

- a) Price
- b) Product
- c) Protection
- d) Place





Ans. C

36. Insurance density is:

- a) Life insurance premium
- b) Ratio of premium to income
- c) Premium per capita
- d) Coverage per capita

Ans. c

37. Which is correct?

- a) There is no difference between Selling and marketing.
- b) All selling is part of marketing
- c) All marketing is part of selling.
- d) Lower level personnel do selling while higher level officials do marketing.
- e) None of the above.

Ans. b

38. It emphasizes the need to build strong customer relationships that go beyond just the business transaction. It has been considered an important source for getting repeat business and also for cross selling other products to loyal customers who are nurtured through such relationships.

- a) Risk Management
- b) Finance Management
- c) Customer Relationship Management
- d) Human Resource Management
- e) None of the above.

Ans.c

39. Classification of customers into various market segments, having common features is known as _____.

- a) Sales
- b) Segmentation
- c) Marketing
- d) Prospecting

Ans. b

40. Negotiation is a process _____.

- a) To win some how
- b) To give discounts to the customer
- c) To reach a win-win situation
- d) To argue and defeat the prospect

Ans. c

41. Prospecting in an insurance sale is

- a) Gathering the names of people who may be interested in insurance
- b) Preparing a list of all the persons in the city
- c) Enlisting all the policyholders of the branch office
- d) Preparing list of all the agents in the neighborhood

Ans. a





42. Which of the following is not part of sales process?

- a) Prospecting
- b) Sales interview
- c) Loss assessment
- d) Closing

Ans. c

43. Need-gap analysis involves, finding about prospect:

- a) Identifying the areas where the prospect needs insurance protection
- b) Identifying people to work as insurance agents
- c) Identifying how much assets a prospect has
- d) Identifying the poverty level of the prospects

Ans. a

44. Insurance is part of _____ industry.

- a) Manufacturing
- b) Financial services
- c) Consumer goods
- d) Share market

Ans. b

45. Cold Calling is:

- a) Meeting customers in winter
- b) Meeting customers when they are suffering from cold
- c) Meeting people unannounced
- d) Meeting customer after fire was extinguished

Ans. C

CHAPTER 4

LEGAL AND REGULATORY ASPECTS OF INSURANCE AGENCY

46. What is the product an insurance agent promotes or sells?

- a) Policy
- b) Mutual Fund
- c) Promise on behalf of insurance company accepting premium assuring to compensate loss of money if misfortune occurs
- d) None of these.

Ans: c

47. In which year IRDA bill passed?

- a) 1999
- b) 2000
- c) 1938
- d) 2002.

Ans: a.

48. In which year Insurance Act is passed in India?

- a) 1680
- b) 1938





- c) 2015
- d) 1999.

Ans: b

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

- _____.
- a) Cancel the license
 - b) Issue a duplicate license
 - c) Renew the existing license
 - d) Take some fees from the agent

Ans. a

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

- a) Indicate the scale of commission if asked by the customer
- b) Share the commission by way of rebate
- c) Disclose his license on demand
- d) Indicate the premium to be charged

Ans. b

51. An Insurance Agent can work for:

- a) One Life Insurer only
- b) One Non-Life Insurer only
- c) One Life Insurer, One Non-Life Insurer, One Health Insurer only
- d) One Life Insurer, One Non-Life Insurer, One Health Insurer and One Personnel Line for each insurance only.
- e) None of the above.

Ans. d

**52. Which is not applicable –
Every insurance agent shall**

- a) Identify herself / himself and the insurance company of who she / he is an insurance agent;
- b) Disclose here / his license to the prospect on demand;
- c) Explain carefully the requisite information in respect of insurance products offered for sale by her / his insurer and take into account the needs of the prospect while recommending a specific insurance plan;
- d) Identify him by giving the full family history and social status.
- e) None of the above.

Ans. c

53. Rs. _____ is the fees payable to the Authority for issue / renewal of license to Act as an Insurance Agent or Composite Insurance Agent.

- a) 250
- b) 150
- c) 520
- d) 100

Ans. a





54. Insurance agent represents the _____.

- a) Insurance company
- b) Sub-agent
- c) Co-agent
- d) Broker

Ans. a

55. The Authority may issue duplicate license in case it is _____.

- a) Lost
- b) Revoked
- c) Suspended
- d) Withdrawn

Ans. a

56. License to work as an insurance agent is issued by _____.

- a) General Insurance Corporation (GIC)
- b) Insurance Regulatory & Development Authority (IRDA)
- c) By the respective life insurance company
- d) Finance Ministry

Ans. b

57. Agent's license is to be renewed _____.

- a) Every year
- b) After 5 years
- c) After 3 years
- d) After 15 years

Ans. c

58. Minimum qualification required for an insurance agent is _____ pass.

- a) Graduate
- b) 10th
- c) Post-Graduate
- d) 7th

Ans. b

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

- a) Agent
- b) Broker
- c) Corporate agent
- d) Retail agent

Ans. b

CHAPTER 5
DOCUMENTATION

60. Silent Risk is

- a) Warranted that no manufacturing activity is carried out in the insured premises for consecutive period of 30 days or more.
- b) Warranted that manufacturing activity is carried out in the insured premises for 6 Hr a day





c) Warranted that no manufacturing activity is carried out in the insured premises for consecutive period of 60 days or more.

d) Warranted that manufacturing activity is carried out in the insured premises for 3 Hr a day

Ans : a

61. Validity of cover note is usually for a period of

a) Fortnight and rarely up to 60 days

b) Up to 30 days

c) Up to 90 days

d) Up to 100 days

Ans : a

62. The duty of disclosure arises

a) Prior to inception of the policy

b) After inception of the policy

c) Prior to inception and continues during the policy

d) There is no such duty

Ans. c

63. Premium cannot be received

a). In cash

b) By cheque

c) By promissory note

d) By credit card

Ans. c

64. Warranty

a) Is a condition expressly stated in the policy?

b) Has to be complied with

c) Both a and b

d) None of the above

Ans. c

65. A completed proposal form broadly gives information except the one:

a) Details of the insured

b) Details of the subject matter

c) Details of neighbors'

d) Details of the physical features both positive and negative - including type and quality of construction, age, presence of firefighting equipment's, the type of security etc.

e) None of the above.

Ans. c

66. As per guidelines, the company has to process the proposal within

a) No time, then and there

b) 1 week

c) 1 day

d) 15 days

e) None of the above.

Ans. d





67. _____ is the maximum limit of liability of insurer under the policy

- a) Sum insured
- b) Premium
- c) Surrender value
- d) Amount of loss

Ans. a

68. Fire proposal seeks to know

- a) Process of manufacture
- b) Details of material stored
- c) Construction of building
- d) All the above

Ans. d

69. _____ is the consideration or price paid by insured under a contract

- a) Claim amount
- b) Surrender value
- c) Maturity amount
- d) Premium

Ans. a

70. A document which provides an evidence of contract of insurance is called _____

- a) Policy
- b) Cover note
- c) Endorsement
- d) Certificate of insurance

Ans. a

71. The certificate of Motor Insurance

- a) Is not mandatory
- b) Has to be kept with self always
- c) Has to be kept in the car always
- d) Has to be kept in the bank locker

Ans. c

72. Material fact

- a) Is the value of all material covered in a policy?
- b) Not important for assessing the risk
- c) Is important as it influences the decision of the underwriter
- d) Is not important as it has no bearing on the decision of the underwriter

Ans. c

73. Renewal Notice for Motor insurance is issued by

- a) The Insured before expiry of the policy
- b) The Insurer before expiry of the policy
- c) The Insured after expiry of the policy
- d) The Insurer after expiry of the policy

Ans. b





CHAPTER 6

THEORY AND PRACTICE OF PREMIUM RATING

74. By purchasing an insurance policy insured can

- a) Reduce the impact of financial loss due to peril insured
- b) Can sale his goods for loss
- c) Need not maintain safety arrangements
- d) Need not pay taxes.

Ans: a

75. Which of the following is true?

Physical Hazards:

- a) Are not important for rate making
- b) Cannot be ascertained
- c) Can be calculated from the balance sheet
- d) Can be ascertained from information given in a proposal form

Ans. D

76. Installation of sprinkler system in the premises:

- a) Increases risk
- b) Decreases the risk
- c) Neither increases nor decreases risk
- d) Increases risk of hooding

Ans. b

77. Underwriting, in a technical sense, comprises the following steps (Find the irrelevant):

- a) Assessment and evaluation of hazard and risk in terms of frequency and severity of loss
- b) Formulation of policy coverage and terms and conditions
- c) Knowing the financial status of the insured
- d) Fixing of rates of premium
- e) None of the above.

Ans. c

78. Based on the experience of 10 years it is found that 50 motorcycles out of every 1000 motorcycles are stolen every year. What should be the theft premium per motorcycle if cost of one motorcycle is Rs.50, 000/-.

- a) Rs.250/-
- b) Rs.2500/-
- c) Rs.500/-
- d) Rs.5000/-
- e) None of the above.

Ans. b

79. _____ decides whether to accept or not to accept the risk.

- a) Assured
- b) Underwriter
- c) Agent
- d) Surveyor





Ans. b

80. _____ is the price of a given unit of insurance.

- a) Rate
- b) Premium
- c) Sum Assured
- d) Bonus

Ans. a

81. In motor insurance one of the warranties is:

- a) The vehicle should be washed daily
- b) The vehicle should not be used for speed testing
- c) The vehicle should not be used for carrying luggage for personal use
- d) The vehicle should not be run more than 200 km per day.

Ans. b

82. _____ is the maximum amount that an insurance company will indemnify to someone who files a claim.

- a) Sum insured
- b) Premium
- c) Rider
- d) Benefits

Ans. a

83. The purpose of deductible clause is to:

- a) To avoid claim payment
- b) To eliminate payment of small claims
- c) To harass the policyholder
- d) To increase the premium

Ans. b

84. _____ is not a source of information for underwriter.

- a) Annual accounts of a proposer
- b) Pre-acceptance risk survey of the asset
- c) Proposal form
- d) Registration certificate of insurer

Ans. d

85. Hazards are:

- a) Factors that increase the impact of losses
- b) Factors that increases the frequency of loss
- c) Factors that increase the impact and severity of losses
- d) Factors that decrease the impact and severity of losses

Ans. c

86. Insured's declared value in motor insurance includes:

- a) Registration
- b) Manufacturer's cost price
- c) Manufacturer's selling price
- d) Arbitrary price component





Ans. c

CHAPTER 7

PERSONAL AND RETAIL INSURANCE

87. Which of the following is not the exclusion of Personal Accident Policy

- a) Self Injury or Suicide
- b) War and allied perils
- c) Whilst committing any breach of law with criminal intent
- d) Death arising out of Accident.

Ans. d

88. The Grace Period allowed by IRDA to renew the Health Insurance policy is

- a) 15 days
- b) 7 days
- c) One Month
- d) 30 days.

Ans: d

89. Which of the following is Mandatory insurance as per Motor Vehicle Act, 1988?

- a) Fire Insurance
- b) Own damage insurance
- c) Third Party Insurance
- d) All the above.

Ans: c

90. Personal accident cover is only

- a) Whilst travelling abroad
- b) Whilst travelling in India
- c) For travelling both in India and abroad
- d) Whilst travelling in India and neighboring countries

Ans. d

91. Travel insurance covers

- a) Delay in baggage
- b) Emergency hospitalization
- c) Loss of checked baggage
- d) All the above

Ans. D

92. Shop insurance covers

- a) Dishonest acts of employees
- b) Dishonest acts of insured
- c) Dishonest acts of customers
- d) Dishonest acts of money lenders

Ans. d

93. Which of the following is not covered under P.A. Policy:

- a) Permanent Total Disability (PTC)
- b) Permanent Partial Disability (PPD)





- c) Temporary Total Disability (TTD)
- d) Temporary Partial Disability (TPD)
- e) None of the above.

Ans. d

94. Who amongst the following can take P.A. Policy:

- a) A clerk of a bank
- b) A military personnel
- c) A terrorist
- d) An insolvent person.
- e) None of the above.

Ans. a

95. Pre-existing conditions / ailments covered after a waiting period of

- a) 12 months
- b) 24 months
- c) 36 months
- d) 48 months

Ans. d

96. The following is not covered in Personal Accident

- a) Death
- b) Suicide
- c) Permanent disability
- d) Loss of one hand

Ans. b

97. In householder's insurance

- a) Gold and silver ornaments are covered
- b) Contents of one's shop is covered
- c) Cars owned by the family are covered
- d) Parcels sent by post are covered during transit

Ans. a

98. Householder's insurance covers

- a) Only the structure of the home
- b) Only the Contents of the home
- c) Both the structure and contents
- d) Both Structure and contents only when insured is not at home

Ans. c

99. Health insurance usually covers

- a) Pre-hospitalization treatment
- b) Post-hospitalization treatment
- c) Domiciliary treatment
- d) All of the above

Ans. d

100. In shopkeeper's insurance, which of the following are not covered?

- a) Machinery breakdown





- b) Malicious damage
- c) Business interruption
- d) Willful destruction by insured

Ans. d

101. In shopkeeper's insurance which of the following are usually not covered

- a) Money in till/counter at business premises
- b) Money in transit from bank to business premises
- c) Money in safe at business premises
- d) Money carried by customer to business premises.

Ans. d

102. For Travel insurance the sum insured depends on

- a) Age
- b) Number of days of trip
- c) Countries to be visited
- d) All the above

Ans. d

103. Personal Accident insurance helps to protect the insured from financial losses arising as a result of accident due to

- a) Death
- b) Disablement
- c) Injury
- d) All the above

Ans. d

104. Accident denotes an event caused by

- a) External, violent and visible means
- b) Internal, friendly and invisible means
- c) Sudden, unforeseen and unexpected event
- d) Known, foreseen and expected event

Ans. c

105. Accident results in

- a) Physical bodily injury
- b) Mental disorder
- c) Nervous or emotional disorder
- d) Depression or anxiety

Ans. a

106. Personal Accident covers apart from death arising out of accident

- a) Permanent Total Disability
- b) Permanent Partial Disability
- c) Temporary Total Disability
- d) All the above

Ans. d

107. Add-ons on PA policy cover what?

Ans. Ambulance charges, education fund for kids, medical expenses, family transportation,





Imported medicines, funeral expenses.

108. PA policies cover on 24 hour basis

- a) Worldwide
- b) Only in India
- c) Only in Tamil Nadu
- d) None of the above

Ans. a

109. PA policy pays value of sum insured for

- a) PPD
- b) Death & PTD
- c) TTD
- d) All the above

Ans. b

110. In the event of a fixed percentage of SI is paid as compensation

- a) PPD
- b) PTD
- c) Death
- d) TTD

Ans. a

111. PA policy does not cover

- a) Suicide
- b) Influence of alcohol & drugs
- c) War & allied perils
- d) All the above

Ans. d

112. Principles of Indemnity can be strictly applied in PA Policies.

- a) True
- b) False

Ans. b

113. Compensation paid under PA Policy is known as what?

Ans. Benefits or compensation

114. What "Principles of insurance" is not strictly applied in PA policy?

Ans. Principle of contribution

115. Premium calculation depends on various factors like

- a) Age
- b) Number of family members
- c) Occupation of the insured
- d) All the above

Ans. d

116. Depending on the hazard involved at place of work, levels of risk are considered as.....

Ans. High and low risks in 3 levels

117. If the accident results in loss of limb and loss of life, Insurer pays for

- a) Loss of life





- b) Loss of limb
- c) Loss of both
- d) None of the above

Ans. a

118. In TPD when claim is admissible the compensation is usually paid in

Ans. Lumpsum rather than every week

119. Group PA usually given to groups like banks, society covers for

- a) Employees
- b) Deposit holders
- c) Registered members
- d) All the above

Ans. d

120. Depending on the size of the group are given.

Ans. Discounts

121. Health insurance agrees to pay hospitalization expenses to the extent of

- a) Agreed Sum Insured
- b) Market Value
- c) Reinstatement Value
- d) None of the above

Ans. a

122. Health insurance covers for expenses incurred apart from Room & Nursing Charges

- a) Operation theatre charges
- b) Doctors, Anesthetist, Physicians Fees
- c) Medicines & Diagnostic tests
- d) All the above

Ans. d

123. Pre & Post hospitalization means coverage for treatment when hospitalized

- a) prior to admission – 30 days
- b) Posthospitalization – 60 days
- c) prior to admission – 45 days
- d) posthospitalization – 45 days

Ans. a & b

124. Less than 24 hrshospitalization (day care centre) treatment is also covered for under Health policies eg. lithotripsy, cataract, etc.

- a) True
- b) False

Ans. a

125. TPA Stands for

- a) Third Party Administrator
- b) Third People Administrator
- c) The Provider Administrator
- d) Third Portability Arrangement

Ans. a





126. Cashless facility is provided through a

Ans. Network provider

127. Portability - Moving between policies of the same company itself has been excluded

- a) True
- b) False

Ans. a

128. Medical expenses that are incurred for routine in nature and routine health check-ups are covered under Health policy

- a) True
- b) False

Ans. b

129. A hospital means any institution registered with the local authorities under Clinical Establishments (Registration and Regulation) Act, 2010 under Schedule of Sec 56(1)

- a) True
- b) False

Ans. a

130. Domiciliary hospitalization means – a patient

- a) Can be moved to a hospital but does not want to get admitted
- b) Cannot be moved to hospital or nursing home
- c) Cannot be moved due to lack of accommodation at the hospital
- d) The family is not interested/willing in shifting to the hospital
- e) Both b and c

Ans. e

131. Domiciliary hospitalization limit is fixed at a certain percentage of total sum insured which is within the overall limit of sum insured

- a) True
- b) False

Ans. a

132. Family floater policy – SI floats a month the family members consisting of

- a) Husband and wife alone
- b) Husband and 2 children
- c) Husband, wife and 2 children
- d) None of the above

Ans. c

133. The total premium payable for floater is than the total premium payable for non-floater where separate sums are insured for each family member

Ans. Less

134. Tax rebates are allowed for the premium paid for health insurance policies as incentives to policy holders by the Government

- a) True
- b) False

Ans. a

135. Free look period of days are allowed from the date the documents are received





by the customer

- a) 5 days
- b) 10 days
- c) 15 days
- d) Nil

Ans. c

136. Beyond the expiry date of policy for renewal grace period is allowed.

- a) 10 days
- b) 15 days
- c) 30 days
- d) 45 days

Ans. c

137. Identification Card normally carries details of the policy holder and the logo of the insurer

- a) True
- b) False

Ans. a

138. Validity of card coincides with the

Ans. Term of the policy and would be renewed from time to time.

139. Overseas Travel Insurance covers delay or cancellation of trip

- a) True
- b) False

Ans. a

140. Medical checkup prior to acceptance of the proposal is required for

- a) All individual
- b) All family members
- c) Senior citizens
- d) Business travelers

Ans. c

141. Corporate frequent travelers plan covers executives who frequently make trips outside India

- a) True
- b) False

Ans. a

142. There are limitations on the maximum duration of each trip and also the maximum number of trips that can be availed in a year – in a corporate frequent travelers plan

- a) False
- b) True

Ans. b

143. Declarations are made on the number of days of travel employee wise and premium is adjusted against the advance – on

- a) Weekly basis
- b) Daily basis





c) Yearly basis

Ans. a

144. Separate Standalone cover is given for The difference being that this cover is available while travelling worldwide and in India

Ans. Baggage

145. The coverage starts from the time the journey begins and expires on return to India or after the period of cover expires, whichever is earlier.

a) False

b) True

Ans. b

146. For employment plan premium has to be paid in

a) Indian Rupees

b) Dollars

c) Both

d) None of the above

Ans. b

147. Named perils in Householder's policy may be purchased as a less expensive alternative to a comprehensive coverage or broad policies

a) True

b) False

Ans. a

148. All Risk means that any risk that the contract

a) Does not specifically excludes is automatically covered

b) Covers all types of risk both named and unnamed

c) None of the above

Ans. a

149. Householder's policy covers jewellery worn or kept in locked safe

a) True

b) False

Ans. a

150. Some insurers provide coverage for pedal cycle, personal accident and workmen's compensation under householder's policy

a) True

b) False

Ans. a

151. In the event of loss depreciation is levied on the assets depending on its age in

a) Market Value basis

b) Reinstatement Value

Ans. a

152. RIV method is allowed only for

a) Fixed assets

b) Stocks

c) Stocks in process





d) None of the above

Ans. a

153. Most policies insure the structure of the home for its value

Ans. reconstruction value

154. SI is generally calculated by multiplying the built up area of insured's home with the construction rate per square foot

a) True

b) False

Ans. a

155. The contents are valued on market value basis i.e. current market value of similar items after applying

Ans. depreciation

156. Shopkeepers policy covers the structure and contents

a) True

b) False

Ans. a

157. Add-ons under Shopkeepers cover Baggage & Infidelity / dishonesty of employees

a) False

b) True

Ans. b

158. Burglary means- unforeseen/ unauthorized entry or exit by force with the intent to steal contents there from

a) True

b) False

Ans. a

159. Rating or premium calculation depends on factors like declared value, cubic capacity, geographical zone, age of the vehicle

a) True

b) False

Ans. a

160. Add-ons on motor vehicle policy is given for

a) Towing charges

b) Alternative car

c) Both

d) None of the above

Ans. b

CHAPTER 8

COMMERCIAL INSURANCE

161. Consequential Loss Policy provides indemnity for

a) Fire extinguishing expenses

b) Goods not covered under fire policy

c) Transportation Charges

d) Loss of Gross Profit due to peril insured.





Ans: d

162. CPM Policy means

- a) Conditional Plant Maintenance Policy
- b) Contractor's Plant & Machinery Policy
- c) Civic Maintenance policy
- d) Call and Maintenance Policy.

Ans: b

163. Marine Cargo Insurance provides cover for

- a) Ship
- b) Country boat
- c) Crews of the ship or boat
- d) Goods carried by ship or boat.

Ans: d

164. Fire Insurance Policy does not cover damage to property even as add-on cover due to _____.

- a) Floods
- b) Earthquake
- c) Fire,
- d) Bombing due to war

Ans. d

165. Premium in Burglary depends on:

- a) Security measures
- b) Location of Premises
- c) Nature of property
- d) All of the above

Ans. d

166. Employee's Compensation Policy is a type of

- a) Liability Insurance
- b) Fire Insurance
- c) Marine Cargo Insurance
- d) Engineering Insurance

Ans. a

167. Which is not covered under Fire Insurance?

- a) Fire
- b) Lightning
- c) Pollution
- d) Explosion/Implosion
- e) None of the above.

Ans. c

168. Which is not a variant of fire policy?

- a) Machinery Breakdown Policy
- b) Declaration Policy
- c) Floater Policy





- d) Reinstatement value policy.
- e) None of the above.

Ans. a

169. In Engineering insurance CAR stands for

- a) Motor Car
- b) Contractors All Risks
- c) Company's All Risks
- d) Companies All Requirements

Ans. B

170. Consequential Loss (Fire Policy) covers:

- a) Loss of profit due to damage to factory
- b) Loss of Goodwill
- c) Material wear& tear in machinery
- d) Losses due to foreign exchange fluctuations

Ans. a

171. An employer insures himself from dishonest act of his employees by _____

- a) Employees compensation policy
- b) Public Liability Insurance policy
- c) Fidelity Guarantee Insurance policy
- d) Declaration policy.

Ans. c

172. _____ refers to the body of the ship.

- a) Hull
- b) Cargo
- c) Piracy
- d) Jettison

Ans. a

173. Contractor's All Risk Policy is a variation of:

- a) Fire Insurance
- b) Life Insurance
- c) Engineering Insurance
- d) Marine Insurance

Ans. c

174. Policy which covers loss or damage to aircraft is _____.

- a) Statutory liability
- b) Property insurance
- c) Aviation insurance
- d) Money insurance

Ans. c

175. Money Insurance Policy covers:

- a) Cash in hand
- b) Money invested in Mutual Fund
- c) Money lying in Saving Bank





d) Money deposited with post office.

Ans. a

176. What is the probability of getting heads on tossing a coin?

- a) $\frac{1}{2}$
- b) $\frac{1}{4}$
- c) $\frac{3}{4}$
- d) $\frac{1}{5}$

Ans. a

177. What is the probability of getting tails on tossing a coin?

- a) $\frac{1}{2}$
- b) $\frac{1}{4}$
- c) $\frac{3}{4}$
- d) $\frac{1}{5}$

Ans. a

178. What is the probability of getting the number 1 when u roll a dice?

- a) $\frac{1}{6}$
- b) $\frac{2}{6}$
- c) $\frac{4}{6}$
- d) $\frac{5}{6}$

Ans. a

179. What is the probability of getting the number 3 when u roll a dice?

- a) $\frac{1}{6}$
- b) $\frac{2}{6}$
- c) $\frac{4}{6}$
- d) $\frac{5}{6}$

Ans. a

180. What is the probability of getting the number 6 when u roll a dice ?

- a) $\frac{1}{6}$
- b) $\frac{2}{6}$
- c) $\frac{4}{6}$
- d) $\frac{5}{6}$

Ans. a

181. What is the probability of getting the number 7 when u roll a dice?

- a) $\frac{1}{6}$
- b) 0
- c) $\frac{4}{6}$
- d) $\frac{5}{6}$

Ans. A

182. You want to cover 5 motorbikes all of Honda Shine make and model. This group is called as





- a) Similar risks
- b) Non similar risks
- c) Identical risks
- d) Different risks

Ans. a

183. You want to cover a Honda shine, Tvs50 ,skoda car, ashok Leyland truck. This group is called as

- a) Similar risks
- b) Non similar risks
- c) Identical risks

Ans. b

184. There are two houses: One built with stone and another with wood. Which will catch fire easily?

- a) Wood
- b) Stone

Ans. a

185. For underwriting a Fire insurance policy one must know:

- a) Causes of fire, impact of fire on goods, process involved in industry, climate
- b) Port/road conditions, problems, problems of cargo/goods in transit, seaworthiness
- c) Age, medical aspects, fitness level and family history
- d) None of the above

Ans. a

186. For underwriting a Health insurance policy one must know:

- a) Causes of fire, impact of fire on goods, process involved in industry, climate
- b) Port/road conditions, problems, problems of cargo/goods in transit, seaworthiness
- c) Age, medical aspects, fitness level and family history
- d) None of the above

Ans. c

187. For underwriting a marine insurance policy one must know:

- a) Causes of fire, impact of fire on goods, process involved in industry, climate
- b) Port/road conditions, problems, problems of cargo/goods in transit, seaworthiness
- c) Age, medical aspects, fitness level and family history
- d) None of the above

Ans. b

188. Premium = _____

- a) Sum Insured X rate
- b) Sum Insured/Rate
- c) (Sum insured + Rate)/1000
- d) All of the above

Ans. A





189. Sum insured is decided by

- a) Insurer
- b) Insured
- c) Agent
- d) Broker

Ans. b

190. Premium arrived at based on previous loss experience is called as

- a) Pure Premium
- b) Special Premium
- c) Normal Premium
- d) None of the above

Ans. a

191. Formula for calculating mathematical value: (L – losses, V – values)

- a) $L/V * 100$
- b) $L*V*100$
- c) $L+V$
- d) $L-V$

Ans. a

192. Which of the following are added to pure premium to arrive at final premium?

- a) Loss expenses/survey fees
- b) Agency commission
- c) Expenses of management
- d) Profit margin
- e) All of the above

Ans. e

193. Discounts are applied on premium for:

- a) Positive features of the risk
- b) Negative features of the risk
- c) None of the above
- d) Both of the above

Ans. a

194. Loadings are applied on premium for:

- a) Positive features of the risk
- b) Negative features of the risk
- c) None of the above
- d) Both of the above

Ans. b

195. Which building is superior?

- a) Concrete
- b) Timber

Ans. a

196. Which of the following are physical hazards?

- a) 20 floor building





- b) Wooden floor
- c) Old ships
- d) Sports cars
- e) All of the above

Ans. e

197. Which of the following are burglary hazards?

- a) Buildings in isolated areas
- b) Articles of high value in bulk (jewellery)
- c) Ground floor
- d) Too many doors and windows
- e) All of the above
- f) None of the above

Ans. e

198. Which of the following occupations are hazards in personal accident insurance?

- a) Jockeys
- b) Mining engineers
- c) Manual workers
- d) Options (a) and (b) only
- e) Options (a), (b) and (c)

Ans. e

199. Which of the following are the ways to address physical hazards?

- a) Loading of premium
- b) Applying warranties
- c) Excess
- d) Restricting/declining cover
- e) All of the above

Ans. e

200. Match the following warranties with their insurance:

- | | |
|-----------------|---|
| 1. Marine Cargo | a. Premises would not be used beyond normal hours |
| 2. Burglary | b. Goods are packed in tin lined cases |
| 3. Fire | c. vehicle will not be used for speed testing or racing |
| 4. Motor | d. guarded by a watchman for 24 hrs |

Ans. 1-b, 2-d, 3-a,4-c

CHAPTER 9

CLAIMS PROCEDURE

201. Non-Standard Claims means: -

- a) Accident due to using non-standard machines
- b) Claims intimated after long time
- c) Where the insured may have committed a breach of condition or warranty
- d) Act of GOD perils.

Ans: c

202. Claims involving third party property damage are assessed on the basis of





- a) Survey report
- b) Police report
- c) Actual purchase bill
- d) Declaration of owner of the property.

Ans: a.

203. Claims assessed outside the country in case of travel insurance policies are assessed by:

- a) Indian surveyors
- b) Local surveyors in the country of loss
- c) Insurer's own employees
- d) Claims settling agents named in the policy

Ans. D

204. In case of a fire claim, a report from the fire brigade:

- a) is not required
- b) is optional for the insured
- c) is necessary
- d) is part of the police report

Ans. c

205. Arbitration is a claim settlement process done _____.

- a) In the court of law
- b) By a group of surveyors
- c) By arbitrator(s) chosen by the parties involved
- d) Arbitrarily by the insurance company's employees

Ans. c

206. If an insurer settles claims promptly, this will result in:

- a) Insures will be tempted for more claims
- b) This will be the best advertisement for insurer
- c) Insurer will be in loss
- d) Only habitual claimants will take insurance.
- e) None of the above.

Ans. b

207. Motor third party claims are to be settled through:

- a) Civil Court
- b) In-house committee
- c) Motor Accident Claims Tribunal
- d) Sessions Court
- e) None of the above.

Ans. c

208. Intimation of loss is to be made:

- a) At the exact time of the loss
- b) After 15 days
- c) As soon as reasonably possible
- d) Any time after the loss

Ans. c





209. Investigation of loss is done by:

- a) Unlicensed surveyor
- b) Licensed and qualified surveyor
- c) Insured's representative
- d) Any person with a degree in engineering

Ans. b

210. What is TAT?

- a) Time and Turn
- b) Till a Time
- c) Time and Tide
- d) Turnaround Time

Ans. d

211. For personal accident claims, report of _____ is necessary.

- a) Surveyor
- b) Doctor
- c) Police
- d) Coroner

Ans. b

212. On payment of loss, salvage belongs to:

- a) Surveyors
- b) Insured
- c) Insurer
- d) Local authorities

Ans. c

213. Independent surveyors are required for claims above _____ as per the Insurance Act.

- a) Rs. 40,000
- b) Rs. 15,000
- c) Rs. 20,000
- d) Rs. 25,000

Ans. c

214. Insurers under right of subrogation are allowed to recover the loss paid from:

- a) Shipping companies only
- b) Railways and road carriers only
- c) Airlines and Port Trusts only
- d) Shipping companies and railway and road carriers and airlines and port trusts

Ans. d

CHAPTER 10

CUSTOMER SERVICE

215. Which of the following is not Customer Lifetime Value: -

- a) Historical Value
- b) Premium value





- c) Present Value
- d) Potential Value.

Ans: b.

216. Insurance Agent's role in providing great customer service

- a) Ends at the sale of a policy
- b) Ends at the settlement of claim
- c) Starts when he visiting at Insured's premises
- d) Begins at the stage of sale and continues through the duration of the contract.

Ans: d.

**217. _____ is not a tangible good. **

- a) House
- b) Insurance
- c) Mobile Phone
- d) A pair of jeans

Ans. b

218. _____ is not an indicator of service quality.

- a) Cleverness
- b) Reliability
- c) Empathy
- d) Responsiveness

Ans. a

219. _____ has jurisdiction to entertain matters where value of goods or services and the compensation claim is up to 20 lakhs

- a) High Court
- b) District Forum
- c) State Commission
- d) National Commission

Ans. b

220. The agent has to support the customer in:

- a) In getting the claim settled though he was not involved while taking the policy.
- b) Filling out the proposal for insurance.
- c) Getting the finance in the hour of distress.
- d) Business promotion.
- e) None of the above.

Ans. b

221. All risk policies cover:

- a) All losses
- b) All losses except the ones specifically excluded
- c) All losses as mentioned in the list of coverages
- d) All risk but no losses
- e) None of the above.

Ans. b

222. Consumer Protection Act deals with:





- a) Complaint against insurance companies
- b) Complaint against shopkeepers
- c) Complaint against brand
- d) Complaint against insurance companies, brand and shopkeepers

Ans. d

223. In India _____ insurance is mandatory.

- a) Motor third party liability
- b) Fire insurance for houses
- c) Travel insurance for domestic travel
- d) Personal accident

Ans. a

224. In customer relationship the first impression is created:

- a) By being confident
- b) By being on time
- c) By showing interest
- d) By being on time, showing interest and being confident

Ans. d

225. One of the methods of reducing insurance cost of an insured is _____

- a) Reinsurance
- b) Deductible
- c) Co-insurance
- d) Rebate

Ans. b

226. Select the correct statement:

- a) Ethical behavior is impossible while selling insurance
- b) Ethical behavior is not necessary for insurance agents
- c) Ethical behavior helps in developing trust between the agent and the insurer
- d) Ethical behavior is expected from the top management only

Ans. c

227. A customer having complaint regarding his insurance policy can approach IRDA through

- a) IGMS
- b) District Consumer Forum
- c) Ombudsman
- d) IGMS or District Consumer Forum or Ombudsman

Ans. a

228. Active Listening involves:

- a) Paying attention to the speaker
- b) Giving an occasional nod and smile
- c) Providing feedback
- d) Paying attention to the speaker, giving an occasional nod and smile and providing feedback

Ans. d

CHAPTER 11





INSURANCE CAREER PROSPECTS

229. Bancassurance means

- a) Bank assures the reputation of the Insured
- b) Tie up between banks and insurers to distribute insurance products to bankers customer base
- c) Bank gives assurance for claim settlement
- d) Bank assures to give all premiums to Insurance company.

Ans: b.

230. Insurance Agents are called as

- a) Middle men
- b) Insurance Brokers
- c) Insurance Advisers
- d) Insurance promoter.

Ans: c.

231. The following is not a benefit of insurance agency.

- a) No limit on income from commission
- b) Fixed salary income
- c) Freedom to decide working hours
- d) Social prestige

Ans. b

232. Following is not an insurance intermediary:

- a) Corporate agent
- b) Share broker
- c) Insurance broker
- d) Insurance agent

Ans. b

233. An agent can earn up to:

- a) 20,000 per month
- b) Rs. 10,00,000 per month
- c) Rs.1 Crore per year
- d) Unlimited amount based on her efforts

Ans. D

234. Sales people should possess the quality:

- a) Great sales people typically have a massive hunger to excel and not to improve their financial standing in the process.
- b) Great sales people typically have a massive hunger to excel and to improve their financial standing in the process.
- c) Great sales people typically have a massive hunger not to excel and to improve their financial standing in the process.
- d) Great sales people typically have a massive hunger neither to excel and nor to improve their financial standing in the process.
- e) None of the above.

Ans. b

235. What is not a reward of for a career in non-life insurance sales?





- a) Being recognized by the society as a knowledgeable professional
- b) Being able to provide insurance solutions to problems of people is a matter of immense social value that non-life insurance agents enjoy
- c) Social prestige that comes from being instrumental in financially helping out people who are affected by a misfortune
- d) Being able to help people by advising them to take a policy in disregard to cover an accident, an illness, an earthquake, flood or fire loss, is a matter of immense personal satisfaction for non-life insurance agents
- e) None of the above.

Ans. e

236. _____ is a representative of the insurance company and is governed by the principal agent relationship.

- a) Insurance agent
- b) Broker
- c) Banks
- d) Underwriter

Ans. a

237. Insurance brokers are licensed by:

- a) Insurance Regulatory & Development Authority
- b) Reserve Bank of India
- c) Security Exchange Board of India
- d) Government of India

Ans. a

238. _____ is collaboration between banks and insurers to distribute insurance products.

- a) Bancassurance
- b) Agent
- c) Broker
- d) Insurance company

Ans. a

239. _____ determines whether the proposal should be admitted, whether risk can be accepted.

- a) Agent
- b) Insurer
- c) Underwriter
- d) Insured

Ans. c

240. Following is required in insurance agency career for achieving success:

- a) Will to excel
- b) Empathy towards customer
- c) Truthfulness
- d) Will to excel, empathy towards customer and truthfulness

Ans. d





241. Broker represents:

- a) One insurance company
- b) Multiple insurance companies
- c) Insurance Regulatory and Development Authority
- d) Customer

Ans. b

242. _____ cannot become corporate agent.

- a) A co-operative society
- b) An individual
- c) A bank
- d) A broker

Ans. b

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