












Practice, Learn and Achieve
Your Goal with Prepp

LIC ADO Exam

Previous Paper

Simplifying
Government Exams

 SSC CHSL	 IAS EXAM	 RRB NTPC	 NTSE	 CDS
 SSC CGL	 CBSE UGC NET	 IBPS PO	 NDA	
 SBI PO	 IBPS CLERK	 AFCAT	 SSC JE	 CTET
 CSIR UGC NET	 CAPF	 IBPS RRB		

Insurance & Finance Marketing Awareness Question & Answers

1. Once an absolute assignment is effected under a life insurance policy, who will be the titleholder(s) of this

policy?

A. The assignor in all cases.

B. The assignee in all cases.

C. Either the assignor or assignee depending on the type of policy involved.

D. The assignor and assignee jointly.

2. How long is the free look-in period under a term insurance policy from the date of receipt of the policy

document?

A. 5 days.

B. 10 days.

C. 15 days.

D. 20 days.

3. A life insurer issued a quotation on 10 February, guaranteed for 14 days, which was accepted by the customer

on day 10. Consequently the insurer can only decline this risk if the

A. customer submits a second quotation request.

B. insurer increases its underlying premium rates.

C. market place experiences a significant downturn.

D. material facts change.

4. A policy document for a money-back policy includes the statement ‘the proposal and declaration signed by the

proposer form the basis of the contract’. In which main section of the policy document will this normally

appear?

A. Attestation.

B. Operative clause.

C. Preamble.

D. Terms and conditions.

5. A life insurance policy can only be made paid up if what particular policy feature exists?

A. Indexing contribution.

B. Nomination facility.

C. Rider benefits.

D. Savings element.

6. The main reason why a life insurance proposal form often asks for the proposer's height is to enable a

reasonable comparison with the proposer's

- A. age.
- B. gender.
- C. occupation.
- D. weight.

7. Where annually increasing flexible premiums operate under a life insurance policy, what rate of increase will

generally apply?

- A. 2.5%
- B. 3.0%
- C. 5.0%
- D. 7.5%

8. The amount paid out by the insurer under a 30-year life insurance policy exceeded the sum insured plus

revisionary bonuses. The excess is likely to result from?

A. charges refunded.

B. a frequency loading.

C. a tax rebate.

D. a terminal bonus.

9. What normally happens to the sum insured under a life insurance policy once the period of the lien expires?

A. It reduces.

B. It increases.

C. It is temporarily suspended.

D. It is replaced by a newly-underwritten sum insured.

10. The main protection need of a 19-year-old is most likely to be

- A. self-protection.
- B. home loan protection.
- C. protection of dependants.
- D. protection of children's future.

11. The concept of insurance involves a transfer of

- A. liability.
- B. needs.
- C. ownership.
- D. risk.

12. Rakesh recently bought a health insurance policy and a personal accident policy. What main section(s) of the

insurance market do these products normally fall into?

A. Life insurance in both cases.

B. Life insurance for health and non-life insurance for personal accident.

C. Non-life insurance in both cases.

D. Non-life insurance for health and life insurance for personal accident.

13. The main role of an underwriter in a non-life insurance company is normally to

A. assess the acceptability of particular risks.

B. certify a loss when claims are submitted.

C. design the structure of the products to be offered.

D. negotiate with the industry regulator.

14. Akshat is a relatively cautious person. In insurance terms, this will normally increase the likelihood that he

will

A. be considered an above average insurance risk.

B. be considered a below average insurance risk.

C. require insurance cover.

D. require reinsurance cover.

15. How are perils and hazards normally distinguished under term insurance policies?

A. Perils are medical factors which influence the risk of dying and hazards are lifestyle activities which

influence the risk of dying.

B. Perils are risks that policyholders will die before a specified date and hazards are factors which could

influence that risk.

C. Perils are factors which affect the risk being insured and hazards are the size of the risk being insured.

D. Perils are factors which could influence an insured event occurring and hazards are the actual events

which will trigger a payout.

16. In insurance terms, the risk of suffering a disability is best described as what type of risk?

A. Financial.

B. Fundamental.

C. Homogenous.

D. Speculative.

17. For a household insurance policy, insurable interest need only exist at outset and at what other point?

A. The date the cancellation period expires.

B. The date a claim occurs.

C. The date the policy document is received.

D. The termination date.

18. Rahul is employed by Sunny. In respect of this employment, Rahul automatically has insurable interest in

Sunny's life up to what limit, if any?

A. Rahul's monthly salary.

B. Rahul's pension fund value.

C. Sunny's annual profit.

D. There is no limit.

19. Arun started a 20-year term insurance policy. Once established, when, if at all, is the insurer next entitled to

ask him for proof of continuing good health?

A. At no point.

B. After the end of the first 12 months.

C. At the point when he changes occupation or retires.

D. When a lapsed policy is revived.

20. The concept of indemnity is based on the key principle that policyholders should be prevented from

A. insuring existing losses.

B. making false insurance claims.

C. paying excessively for insurance cover.

D. profiting from insurance.

21. Raunak recently arranged a life insurance policy under which he is classed as the master policyholder. This

addresses his role as

A. a creditor.

B. a debtor.

C. an employee.

D. an employer.

22. The need for investment advice from an insurance agent normally results from what overriding key factor?

A. Absence of any long-term goals.

B. Inability to prioritise future financial needs.

C. Lack of market knowledge.

D. Shortage of available funds.

23. When undertaking financial planning for individuals without capital, what savings need is likely to be

addressed in every single case?

A. Emergency funds.

B. Funds for children's savings.

C. Funds for educational costs.

D. House purchase funds.

24. Naveen is addressing his income needs by investing directly in corporate bonds. In what form will he receive

this income?

A. Annuity instalments.

B. Dividend payments.

C. Interest payments.

D. Rental payments.

25. Nikhil is looking for tax-efficient savings methods for his disposable income.

He is considering an

equity-linked savings scheme, national savings certificates and an endowment insurance policy. Premiums

for which of these investments are allowed to be deducted from his taxable income?

- A. The national savings certificates only.
- B. The equity-linked savings scheme and the national savings certificates only.
- C. The national savings certificates and the endowment insurance policy only.
- D. The equity-linked savings scheme, the national savings certificates and the endowment insurance policy.

26. 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. stagnate.

27. The main purpose of the guaranteed insurability rider benefit is to give the policyholder the right to

A. cancel a health-based exclusion after a symptom-free period.

B. include his parents under the policy.

C. increase cover when a key life event occurs.

D. maintain cover despite a fall in investment value.

28. The changes in healthcare costs over recent years has had what general impact on healthcare insurance?

A. A fall in average premium levels.

B. A reduction in underwriting requirements.

C. A rise in the need for cover.

D. A strengthening of the insurable interest rules.

29. The general need for a pension policy results from the existence of what key problem?

A. Anticipated fall in income.

B. Lack of employment opportunities.

C. Likely deterioration in health.

D. Uncertainty over investment performance.

30. Yash pays health insurance premiums for himself, his wife and his two children aged 13 and 8. Premiums for

which of these individuals will qualify as deductible from Yash's taxable income?

A. Yash only.

B. Yash and his wife only.

C. Yash, his wife and his oldest child.

D. Yash, his wife and both his children.

31. The sole focus during a client's fact-find session was healthcare requirements and estate planning. Which

main life stage is he most likely to fall into?

A. Young married.

B. Young married with children.

C. Pre-retirement.

D. Retirement.

32. Apart from the salary level, what other key feature of Alok's job is likely to have a major impact on the level of

his pension, life insurance and health insurance needs?

A. Whether the job is office or field-based.

B. The normal retirement age in relation to the job.

C. Whether the job is in the public or private sector.

D. Whether the job is manual or non-manual.

33. In the context of financial planning, how is the difference between real needs and perceived needs best

described?

A. Real needs are financial needs and perceived needs are non-financial needs.

B. Real needs are actual needs and perceived needs are based on a client's thoughts and desires.

C. Real needs are identified by the insurance agent and perceived needs are identified by the client.

D. Real needs are needs which satisfy an objective and perceived needs are needs which do not satisfy an

Objective. <https://www.freshersnow.com/previous-year-question-papers/>

34. In order to fulfil the 'know your customer' procedures, at what stage in the financial planning process is the

insurance agent most likely to request a copy of the customer's photograph?

A. At the end of the fact-find meeting.

B. At the end of the presentation meeting.

C. As soon as the application is accepted by the insurer.

D. As soon as the insurer is ready to issue the policy document.

35. An agent has recommended an investment product with non-guaranteed benefits. The benefit illustration

passed to his client will therefore use assumed annual growth rates of

A. 5% and 8%

B. 5% and 10%

C. 6% and 8%

D. 6% and 10%

36. The main purpose of including commission details in the documentation to clients is to increase

A. competitiveness.

B. efficiency.

C. flexibility.

D. transparency.

37. A client has been recommended a low-risk investment product by his insurance agent, but the client insists

the agent arranges for the money to be invested in a higher risk product. What action should the agent take?

A. Carry out these instructions, but document that this contradicts the recommendation.

B. Conduct a new fact-find.

C. Invest a reduced amount of money in this product.

D. Refuse to act for the client.

38. An insurance agent has advised a client to surrender an existing investment product and start a new

investment product. What key indicator should be used to determine whether this advice was ethical?

A. The best interests of the client.

B. The difference in potential income and capital growth between the two products.

C. The flexibility of the new product compared to the old one.

D. The views expressed by the client.

39. What key impact will low persistency levels have on insurance policyholders?

A. An enhancement in product choice.

B. An improvement in investment performance.

C. An increase in insurance cover.

D. A reduction in benefits.

40. Raju died 5 years before the end of his 30-year endowment insurance policy.

What factor most likely caused

the insurer to investigate the claim using the early death claim procedures?

A. He paid the most recent premium during the period of grace.

B. His cover was originally accepted with a premium loading on medical grounds.

C. His death resulted from a recently acquired sudden illness.

D. The policy had lapsed and was revived shortly before he died.



Latest Sarkari jobs, Govt Exam alerts, Results and Vacancies

- ▶ Latest News and Notification
- ▶ Exam Paper Analysis
- ▶ Topic-wise weightage
- ▶ Previous Year Papers with Answer Key
- ▶ Preparation Strategy & Subject-wise Books

To know more [Click Here](#)



www.prepp.in