



भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA



LIC AAO

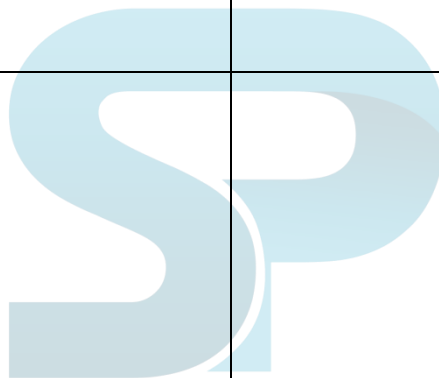
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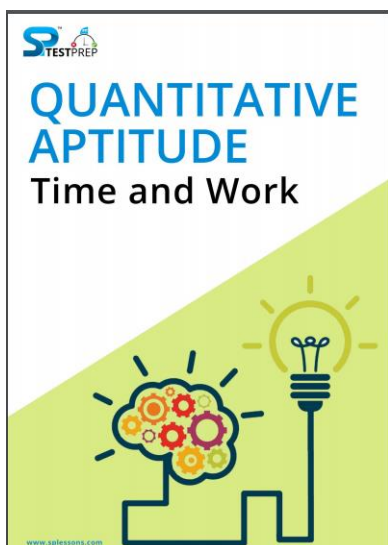
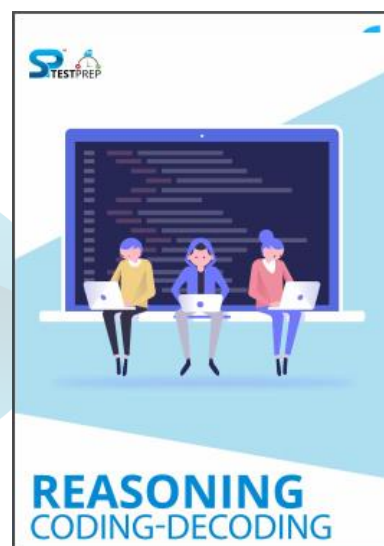


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- 1) The Government reduced the Employees State Insurance (ESI) contribution rate from 6.5% to ____.
- A. 4%
 - B. 4.5%
 - C. 5%
 - D. 5.5%
 - E. 6.5%
- 2) If a policyholder decides to terminate the policy before maturity, the amount which the insurance company will pay to the policyholder is known as ____.
- A. Termination Value
 - B. Maturity Value
 - C. Surrender Value
 - D. Pre-mature Value
 - E. Holder Value
- 3) Events or circumstances, such as fire, flooding, hailstorms, tornadoes, auto accidents, or home accidents such as slipping, that causes or may cause a loss are known as ____.
- A. Hazards
 - B. Vesting
 - C. Arbitration
 - D. Perils
 - E. Concealment
- 4) Which of the following is NOT true regarding the life insurance cover scheme PMJJBY?
- A. PMJJBY stands for 'Pradhan Mantri Jeevan Jyoti Bima Yojana'
 - B. People in the age group of 18 to 50 having bank account are eligible for scheme
 - C. The premium payable is Rs.300/- per annum per subscriber.
 - D. The scheme offers a risk Coverage of Rs.2 Lakh in case of death for any reason
 - E. All the given statements are true
- 5) LIC Housing Finance in association with Lok Bharti Education Society has recently (May 2019) launched a skill centre in Bengaluru. What's the name of Skill centre?
- A. UDYAM
 - B. Skill Insurance
 - C. MANORATH
 - D. Skill India
 - E. SHRAM
- 6) LIC formed by an Act of Parliament, viz. LIC Act, 1956, with a capital contribution of Rs. _____ from the Government of India.
- A. 5 Crore
 - B. 10 Crore



- C. 50 Crore
- D. 100 Crore
- E. 500 Crore

7) Which global insurance company has become the latest Olympic Games sponsorship partner, signing a 10-year deal with the International Olympic Committee?

- A. Metlife Insurance Company
- B. Aviva Insurance Company
- C. ING Insurance Company
- D. Allianz Insurance Company
- E. AXA Insurance Company

8) Institute of Insurance and Risk Management (IIRM) is located in which among the following cities?

- A. Manila
- B. New Delhi
- C. Singapore
- D. Hyderabad
- E. London

9) Life Insurance Corporation of India (LIC) has signed an agreement with _____ to provide group insurance coverage to all eligible demat account holders.

- A. NESL
- B. SEBI
- C. NSDL
- D. CDSL
- E. BSE

10) LICHL has partnered with which company to offer home buyers enhanced loan eligibility and easy loans?

- A. National Housing Bank (NHB)
- B. Housing Development Finance Corporation (HDFC)
- C. India Mortgage Guarantee Corporation (IMGC)
- D. PNB Housing Finance Ltd.
- E. L & T Finance Ltd.

11) In Insurance, CGL stands for?

- A. Commercial General Liability
- B. Common General Liability
- C. Captive General Liability
- D. Control General Liability
- E. None of these



12) _____ is an insurance coverage protecting the manufacturer, distributor, seller of a product against legal liability resulting from a defective condition causing personal injury, or damage, to any individual or entity, associated with the use of the product.

- A. Product Liability
- B. Unauthorized Reinsurance
- C. Retro cession
- D. Retrospective Rating
- E. None of these

13) Which Section of the IRDA Act 1999, specifies the duties, powers and functions of the authority?

- A. Section 12
- B. Section 8
- C. Section 10
- D. Section 14
- E. None of these

14) The Insurance Advisory Committee advises IRDAI on development, disclosures and regulatory aspects of the insurance industry. The Committee cannot have more than _____ members at any point of time.

- A. 15
- B. 20
- C. 25
- D. 10
- E. None of these

15) Which among the following is an IRDAI recognized apex body of licensed Insurance Brokers?

- A. IBBI
- B. FICCI
- C. IAI
- D. IBAI
- E. None of these

16) In case of an individual, the proposed shareholding in the paid up equity capital of the insurance company is capped at _____ percent.

- A. 10%
- B. 5%
- C. 20%
- D. 12%
- E. None of these

17) The first ever life insurance industry in India was set up in which city?

- A. Bombay



- B. Delhi
- C. Madras
- D. Calcutta
- E. None of these

18) Since which year, IRDA started licensing private sector companies to conduct general insurance business in India?

- A. 1999
- B. 2001
- C. 2004
- D. 1992
- E. None of these

19) Which among the following is an accidental insurance scheme?

- A. PMJJBY
- B. PMFBY
- C. PMSBY
- D. PMVVY
- E. None of these

20) What does 'Paid Up' policy mean in insurance?

- A. Policy that requires no further premium payments and continues to provide benefits till maturity.
- B. Policy that provides a life cover for a specific term
- C. Policy for which the premium is paid in a single period together
- D. Policy in which the premium gets reduced over a period of time and benefit increases till maturity
- E. None of these

21) Which among the following investigates insurance claims to determine the extent of the insuring company's liability?

- A. Insurance Agent
- B. Rider
- C. Claim Adjuster
- D. Underwriter
- E. Concealer

22) Which among the following acts was the first legislative measure to regulate life business?

- A. The Indian Insurance Companies Act, 1928
- B. The Indian Life Assurance Companies Act, 1912
- C. The IRDAI Act, 1999
- D. Life Insurance Companies Act, 1956
- E. General Insurance Business (Nationalization) Act, 1972



23) 'Bima Bemisaal' is the brand name for which of the following organization's insurance awareness campaign?

- A. Life Insurance Corporation (LIC)
- B. Insurance Regulatory and Development Authority of India (IRDAI)
- C. General Insurance Corporation of India (GIC)
- D. Employee Provident Fund Organisation (EPFO)
- E. Pension Fund Regulatory and Development Authority (PFRDA)

24) Minimizing the risk associated with a loss due to unwanted events is called ____.

- A. Insurable Risk
- B. Investment Risk
- C. Mitigation
- D. Reinstatement
- E. Reinsurance Risk

25) As per the regulations of IRDAI, which insurance policy cannot be declined to underwrite the policy?

- A. Term Insurance Policy
- B. Unit Linked Insurance Policy
- C. Third Party Insurance Policy
- D. Valued Insurance Policy
- E. Whole Life Insurance Policy

26) What is Micro Insurance Plan?

- A. Insurance given to small group of people.
- B. Insurance given to villagers.
- C. Insurance given to low income households
- D. Insurance given to single entity
- E. All of the above

27) The government of India proposed the merger of which three insurance companies?

- A. National Insurance, Oriental Insurance, United India Insurance
- B. National Insurance, General Insurance Corporation of India, United India Insurance
- C. National Insurance, General Insurance Corporation of India, New India Assurance
- D. National Insurance, General Insurance Corporation of India, Oriental Insurance
- E. New India Assurance, General Insurance Corporation of India, Oriental Insurance

28) The process of determining the cost of an insurance policy based on the actual loss experience determined as an adjustment to the initial premium payment is termed as _____

- A. Universal Life Insurance
- B. Unauthorized Reinsurance
- C. Unearned Premium



- D. Retrospective Rating
- E. None of these

29) A whole life policy in which premiums are payable as long as the insured lives is called _____

- A. Straight Life Annuity
- B. Subrogation
- C. Straight Life
- D. Subjective Risk
- E. None of these

30) The term 'insurable interest' is related to which of the following types of insurance?

- A. Life Insurance
- B. Fire Insurance
- C. Marine Insurance
- D. General Insurance
- E. All of the above





Answers and Explanation

1) Answer: A

Explanation: The Government reduced the Employees State Insurance (ESI) contribution rate to 4% from 6.5%. The reduced rates will be effective from July 1, 2019.

2) Answer: C

Explanation: If a policyholder decides to terminate the policy before maturity, the amount which the insurance company will pay to the policyholder is known as surrender value.

3) Answer: D

Explanation: A peril is an event or circumstance that causes or may potentially cause a loss. Examples: fire, flooding, hailstorms, tornadoes, hurricanes, auto accidents, or home accidents, such as falling.

4) Answer: C

Explanation: The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) – Scheme for Life Insurance Cover Eligibility: Available to people in the age group of 18 to 50 and having a bank account.

Premium: Rs.330 per annum. It will be auto-debited from account in one installment.

Risk Coverage: Rs.2 Lakh in case of death for any reason

The scheme will be offered by Life Insurance Corporation and all other life insurers who are willing to join the scheme and tie-up with participating banks for this purpose.

5) Answer: A

Explanation: LIC Housing Finance in association with Lok Bharti Education Society has launched 'UDYAM' a skilling centre in Bengaluru. Centres of Excellence (CoE) have been launched in Delhi and Bengaluru. The Centres of Excellence will provide training to marginalised youth in the BFSI, retail, and IT/ ITES sectors.

6) Answer: A

Explanation: LIC formed by an Act of Parliament, viz. LIC Act, 1956, with a capital contribution of Rs. 5 Crore from the Government of India. 245 Indian and foreign insurers and provident societies are taken over by the central government and nationalised in 1956.

7) Answer: D

Explanation: German insurance company "Allianz" has signed up as a global Olympic sponsor for a 4-Games period of 10 years.

8) Answer: D

**Explanation:**

Institute of Insurance and Risk Management (IIRM) is located in Hyderabad. It is promoted by IRDAI with the sole aim of developing the required workforce for the entire Insurance Sector.

9) **Answer:** D

Explanation: Life Insurance Corporation of India signed an agreement with Central Depository Services (India) to provide group insurance coverage to all eligible demat account holders. The facility will be available to demat account holders between the age of 18 years and 59 years.

10) **Answer:** C

Explanation: Life Insurance Corporation Housing Finance Ltd. (LICHFL) has partnered with India Mortgage Guarantee Corporation (IMGC) to offer home buyers enhanced loan eligibility and easy loans. Now, it can offer extended loan tenure for borrower till the age of 75 years.

11) **Answer:** A

Explanation: In Insurance, CGL stands for Commercial General Liability. General liability coverage for organizations is provided under the Commercial General Liability Policy (CGL).

The CGL is designed to ensure those general liability exposures that are common to most organizations, premises and operations, products and completed operations, liability arising out of independent contractors, and contractual assumptions of liability.

12) **Answer:** A

Explanation: Product Liability is an insurance coverage protecting the manufacturer, distributor, seller of a product against legal liability resulting from a defective condition causing personal injury, or damage, to any individual or entity, associated with the use of the product.

Retrocession: The amount of risk that a reinsurance company reinsures or the amount of cession that the reinsurer passes on.

Retrospective Rating: The process of determining the cost of an insurance policy after the expiration of the policy, based on the loss experience under the policy while it was in force.

13) **Answer:** D

Explanation: The Section 14 of Chapter IV of Insurance Regulatory and Development Authority Of India Act, 1999 specifies the duties, powers and functions of the authority. Additional information about other sections is provided in the following table:



Section	Provision
Section 12	Officers and employees of authority
Section 8	Bar on future employment of members
Section 10	Meetings of authority
Section 14	Duties, powers and functions of authority.

14) Answer: C

Explanation: The Insurance Regulatory and Development Authority of India released a notification on 21st March, 2017 for the Reconstitution Insurance Advisory Committee. The decision was taken according to sub section (1) of Section 25 of the IRDA Act, 1999. Total members of the Insurance Advisory Committee are 25.

15) Answer: D

Explanation: IBAI is an IRDAI recognized apex body of licensed Insurance Brokers. Additional information about other institutions is given in the following table:

Institution	Full form	Function	Key Person
IBBI	Insolvency and Bankruptcy Board of India	Reorganization and insolvency resolution of corporate persons	Dr. M. S. Sahoo
FICCI	Federation of Indian Chambers of Commerce and Industry	It is the voice of India's business and industry.	Sandip Somany
IAI	Institute of Actuaries of India (IAI)	For regulation of the profession of Actuaries in India	Mr. Sunil Sharma
<u>IBAI</u>	<u>Insurance Broker Association India</u>	<u>To promote interaction among the Insurance/Re-insurance Broker members</u>	<u>Mr. Sanjay Kedia</u>

16) Answer: A



Explanation: In case of an individual, the proposed shareholding in the paid-up equity capital of the insurance company is capped at ten (10) per cent. Paid-up capital is defined as the amount of money a company has received from shareholders in exchange for shares of stock. IRDAI (Transfer of Equity Shares of Insurance Companies)

Regulations, 2015 mentions the provisions related to paid-up equity capital of the insurance company.

17) **Answer:** D

Explanation: The first life insurance company on Indian Soil was the Oriental Life Insurance Company, started by Europeans in Calcutta in the year 1818. In 1870, the Bombay Mutual Life Assurance Society started its operations as the first Indian life insurance company.

18) **Answer:** B

Explanation:

Since 2001, IRDA started licensing private sector companies to conduct general insurance business in India. The IRDA opened up the market in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26%.

The Insurance Regulatory and Development Authority (IRDA) was constituted in 1999 as an autonomous body to regulate and develop the insurance industry according to the recommendations of the Malhotra Committee. Chairman, IRDAI : Dr. Subhash C. Khuntia

19) **Answer:** C

Explanation: Pradhan Mantri Suraksha Bima Yojana (PMSBY) provides accidental insurance coverage. Information about other insurance schemes is given in the following table:

Name	Full form	Age group	Objective
1) PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana	18 to 50 years	Death of the insured, due to any reason.
2) PMFBY	Pradhan Mantri Fasal Bima Yojana	-	For agricultural produce
3) PMSBY	Pradhan Mantri Suraksha Bima Yojana	18 to 70 years	For accidental death or disability
4) PMVVY	Pradhan Mantri Vaya Vandana Yojana	60 years and above	To provide social security during old age



20) **Answer:** A

Explanation: Paid-up Insurance Policy: An insurance policy that requires no further premium payments but continues to provide coverage.

Participating Policy: A type of insurance policy that allows policy owners to receive policy dividends. Also known as par policy.

Package Policy: A single insurance policy that combines several coverages previously sold separately.

21) **Answer:** A

Explanation: A claims adjuster investigates insurance claims to determine the extent of the insuring company's liability. Claims adjusters verify insurance claims and determine a fair amount for settlement. These can be any type of claim, from personal injury to property damage.

Underwriter – An underwriter is any party that evaluates and assumes another party's risk for a fee.

Rider – Riders are the supplementary benefits added in the primary life insurance policy purchased by the insured.

22) **Answer:** B

Explanation: The Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life business. In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies.

23) **Answer:** B

Explanation: 'Bima Bemisaal' is the brand name for the Insurance Regulatory and Development Authority of India's (IRDAI) insurance awareness campaign. It is a consumer education initiative. The tagline of the campaign 'Promoting Insurance. Protecting Insured'. Bima Bemisaal educates policyholders about their rights and obligations and informs them about the complaints resolution methods available to them. It also creates awareness about insurance among the general public.

24) **Answer:** C

Explanation:

Minimizing the risk associated with a loss due to unwanted events is called mitigation. It is an important factor which an insurance business should take into consideration so as to reduce the losses due to unwanted events.



25) Answer: C

Explanation: As per the IRDAI, no insurer can decline to underwrite third party insurance. Third Party Insurance Policy covers the third person who has been injured in an accident involving the owner and his/her car.

It doesn't provide direct benefit to the insured. This is a mandatory cover, along with the own damage cover, that a vehicle owner must purchase. This insurance cover is for any collateral damage to a third party.

26) Answer: C

Explanation: Micro Insurance Plan refers to the insurance plan given to the low income households.

This is like any other insurance plan but it focuses on low income peoples.

Under this the premium paid is very low.

27) Answer: A

Explanation: The government of India proposed the merger of National Insurance, Oriental Insurance and United India Insurance. The government wants the merger to be completed by March 31, 2019.

28) Answer: D

Explanation: An insurance policy with a premium that adjusts according to the losses experienced by the insured company, rather than according to an industry-wide loss experience is called Retrospective Rating.




29) Answer: C

Explanation: A straight life insurance policy is a type of permanent insurance that provides a guaranteed death benefit and has fixed premiums. This traditional life insurance is sometimes also known as whole life insurance or cash value insurance.

30) Answer: E

Explanation: Insurable interest refers to the interest in the property or thing insured. Only the owner can have the insurable interest in the property. It is related to all types of insurance. In case of life insurance it is related to the life of insured person and in other cases it is related to the subject matter that is insured.



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