

CHAPTER- 13 DOCUMENTATION - POLICY CONDITION

Question 1

Which of the below statement is false with regards to nomination?

- I. Policy nomination is not cancelled if the policy is assigned to the insurer in return for a loan
- II. Nomination can be done at the time of policy purchase or subsequently
- III. Nomination can be changed by making an endorsement in the policy
- IV. A nominee has full rights on the whole of the claim**

Question 2

In order for the policy to acquire a guaranteed surrender value, for how long must the premiums be paid as per law?

- I. Premiums must be paid for at least 2 consecutive years
- II. Premiums must be paid for at least 3 consecutive years**
- III. Premiums must be paid for at least 4 consecutive years
- IV. Premiums must be paid for at least 5 consecutive years

Question 3

When is a policy deemed to be lapsed?

- I. If the premiums are not paid on due date
- II. If the premiums are not paid before the due date
- III. If the premium has not been paid even during days of grace**
- IV. If the policy is surrendered

Question 4

Which of the below statement is correct with regards to grace period of an insurance policy?

- I. The standard length of the grace period is one month.
- II. The standard length of the grace period is 30 days.
- III. The standard length of the grace period is one month or 30 days.
- IV. The standard length of the grace period is one month or 31 days.**

Question 5

What will happen if the policyholder does not pay the premium by the due date and dies during the grace period?

- I. The insurer will consider the policy void due to non-payment of premium by the due date and hence reject the claim
- II. The insurer will pay the claim and waive off the last unpaid premium**
- III. The insurer will pay the claim after deducting the unpaid premium
- IV. The insurer will pay the claim after deducting the unpaid premium along with interest which will be taken as 2% above the bank savings interest rate

Question 6

During the revival of a lapsed policy, which of the below aspect is considered most significant by the insurance company? Choose the most appropriate option.

- I. Evidence of insurability at revival**
- II. Revival of the policy leading to increase in risk for the insurance company
- III. Payment of unpaid premiums with interest
- IV. Insured submitting the revival application within a specified time frame

Question 7

For an insurance policy nomination is allowed under _____ of the Insurance Act, 1938.

- I. Section 10
- II. Section 38
- III. Section 39**
- IV. Section 45

Question 8

Which of the below statement is incorrect with regards to a policy against which a loan has been taken from the insurance company?

- I. The policy will have to be assigned in favour of the insurance company
- II. The nomination of such policy will get cancelled due to assignment of the policy in favour of the insurance company**
- III. The nominee's right will affected to the extent of the insurer's interest in the policy
- IV. The policy loan is usually limited to a percentage of the policy's surrender value

Question 9

Which of the below statement is incorrect with regards to assignment of an insurance policy?

- I. In case of Absolute Assignment, in the event of death of the assignee, the title of the policy would pass to the estate of the deceased assignee.
- II. The assignment of a life insurance policy implies the act of transferring the rights right, title and interest in the policy (as property) from one person to another.
- III. It is necessary that the policyholder must give notice of assignment to the insurer.
- IV. In case of Absolute Assignment, the policy vests absolutely with the assignee till maturity, except in case of death of the insured during the policy tenure, wherein the policy reverts back to the beneficiaries of the insured.**

Question 10

Which of the below alteration will be permitted by an insurance company?

- I. Splitting up of the policy into two or more policies**
- II. Extension of the premium paying term
- III. Change of the policy from with profit policy to without profit policy
- IV. Increase in the sum assured

Question 11

Under what circumstances would the policyholder need to appoint an appointee?

- I. Insured is minor
- II. Nominee is a minor**
- III. Policyholder is not of sound mind
- IV. Policyholder is not married