

CHAPTER- 14- UNDERWRITING

Question 1

Which of the following denotes the underwriter's role in an insurance company?

- I. Process claims
- II. Decide acceptability of risks**
- III. Product design architect
- IV. Customer relations manager

Question 2

Which of the following is not an underwriting decision?

- I. Risk acceptance at standard rates
- II. Declinature of risk
- III. Postponement of risk
- IV. Claim rejection**

Question 3

Which of the following is not a standard age proof?

- I. Passport
- II. School leaving certificate
- III. Horoscope**
- IV. Birth certificate

Question 4

Which of the following condition will affect a person's insurability negatively?

- I. Daily jogs
- II. Banned substance abuse**
- III. Lazy nature
- IV. Procrastination

Question 5

Under what method of underwriting does an underwriter assign positive rating points for all negative or adverse factors (negative points for any positive or favourable factors)?

- I. Judgment
- II. Arbitrary
- III. Numerical rating**
- IV. Single step

Question 6

Under risk classification, _____ consist of those whose anticipated mortality corresponds to the standard lives represented by the mortality table.

- I. Standard lives**
- II. Preferred risks
- III. Sub-standard lives
- IV. Declined lives

Question 7

Amruta is pregnant. She has applied for a term insurance cover. Which of the below option will be the best option to choose for an underwriter to offer insurance to Amruta? Choose the most likely option.

- I. Acceptance at ordinary rates
- II. Acceptance with extra premium
- III. Decline the proposal
- IV. Acceptance with a restrictive clause**

Question 8

Which of the below insurance proposal is not likely to qualify under non-medical underwriting?

- I. Savita, aged 26 years, working in an IT company as a software engineer
- II. Mahesh, aged 50 years, working in a coal mine**
- III. Satish, aged 28 years, working in a bank and has applied for an insurance cover of Rs. 1 crore
- IV. Pravin, aged 30 years, working in a departmental store and has applied for an endowment insurance plan for a tenure of 10 years

Question 9

Sheena is suffering from acute diabetes. She has applied for an insurance plan. In this case the underwriter is most likely to use _____ for underwriting. Choose the most appropriate option.

- I. Judgment method**
- II. Numerical method
- III. Any of the above method since an illness like diabetes does not play a major role in the underwriting process
- IV. Neither of the above method as diabetes cases are rejected outright

Question 10

Santosh has applied for a term insurance policy. His anticipated mortality is significantly lower than standard lives and hence could be charged a lower premium. Under risk classification, Santosh will be classified under _____.

- I. Standard lives
- II. Preferred risks**
- III. Substandard lives
- IV. Declined lives

Question 11

Which of the following cases is likely to be declined or postponed by a life insurer?

- I. Healthy 18 year old
- II. An obese person
- III. A person suffering from AIDS**
- IV. Housewife with no income of her own

Question 12

Which of the following is an example of moral hazard?

- I. Stunt artist dies while performing a stunt
- II. A person drinking copious amounts of alcohol because he is insured**
- III. Insured defaulting on premium payments
- IV. Proposer lying on policy document

Question 13

Why is heredity history of importance in medical underwriting?

- I. Rich parents have healthy kids
- II. Certain diseases can be passed on from parents to children**
- III. Poor parents have malnourished kids
- IV. Family environment is a critical factor