

CHAPTER-3 LEGAL PRINCIPLES OF LIFE INSURANCE

(1) Which among the following is an example of coercion?

- I. Ramesh signs a contract without having knowledge of the fine print
- II. Ramesh threatens to kill Mahesh if he does not sign the contract**
- III. Ramesh uses his professional standing to get Mahesh to sign a contract
- IV. Ramesh provides false information to get Mahesh to sign a contract

(2) Which among the following options cannot be insured by Ramesh?

- I. Ramesh's house
- II. Ramesh's spouse
- III. Ramesh's friend**
- IV. Ramesh's parents

(3) Which element of a valid contract deals with premium?

- I. Offer and acceptance
- II. Consideration**
- III. Free consent
- IV. Capacity of parties to contract

(4) _____ relates to inaccurate statements, which are made without any fraudulent intention.

- I. Misrepresentation**
- II. Contribution
- III. Offer
- IV. Representation

(5) _____ involves pressure applied through criminal means.

- I. Fraud
- II. Undue influence
- III. Coercion**
- IV. Mistake

(6) Which among the following is true regarding life insurance contracts?

- I. They are verbal contracts not legally enforceable
- II. They are verbal which are legally enforceable
- III. They are contracts between two parties (insurer and insured) as per requirements of Indian Contract Act, 1872**
- IV. They are similar to wager contracts

(7) Which of the below is not a valid consideration for a contract?

- I. Money
- II. Property
- III. Bribe**
- IV. Jewellery

(8) Which of the below party is not eligible to enter into a life insurance contract?

- I. Business owner
- II. Minor**

- III. House wife
- IV. Government employee

(9) Which of the below action showcases the principle of “Uberrima Fides”?

- I. Lying about known medical conditions on an insurance proposal form
- II. Not revealing known material facts on an insurance proposal form
- III. Disclosing known material facts on an insurance proposal form**
- IV. Paying premium on time

(10) Which of the below is not correct with regards to insurable interest?

- I. Father taking out insurance policy on his son
- II. Spouses taking out insurance on one another
- III. Friends taking out insurance on one another**
- IV. Employer taking out insurance on employees

(11) When is it essential for insurable interest to be present in case of life insurance?

- I. At the time of taking out insurance**
- II. At the time of claim
- III. Insurable interest is not required in case of life insurance
- IV. Either at time of policy purchase or at the time of claim

(12) Find out the proximate cause for death in the following scenario?

Ajay falls off a horse and breaks his back. He lies there in a pool of water and contracts pneumonia. He is admitted to the hospital and dies because of pneumonia.

- I. Pneumonia
- II. Broken back
- III. Falling off a horse**
- IV. Surgery