

CHAPTER-6 LIFE INSURANCE PRODUCTS – II

Question 1

What does inter-temporal allocation of resources refer to?

- I. Postponing allocation of resources until the time is right
- II. Allocation of resources over time**
- III. Temporary allocation of resources
- IV. Diversification of resource allocation

Question 2

Which among the following is a limitation of traditional life insurance products?

- I. Yields on these policies is high
- II. Clear and visible method of arriving at surrender value
- III. Well defined cash and savings value component
- IV. Rate of return is not easy to ascertain**

Question 3

Where was the Universal Life Policy introduced first?

- I. USA**
- II. Great Britain
- III. Germany
- IV. France

Question 4

Who among the following is most likely to buy variable life insurance?

- I. People seeking fixed return
- II. People who are risk averse and do not dabble in equity
- III. Knowledgeable people comfortable with equity**
- IV. Young people in general

Question 5

Which of the below statement is true regarding ULIP's?

- I. Value of the units is determined by a formula fixed in advance
- II. Investment risk is borne by the insurer
- III. ULIP's are opaque with regards to their term, expenses and savings components**
- IV. ULIP's are bundled products

Question 6

All of the following are characteristics of variable life insurance EXCEPT:

- I. Flexible premium payments**
- II. Cash value is not guaranteed
- III. Policy owner selects where savings reserve is invested
- IV. Minimum Death benefit is guaranteed

Question 7

Which of the below is correct with regards to universal life insurance?

Statement I: It allows policy owner to vary payments

Statement II: Policy owner can earn market based rate of return on cash value

I. I is true

II. II is true

III. I and II are true

IV. I and II are false

Question 8

All of the following is true regarding ULIP's EXCEPT:

I. Unit holder can choose between different kind of funds

II. Life insurer provides guarantee for unit values

III. Units may be purchased by payment of a single premium or via regular premium payments.

IV. ULIP policy structure is transparent with regards to the insurance expenses component

Question 9

As per IRDA norms, an insurance company can provide which of the below nontraditional

savings life insurance products are permitted in India?

Choice I: Unit Linked Insurance Plans

Choice II: Variable Insurance Plans

I. I only

II. II only

III. I and II both

IV. Neither I nor II

Question 10

What does unbundling of life insurance products refers to?

I. Correlation of life insurance products with bonds

II. Correlation of life insurance products with equities

III. Amalgamation of protection and savings element

IV. Separation of the protection and savings element

(*Which among the following is a non-traditional life insurance product?

I. Term assurance

II. Universal life insurance

III. Endowment insurance

IV. Whole life insurance

(*Which of the below statement is incorrect?

I. Variable life insurance is a temporary life insurance policy

II. Variable life insurance is a permanent life insurance policy

III. The policy has a cash value account

IV. The policy provides a minimum death benefit guarantee