

CHAPTER -9 APPLICATIONS OF LIFE INSURANCE

Question 1

The sum assured under keyman insurance policy is generally linked to which of the following?

- I. Keyman income
- II. Business profitability**
- III. Business history
- IV. Inflation index

Question 2

Mortgage redemption insurance (MRI) can be categorised under _____.

- I. Increasing term life assurance
- II. Decreasing term life assurance**
- III. Variable life assurance
- IV. Universal life assurance

Question 3

Which of the below losses are covered under keyman insurance?

- I. Property theft
- II. Losses related to the extended period when a key person is unable to work**
- III. General liability
- IV. Losses caused due to errors and omission

Question 4

A policy is effected under the MWP Act. If the policyholder does not appoint a special trustee to receive and administer the benefits under the policy, the sum secured under the policy becomes payable to the _____.

- I. Next of kin
- II. Official Trustee of the State**
- III. Insurer
- IV. Insured

Question 5

Mahesh ran a business on borrowed capital. After his sudden demise, all the creditors are doing their best to go after Mahesh's assets. Which of the below assets is beyond the reach of the creditors?

- I. Property under Mahesh's name
- II. Mahesh's bank accounts
- III. Term life insurance policy purchased under Section 6 of MWP Act**
- IV. Mutual funds owned by Mahesh

Question 6

Which of the below option is true with regards to MWP Act cases?

Statement I: Maturity claims cheques are paid to policyholders

Statement II: Maturity claims cheques are paid to trustees

- I. I is true
- II. II is true**
- III. Both I and II are true

IV. Neither I nor II is true

Question 7

Which of the below option is true with regards to MWP act cases?

Statement I: Death claims are settled in favour of nominees

Statement II: Death claims are settled in favour of trustees

I. I is true

II. II is true

III. Both I and II are true

IV. Neither I nor II is true

Question 8

Ajay pays insurance premium for his employees. Which of the below insurance premium will not be treated deductible as compensation paid to employee?

Choice I: Health insurance with benefits payable to employee

Choice II: Keyman life insurance with benefits payable to Ajay

I. I only

II. II only

III. Both I and II

IV. Neither I nor II

Question 9

The practice of charging interest to borrowers who pledge their property as collateral but leaving them in possession of the property is called

_____.

I. Security

II. Mortgage

III. Usury

IV. Hypothecation

Question 10

Which of the below policy can provide protection to home loan borrowers?

I. Life Insurance

II. Disability Insurance

III. Mortgage Redemption Insurance

IV. General Insurance

Question 11

What is the objective behind Mortgage Redemption Insurance?

I. Facilitate cheaper mortgage rates

II. Provide financial protection for home loan borrowers

III. Protect value of the mortgaged property

IV. Evade eviction in case of default