Key for Associateship Examination

Guide to Life Insurance Underwriting
(Paper No. IC-22)

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Preface

We are happy to launch the 2nd edition of Life Insurance Underwriting (IC-22).

I had revised the syllabus of Associateship papers and now all the exams are conducted in Multiple Choice format.

We have covered thoroughly the whole syllabus prescribed by I.I.I and the questions and answers are given based on each chapter. The book has been prepared carefully to cover almost all types of questions that can be asked in exam.

We hope the candidates will find this book very useful in preparing for the examination. Please do go through the tips given in this book for clearing the exam successfully.

We are thankful to Shyam Agarwal, Associate Editor, and Ms Debjani for his untiring effort in preparation of the guide.

Though we have tried to make this publication error free, if you come across any error please email/fax us so that we can correct the same in next edition.

We wish you best of luck for the examination.

- Editor in Chief,
  R. G. Agarwala
  The Insurance Times
Tips for passing the exam successfully

1. Plan out your study programme in advance so that you do not leave any important topic.
2. We have covered questions in various pattern and options so that the concept of subject is clear to the candidates. Since the questions may be twisted in the exam it is not advisable to mug up the questions.
3. Before appearing in the examination try to solve questions in exam conditions by setting up time and solving the questions as if appearing in exam.
4. Do not consult too many things at a time otherwise you will confuse everything. Go step by step.
5. When you receive the question paper in the exam do not try to read the whole paper instantly as it will waste your time and if you don’t know answers of some questions you will get tensed.
6. Go through the first page and answer only the questions which you are sure as there is provision for negative marking. Likewise go through all the pages and mark answers only which you are confident of being correct.
7. Read and read carefully before answering any question as the question might have been twisted.
8. Before giving the answer, give stress on the logic and you will get the correct answer.

9. Always keep some time to review the paper.

10. Once you complete reading a chapter in the book, attempt the online mock test. If you do not score well again, you should train and reattempt the paper.

11. In the new pattern of questions, the questions are large and contain very careful constructions. To check whether the question is asking in affirmative or negative.

12. When you receive the question paper, first answer the questions in which you are confident. Say you know 40 out of 100 questions, answer them so that you are confident of securing this mark. After this, you again start from the beginning and read the question twice/thrice if you have confusion.

13. As more and more exams are being conducted in MCQ pattern, the level of difficulty is increasing. A new trend has started where you may find that most answers are right. Out of this, you will have to select the best option which best resembles the question.

14. Adopt Elimination technique. For example, out of 5 options, first figure out the option which is absolutely wrong. Then, go on eliminating the wrong options to arrive at the correct option.
15. Don’t leave any question unanswered. Since there is no negative arrived at the likely answer.

16. In many questions, the answer will be “All the above.” They may intentionally give this option to confuse you.

17. Do not leave any chapters equally. Most likely, some chapters may have more questions. Be cautious of this.

18. Relax, relax, relax while answering. Avoid anxiety. If you will take strain then chances are that you may answer incorrectly even the questions you know.

19. Well we wish you Best of Luck for the exam and hope you clear the paper in the coming attempt.
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Chapter -1

Life Underwriting - Principles & Concepts (Part 1)
1. Life insurance Underwriting is the process of:
   a. Assessing and selecting.
   b. Classifying and evaluating.
   c. Measuring and Rating.
   d. All of these.
   e. Pricing.

2. Insurance companies hire professionals called __________ to perform the task of assessing, evaluating, accepting, modifying or rejecting proposals.
   a. Evaluator.
   b. Proposers.
   c. Underwriters.
   d. Associates.
   e. Managers.

3. Underwriting helps in determining the __________ associated with an individual.
   a. Level of Risk.
   b. Age.
   c. Premium.
   d. Profit.
   e. Income.

4. Based on the level of risk associated with an individual, what decision can be taken?
a. No such decision is possible.
b. Whether or not to accept the risk.
c. Calculation of mortality.
d. Assessing the spending pattern.
e. Assessing the lifestyle.

5. Estimation of mortality is calculated based on ___________.
   a. Risk.
   b. Mortality tables.
   c. Experience.
   d. Payment capacity.
   e. Tradition.

6. In the case of underwriting, an assumption is made towards the mortality of an individual, while excluding unexpected factors such as _______.
   a. Birth.
   b. Death.
   c. Accidents.
   d. Mortality.
   e. Morbidity.

7. What are the main concerns of Life insurance underwriting?
   a. Evaluation of risk associated with providing life insurance cover to an individual.
   b. Pricing the risk.
   c. Modifying the risk.
   d. Both a and b.
   e. Both b and c.
Answers from Chapter 1 to Chapter 15

Chapter - 1
Life Underwriting - Principles & Concepts (Part 1)

Set - I

1. d. All of these.
2. c. Underwriters.
3. a. Level of Risk.
4. b. Whether or not to accept the risk.
5. b. Mortality tables.
6. c. Accidents.
7. d. Both a and b.
8. e. All of these.
10. d. All of these.
11. e. All of these.
13. e. All of these.
14. b. If the predictive mortality does not deviate too much from the value as given in the mortality table.
15. c. Either a or b.

17. e. All of these.
18. b. Premium table.
19. d. All of these.
20. e. All of these.
21. e. All of these.
22. e. All of these.
24. e. All of these.
25. d. Both a and b.
27. a. Mortality.
28. d. All of these.
29. e. All of these.
30. d. All of these.
31. d. Either a or b.
32. a. Within the lien period.
33. c. Probability.
34. c. Age.
35. e. All of these.
36. b. Morbidity.
37. d. Both a and b.
38. d. All of these.
39. d. All of these.
40. d. All of these.
41. b. Morbidity.
Life Insurance Underwriting (IC-22)

Chapter - 2

Life Underwriting - Principles & Concepts (Part 2)

Set - I

1. d. Both a and b.
5. d. Both a and b.
6. c. Proposer.
7. b. The individual (proposer) is assigned ratings on the basis of subjective judgement of the underwriter.
8. d. All of these.
9. e. All of these.
10. d. This method ensures consistency in risk classification by achieving a consistent basic mortality assessment by treating all similar lives in a similar method.

Set - II

1. a. Increasing extra risk.
2. b. Decreasing extra risk.
3. c. Constant extra risk.
4. d. All of these.
5. e. All of these.
6. d. Anyone of these.
7. d. Both a and b.
8. d. Both a and b.
9. e. All of these.
10. d. Both a and b.
11. b. Diminishing lien.
12. d. All of these. (a, b or c)
13. e. All of these.
14. e. All of these.
15. a. Within the lien....