

Key for Fellowship Examination

*Guide to
Actuarial Aspects of
Product Development*

(Paper No. IC-92)

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Preface

We are happy to launch the 5th Revised Edition of Guide to Actuarial Aspects of Product Development (IC-92).

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

Actuarial Aspect is a difficult subject for Insurance professionals and large number of students are failing in this paper.

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, 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 so that you do not leave any important topic for the last moment.
2. We have covered question options so that the concept is clear for candidates. Since the question is asked in the exam it is not advisable to skip any question.
3. Before appearing in the exam, practice solving the questions as if you are in the exam.
4. Do not consult too many tips and tricks as you will confuse everything.
5. When you receive the questions, do not try to read the whole paper. Read the question carefully and waste your time and if you are not sure about some question you will get a wrong answer.
6. Go through the first page of the questions which you are sure to answer for negative marking. Likewise, mark answers only when you are sure they are being correct.
7. Read and read carefully before answering as the question might have a twist.

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8. Before deciding the answer, read the question carefully and you will get the correct answer.
9. Always keep some time to review your answers.
10. Once you complete reading the question, make an attempt for online mock test. If you are not confident, then you can go back and read the question well again go to the chapter and read the question and then attempt the questions.
11. In the new pattern of question, the questions are large so before answering, read the question carefully. A single word or phrase in the question construction may change the meaning of the question. So, whether question is asking for a numerical answer or a conceptual answer.
12. When you receive the questions, first read all the questions in which you are confident. Then attempt the questions in which you are confident of securing marks. If you are not confident, you can skip the question and return to it again start from beginning. Do not waste time twice/thrice if you have confidence.
13. As more and more exams are conducted in MCQ pattern, the level of difficulty is increasing. So, a new trend has started where the questions are more conceptual. So, when answers are right. Out of the four options, choose the best option which best fits the question.
14. Adopt Elimination technique. First, eliminate the option which is absolutely wrong. Then, eliminate the option which is not the best option. So, go on eliminating the options to arrive at the correct answer.

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15. Don't leave any question unanswered. If you are unsure, make a guess. There is no negative marking attempt. Try to arrive at the most likely answer.
16. In many questions you will find 'All the above' as an option. Most likely in such type of question, the correct answer is 'All the above'. But again, sometimes they may intentionally give this option to trap you.
17. Do not leave any chapter. All chapters are equally important. MCQ questions are asked from all chapters. At times it happens that many questions are asked from a single chapter at your sole risk.
18. Relax, relax and relax while answering. If you will take strain then chances are you will answer incorrectly even the correct answer.
19. Well we wish you Best of Luck. We hope you clear the paper in first attempt.

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Chapter -1

Insurance Product

Model Questions Bank

1. Which statement is incorrect

- a. Chinese where among the first ones to employ methods of risk distribution
- b. First written insurance policy was found on a Babylonian Obelisk monument.
- c. Code of King Hammurabi was carved on the monument
- d. Insurance products have evolved a great deal since then
- e. All are correct

2. Identify the incorrect statement

- a. Insurance product is only a piece of paper
- b. An insurance product is a legal document which gives the holder of the document legal rights with certain conditions
- c. If insurance document is lost it cannot be replaced
- d. People buy insurance products to meet their financial security of their family
- e. An insurance product is useful to the

customer because it secures monetary compensation for the customer on occurrence of certain untoward events

3. Insurance may be required for

- a. Death
- b. Accident which causes injuries to body
- c. Accident which causes death
- d. Old-age and sickness
- e. All above

4. A proposer can enter into a contract if he/she is

- a. An individual whose age is at least 18 years at the date of proposal
- b. Minor person cannot enter into a contract as a proposer
- c. Person who is mentally stable
- d. A person who cannot sign in view of physical deformity holds the power of attorney granted by a court
- e. All above

5. Who does not have insurable interest among the following cases?