

BCOM SECOND SEMESTER CORE PAPER
PRINCIPLES OF INSURANCE

QUESTION BANK

1. Insurance works on the principle of:
 - a. Sharing of losses
 - b. Probabilities
 - c. Large numbers
 - d. Randomness
 - e. All of the above
2. Insurance helps to:
 - a. Prevent adverse situations from occurring
 - b. Reduce the financial consequences of adverse situations
 - c. Negate all consequences of adverse situations
 - d. Make assets continuously productive
 - e. All of the above
3. The term 'Risk' includes:
 - a. Damage to machinery and property
 - b. Impact on the health or life of a person
 - c. Leakage of toxic products into the atmosphere
 - d. Effect on the healthy life of the neighbourhood
 - e. All of the above
4. The main purpose of having Life insurance is:
 - a. As an avenue for long-term investment
 - b. As a medium for getting income tax benefits from savings
 - c. As a governmental programme for reducing poverty
 - d. As an avenue for short-term investment
 - e. None of the above
5. Which of the following intermediaries do not require IRDA's licence/ approval to operate in India?
 - a. Insurance Brokers
 - b. Insurance Agents
 - c. Third Party Administrators
 - d. Surveyors
 - e. All the above intermediaries require IRDA's licence/ approval
6. An actuary is expected to:
 - a. Make an exact forecast of the future liabilities of policies
 - b. Make a reasonable forecast of the future liabilities of policies
 - c. Calculate the premium required to cover a risk on a long-term basis
 - d. Find the probability of an insured event to happen in non-life policies
 - e. All the above statements are incorrect
7. The principle of _____ ensures that an insured does not profit by insuring with multiple insurers
 - a. Subrogation
 - b. Contribution
 - c. Co-insurance

- d. Indemnity
 - e. Particular Average
8. The principle of average applies when the value is _____ in the proposal
- a. Understated
 - b. Overstated
 - c. Not ascertainable
 - d. Negligible
 - e. Only sentimental
9. Fidelity Guarantee Policies cover losses due to fraud by _____
- a. Employees
 - b. Customers
 - c. Borrowers
 - d. Suppliers
 - e. Financiers
10. CTL as used in insurance
- a. Contributory Total Loss
 - b. Constructive Total Loss
 - c. Construction Totally Lost
 - d. Contractors' Total Loss
 - e. Co-insurer's Tally of Loss
11. GA as used in insurance
- a. General Assurance
 - b. General Average
 - c. General Adjustment
 - d. Guaranteed Assurance
 - e. Guaranteed Average
12. Which of the following terms matches closest with 'Family Floater'?
- a. Health insurance
 - b. Property insurance
 - c. Accidental injury
 - d. Consequential loss
 - e. Marine Partial Loss
13. In cases where a Life Insurance Agent collects the premium from the policyholder and remits it to the insurer's office, he is acting as an agent of _____
- a. IRDA
 - b. the Insurance Company
 - c. the Policyholder
 - d. the broker
 - e. the general public
14. A policy where the policyholder makes a one-time payment of premium, is known as a _____:
- a. Money-back policy
 - b. Single premium policy
 - c. Salary Savings Scheme policy
 - d. Half-yearly policy

e. Annual policy

15. i. State which of the statements given below is correct .

- a. An organisation can exist only with employees
- b. An organisation can exist only with different sections
- c. An organisation can exist only with its own office building
- d. An organisation can exist without a purpose
- e. An organisation will grow as years pass by

16. may be described as a social device to reduce or eliminate risk of loss to life and property.

- a. investment
- b. saving
- c. insurance
- d. loan

17. State which of the statements given below is correct

- a. People generally feel that life related risks are imminent
- b. Religious beliefs interfere with the purchase of life insurance
- c. People are always keen to buy insurance
- d. Life insurance cannot be denied to anyone at any time
- e. Life insurance is to be sold to people who are not in good health

18. Which of the following is/ are important activities of an organisation's Accounts Department?

- a. Keeping control on cash
- b. Investments of funds
- c. Processing bills
- d. Reconciling bank statements
- e. All of the above

19. Which of the following is an important reason for insurers to sell life insurance policies through agents?

- a. The benefits of life insurance policies are simple and clear to all
- b. People can decide which policy is best for them
- c. Agents have to earn their commissions
- d. Agents have to meet their marketing targets
- e. Many people require personalised guidance for selecting the right policy

20. Compared to the premium for a Whole Life plan, the premium for an Endowment plan will be _____ for the same age

- a. more
- b. less
- c. the same
- d. double
- e. half

21. A nomination can be made only in favour of _____

- a. a bank
- b. spouse and children with guardian
- c. spouse and minor children
- d. parents, spouse and children
- e. any individual

22. Select the expanded form of SA as commonly used in life insurance
- Sum Assured
 - Surrender of Assurance
 - Supplementary Assurance
 - Stamp Act
 - Survivor's Annuity
23. Select the expanded form of OR as commonly used in life insurance
- Oral Rehydration
 - Once Renewed
 - Ordinary Rates
 - Ordinary Renewal
 - Ombudsman's Assurance
24. Select the expanded form of SV as commonly used in life insurance
- Summary Valuation
 - Selected Value
 - Surrender Value
 - Stamp Value
 - Survivor Value
25. Which of the following terms matches closest with 'Automatic Teller Machines'?
- Divisional Offices
 - Branch Offices
 - Agents
 - Information Kiosks
 - Interactive Voice Response Systems
26. Which of the following terms matches closest with 'Foreclosure'?
- Surrender Value
 - Nominee
 - Death Claim
 - Maturity Claims
 - Bonus
27. Find out which of the given statements is incorrect
- An organisation must have a purpose
 - An organisation is identified by its actions
 - An organisation is identified by the building it occupies
 - A organisation can sue and be sued
 - A organisation can own assets
28. Find out which of the given statements is incorrect
- Accounts department has to monitor cash flow from subordinate offices
 - Marketing department has to monitor business inflow
 - Marketing department has to monitor performance of agents
 - Actuarial department is responsible for settling death claims
 - Underwriting department has to assess risk and determine premium
29. Which of the following terms is dissimilar to the other four in the context of insurable interest in life insurance?
- Employer

- b. Creditor
- c. Surety
- d. Employee
- e. Debtor

30. Which of the following terms is dissimilar to the other four in the context of death claims in life insurance?

- a. Early claims
- b. Non-early claims
- c. Foreclosure
- d. Claimant's statement
- e. Deeds of Assignment

31. As per structured formula under the Motor Vehicle Act, victims of fatal injuries are paid compensation on the basis of:

- a. Age and sex
- b. Age and number of dependents
- c. Income and size of family
- d. Age and income
- e. Income and number of dependents

32. As per the Insurance Act, every insurer has to prepare at the end of financial year

- a. Balance Sheet
- b. Profit and Loss Account
- c. Revenue Account for each class of Insurance business
- d. Accounts of receipts and payments in respect of share-holders' funds
- e. All of the above

33. The Third Party Administrator's role mainly involves

- a. Canvassing business for the insurer.
- b. Issuing documents on behalf of the insurer
- c. Arranging for reinsurance
- d. Sending renewal notices
- e. Checking and paying insurance claims

34. Time Policies relate to:

- a. Fire insurance
- b. Hull insurance
- c. Personal Accident insurance
- d. Workmen's Compensation insurance
- e. Motor vehicles insurance

35. Which clause specifies the perils insured in a scheduled form of policy?

- a. Preamble Clause
- b. Recital Clause
- c. Operative Clause
- d. Consideration Clause
- e. Attestation Clause

36. Which of the following types of insurances is mandatory?

- a. Motor Own Damage

b. Motor Third Party Legal Liability

c. Personal Accident Insurance

d. Product Liability

e. Professional Liability

37. The minimum paid up capital required for a General Insurance Company is Rs. _____

a. 25 crores

b. 50 crores

c. 75 crores

d. 100 crores

e. 200 crores

38. In 'Hit and Run' cases, claims are settled from _____

a. Solatium Fund

b. IRDA's contingency Fund

c. Insuring Company's reserves

d. Motor Third Party Pool

e. State Government's funds.

39. Select the expanded form of FPA as used in insurance

a. Freight Payable Assured

b. Free of Particular Average

c. Fire Perils Added

d. Fixed Peripherals Added

40. Select the expanded form of ALOP used in insurance

a. Advance Loss of Profits insurance

b. Agreed Loss of Profits insurance

c. Additional Loss of Profits insurance

d. Associated Loss of Profits insurance

e. Authorised Loss of Profits insurance

41. Which of the following terms matches closest with 'Professional indemnity cover'?

a. Hospitals Nursing homes

b. Insurance Companies

c. Commercial Banks

d. Fast Moving Consumer Goods

e. Practicing Surgeons

42. Insurance cannot prevent the occurrence of risk but it provides for the.....

a. losses of risk

b. occurrence of risk

c. chance of risk

d. none of these

43. The document which embodies the contract in insurance is called.....

a. security

b. policy

c. certificate

d. none of these

44. principle in insurance means maximum truth.
- subrogation
 - causa proxima
 - insurable interest
 - uberrima fides
45. Which of the following terms matches closest with 'Composite Policy'?
- Shopkeepers' insurance
 - Janatha Personal Accident insurance
 - Critical Care Health insurance
 - Marine Cargo insurance
 - Electronic Equipment insurance
46. Members of the Insurance Advisory Committee are drawn to represent the interests of different groups like:
- Surveyors, agents, advocates
 - Commerce, transport,
 - Consumer fora, industry, intermediaries,
 - Research bodies, organisations engaged in safety and loss prevention
 - Employees' association in the insurance sector, agriculture,
47. A Surveyor's role includes:
- Checking the admissibility of the loss
 - Quantification of the loss
 - Giving comments on the loss
 - Suggesting risk management measures
 - Reporting major losses to IRDA.
48. Which of the following covers is dissimilar to the other four options?
- Loss of Passport
 - Loss of Profits
 - Loss of checked in baggage
 - Delay in receiving checked in baggage
 - Cancellation/ Re-routing of scheduled flight
49. Which of the following types of insurances is dissimilar to the other four options?
- Builders' Risks insurance
 - Hut insurance
 - Crop insurance
 - Livestock insurance
 - Health insurance
50. Which of the following terms matches closest with 'Asbestosis'?
- Products
 - Pension
 - Rough Weather
 - Workmen's Compensation
 - Long Term Policies
51. Regarding 'Exclusions' find out the incorrect statement.
- Exclusions are indicated in the policy
 - Exclusions are perils or circumstances not covered

- c. Exclusions limit the coverage under the policy
 - d. Exclusions do not deal with risk coverage
 - e. All the above statements are incorrect.
52. Which of the following statements is incorrect in respect of brokers?
- a. Brokers require to undergo training before being licensed
 - b. Brokers are appointed by insured to take care of their interests
 - c. Brokers have to pass examinations before being licensed
 - d. Brokers should be registered companies or firms
 - e. Brokers are allowed to negotiate with different insurers for the same insured
53. Which of the following terms is dissimilar to the other four options?
- a. Jettison
 - b. Hit and Run
 - c. Sue and Labour
 - d. Salvage
 - e. Contamination
54. Which of the following terms is dissimilar to the other four options?
- a. Post-hospitalisation expenses
 - b. Expenses on treatment of pre-existing diseases
 - c. Reinstatement value
 - d. Funeral expenses
 - e. Ambulance charges
55. Principle of utmost good faith is also known as
- a. subrogation
 - b. causa proxima
 - c. insurable interest
 - d. uberrima fides
- 56.....principle means that the insured is not entitled to make a profit on his loss.
- a. subrogation
 - b. causa proxima
 - c. indemnity
 - d. uberrima fides
57. The purpose of Are to hold the negligent person responsible for the loss and prevent the insured from collecting twice for the same loss.
- a. subrogation
 - b. causa proxima
 - c. indemnity
 - d. uberrima fides
- 58.....principle in insurance mention the cause of loss must be direct and an insured one in order to claim for compensation.
- a. subrogation
 - b. causa proxima
 - c. indemnity
 - d. uberrima fides
- 59..... principle in insurance mention the assured must have insurable

interest in the life or property insured.

- a. subrogation
- b. causa proxima
- c. indemnity
- d. insurable interest.

60. The first insurance contract was entered into by European maritime nations in 1347 to acceptinsurance as a practice.

- a. life
- b. vehicle
- c. marine
- d. fire

61. Dr. Nicholas Barbon set up in 1667 the first fire insurance company known as the

- a. Nicolas company
- b. fire company
- c. fire insurance company
- d. fire office

62. The oldest life insurance company in existence today is the society for the equitable assurance of lives and survivorship, known as

- a. Equitable insurance
- b. Old equitable
- c. society for insurance
- d. none of these.

63. The discovered by Jakob Bernoulli around 1700 forms the basis of modern insurance.

- a. law of insurance
- b. law of large numbers
- c. law of modern insurance.
- d. none of these

64. The Sanskrit term, the name of LIC of India corporate headquarters, is found in Rig Veda.

- a. Yogaraksha
- b. Yogakarma
- c. Yogakshema
- d. all of these.

65. The company was the first insurance company to be set up in India to help the widows of the European community.

- a. Life insurance corporation of India.
- b. Oriental Life Insurance Company
- c. National insurance company
- d. Bajaj insurance

66. is the first comprehensive legislation governing both life and non-life branches of insurance was enacted to provide strict state control over the insurance business in India.

- a. Insurance Act-1938
- b. Insurance Act-1939

- c. Insurance Act-1940
 - d. Insurance Act-1941
67. The LIC of India was set up into take over 245 life companies.
- a. 1955
 - b. 1956
 - c. 1957
 - d. 1958
68.committee suggested the re-opening up of the insurance sector to private players.
- a. K.N.Malhotra
 - b. R.N.Malhothra
 - c. Nrasimham
 - d. Goyal
69. The IRDA was set up in.....
- a. 1999
 - b. 1991
 - c. 2000
 - d. 2001
70. The IRDA stands for
- a. Insurance Regulatory and Development Activity.
 - b. Insurance Reconstruction and Development Activity.
 - c. Insurance Regulatory and Development Authority.
 - d. Insurance Regulatory and Department Activity.
71. The insurance industry till august 2000 had only two nationalised players ,LIC and
- a. NI
 - b. GIC
 - c. IRDA
 - d. none of these
72. The,has allowed cooperative societies to carry on insurance business.
- a. Insurance (amendment)Act,2000
 - b. Insurance (amendment)Act,2001
 - c. Insurance (amendment)Act,2002
 - d. Insurance (amendment)Act,2003
73. The Indian insurance industry is governed by
- a. Insurance Act-1978
 - b. General Insurance Business (Nationalisation)Act.1972
 - c. Life Insurance Corporation Act,1956
 - d. Insurance Regulatory and Development Authority Act,1999
 - e. All of these
74. was constituted as an autonomous body to regulate and develop the business of insurance and reinsurance in India.
- a. LIC
 - b. GIC
 - c. IRDA

d. NBFC

75. Objective of IRDA includes

- a. policy holder protection
- b. healthy growth of the insurance market
- c. both a and b
- d. only a

76. IAIS stands for.....

- a. Internal Association of Insurance Supervisors
- b. International Association of Insurance Supervisors
- c. International Academy of Insurance Supervisors
- d. International Association of Insurance Surveyors

77. To provide the insured a speedy and inexpensive grievance redressal system, the Govt. of India promulgated.....

- a. Redressal of public grievance Rule 1987
- b. Redressal of public grievance Rule 1988
- c. Redressal of public grievance Rule 1989
- d. Redressal of public grievance Rule 1990

78. RPG rule 1988 set up an institution for building the confidence of the policy holders in insurance.

- a. management
- b. ombudsman
- c. council
- d. committee

79. An ombudsman is entrusted with.....functions

- a. managing & conciling
- b. conciliation and award making
- c. agency and principal
- d. none of the above

80. The associated with the insurance business are agents, surveyors, loss assessors, brokers, third party administrators and banks.

- a. management
- b. organisation
- c. intermediaries
- d. regulators

81. in the insurance are just like the retailers of any consumer product who help in selling and distributing the product.

- a. surveyors
- b. loss assessors
- c. agents
- d. banks

82. are independent professionals appointed by an insurance company to assess the loss or damage when a claim is notified under a policy issued by them.

- a. surveyors
- b. loss assessors
- c. agents

d. both a and b

83.....are agents but they can sell policies of several life and non-life insurance companies at a time.

- a. surveyors
- b. loss assessors
- c. brokers
- d. banks

84.....are the middlemen in the healthcare delivery chain in insurance sector.

- a. surveyors
- b. loss assessors
- c. brokers
- d. TPAs

85.....is insurance companies tying up with banks to sell insurance products.

- a. franchising
- b. merger
- c. bancassurance
- d. insured linked banking

86.....company sent 50,000 direct mailers to office –goers in Mumbai through their lunch boxes.

- a. Bajaj insurance
- b. Reliance insurance
- c. Icici insurance
- d. Tata insurance

87. ICICI prudential Life insurance company sent 50,000 direct mailers to office –goers in Mumbai through their lunch boxes.It is a

- a. Worksite marketing
- b. Direct marketing
- c. retail marketing
- d. none of these.

88. _____ is a social device for eliminating or reducing the loss of society from certain risk.

- a) Premium
- b) Policy
- c) Insurance
- d) Contract

89. Insurance provides security against _____

- a) Risk
- b) Losses
- c) Both (a) & (b)
- d) None of them

90. The _____ is the party who agrees to compensate the other person against possible losses.

- a) Insured
- b) Insurer

- c) Assured
- d) None

91. The _____ is the party who gets his life or property insured against risks.

- a) Insured
- b) Insurer
- c) Assurer
- d) None

92. The insurer agrees to compensate the insured in consideration of a sum of money is called

- a) Premium
- b) Policy
- c) Subject matter
- d) None

93. The things or property insured is called _____ of the insurance

- a) Subject matter
- b) Insurable interest
- c) Policy
- d) None

94. A contract of insurance is a _____ agreement.

- a) Contingent
- b) Constant
- c) both
- d) None of these

95. The Bombay Mutual Assurance Society Ltd. formed in _____

- a) 1870
- b) 1970
- c) 1960
- d) 1865

96. _____ was the first Indian Insurance Company

- a) Bombay Mutual Assurance Society Ltd.
- b) Bombay Insurance Society Ltd.
- c) Insurance Regulatory Development Authority
- d) General Insurance Corporation

97. Risk is evaluated on the basis of _____ theory

- a) Variability
- b) Contingency
- c) Probability
- d) All

98. From the following, which is not a type of risk?

- a) Speculative risks
- b) Dynamic risks
- c) Fundamental
- d) Quantitative

99. Insurable interest means _____ interest

- a) Individual
- b) Social
- c) Monetary
- d) All of these

100. Which of the following insurance contract is not based on the principle of indemnity.

- a) Fire insurance
- b) Marine insurance
- c) Life insurance
- d) All

101. Human life is the subject matter of a contract of _____

- a) Life assurance
- b) Fire insurance
- c) Marine insurance
- d) General insurance

102. Motor insurance provides insurance cover to _____

- a) Private vehicles
- b) Commercial vehicles
- c) Motorcycles
- d) All of these

103. Employee's State Insurance Corporation was established in _____

- a) 1968
- b) 1958
- c) 1948
- d) 1988

104. In insurance the risk is _____

- a) Certain
- b) Uncertain
- c) Both (a) & (b)
- d) None

105. Marine insurance may cover loss or damage to the _____

- a) Ship
- b) Cargo
- c) Any other subject of Marine adventure
- d) All of these

106. From the following which is not a miscellaneous insurance?

- a) Motor insurance
- b) Third party insurance
- c) Social insurance
- d) Burglary insurance

107. Marine insurance is for one year or for a specified _____

- a) Voyage
- b) Year
- c) Loss
- d) None

108. From the following which is the dilly or powers of IRDA.

- a) To regulate, promote and ensure orderly growth of the insurance business
- b) To exercise all powers and functions of the Controller of Insurance
- c) To promote and regulate professional organizations connected with insurance business
- d) All of these

109 _____ provides risks coverage to the life of person

- (a) Life Insurance
- (b) Health Insurance
- (c) Death Insurance
- (d) All of these

110. From the following which is the importance of life Insurance?

- (a) Encourage investments
- (b) Credit worthiness
- (c) Tax benefit
- (d) All of these

111. _____ refers to the right of an insurer to refuse admittance of the claim by the insured.

- (a) Replication
- (b) Repudiation
- (c) Dufalication
- (d) None

112. FPR Means _____

- (a) First Premium Receipt
- (b) Fourth Premium Receipt
- (c) First Policy Receipt
- (d) First Police Record

113. _____ is a voluntary termination of the contract by the policy holders.

- (a) Report
- (b) Surrender
- (c) Prospectus
- (d) Cover note

114. _____ means closure or writing off the policy before its actual maturity

- (a) Fore closure
- (b) Surrender
- (c) Endorsement
- (d) Cover note

115. If the insured dies before the expiry of the term of the policy, is known as _____

- (a) surrender
- (b) fore closure
- (c) Death claim
- (d) Death Policy

116. _____ is concerned with overseas trade

- (a) Life Insurance

- (b) Non-life insurance
- (c) Marine insurance
- (d) Fire insurance

117. A marine insurance is a contract of _____

- (a) Increment
- (b) Indemnity
- (c) Maturity
- (d) None

118. Which is not a subject matter of marine insurance

- (a) Hull insurance
- (b) Cargo insurance
- (c) Fright Insurance
- (d) Fire insurance

119. _____ means the body or frame of the ship or vessel and its machinery.

- (a) Cargo
- (b) Fright
- (c) Hull
- (d) Voyage

120. _____ means goods or commodities carried in a ship

- (a) Hull
- (b) Cargo
- (c) Fright
- (d) Wares

121. _____ is the charge to be paid to the transportation of the goods.

- (a) Hull
- (b) Cargo
- (c) Fright
- (d) Premium

122. The first requirement of the corporation in the cases of death claim is _____

- (a) Imitation of death
- (b) Intimation of death
- (c) Certificate of death
- (d) None of these

123. From the following which is not a content of the letter of intimation

- (a) Name of the life assured
- (b) Date of Death
- (c) Cause of death
- (d) Date of birth

124. Expanded form of PPL policy is _____

- (a) Policy Procedure of Interest
- (b) Policy Port of Interest
- (c) Policy proof of interest
- (d) Port proof of interest

125. _____ Policy is issued to cover the risks involved when the ship is anchored in the port.

- (a) Cargo

- (b) Port risk
- (c) Currency
- (d) Fleet

126. _____ policy is taken to cover different risks for a single shipment.

- (a) Blanket
- (b) Named
- (c) Specific cover
- (d) Block

127. General Insurance policies are issued for a period of

- (a) 1 year
- (b) 2 year
- (c) 10 year
- (d) 4 year

128. _____ means the act of throwing a part of the cargo over board lighten the ship in emergencies

- (a) Barratry
- (b) Jettison
- (c) Waiver
- (d) Premium

129. Fire insurance came into existence after the Great Fire of the London in _____

- (a) 1666
- (b) 1866
- (c) 1686
- (d) 1687

130. A valuable policy is just opposite to the _____

- (a) Value policy
- (b) Valued policy
- (c) Both
- (d) None

131. _____ Policy covers both fixed and current assets of insured manufactures.

- (a) Block
- (b) Blanket
- (c) Transit
- (d) Excess

132. _____ is a contract between two insures i.e. original insurer and another insurer.

- (a) Insurance
- (b) Reinsurance
- (c) Policy
- (d) Premium

133. Reinsurance can be called as _____

- (a) Insurance of Insurance
- (b) Insurance of insures
- (c) Insurance of insurance policy
- (d) None

134. _____ means insuring a risk with two or more insurers and the total

sum insured also exceeds the actual value of the subject matter.

- (a) Reinsurance
- (b) General Insurance
- (c) Single insurance
- (d) Double insurance

135. _____ involves proportionate sharing of the insurance among more than one insurer.

- (a) Reinsurance
- (b) Double Insurance
- (c) Co-insurance
- (d) None

136. _____ means insuring again.

- (a) General insurance
- (b) Reinsurance
- (c) Coinsurance
- (d) Double insurance

137. The proportion of the risk which the direct insurer holds on his own account is called _____

- (a) Cession
- (b) Retention
- (c) Retrocession
- (d) Line

138. Re-insurer is the insurer who grants a guarantee from the _____

- (a) Ceding insurer
- (b) Direct insurer
- (c) Underwriter
- (d) Line

139. From the following which is not a non-proportional form of reinsurance?

- (a) Excess of loss method
- (b) Pools method of re insurance
- (c) Treaty method of reinsurance
- (d) Quata Method of reinsurance

140. When the amount for which a subject matter is insured is more than its actual value, it is called _____

- (a) Reinsurance
- (b) Double insurance
- (c) Over insurance
- (d) None

141. _____ insurance means an alternative to purchasing insurance in a commercial market.

- (a) External
- (b) Internal
- (c) Double
- (d) Re insurance

142. _____ Insurance is a contract to provide a measure of financial support to farmers in the event of a crop failure due to drought or flood.

- (a) Cattle
- (b) Crop
- (c) Burglary
- (d) Fire

143. _____ means the transfer of all the rights and remedies available to the insured in respect of the subject matter to the insurer after indemnity has been effected.

- (a) Subrogation
- (b) Indemnity
- (c) Contribution
- (d) None

144. An unlooked mishap or an untoward event which is not expected or designed

- (a) Risk
- (b) Accident
- (c) Loss
- (d) None

145. Property Insurance may not include _____

- (a) Burglary
- (b) Fidelity
- (c) Insolvency
- (d) Sickness

146. _____ is known as Rashtriya Krishi Bima Yojana

- (a) Crop insurance
- (b) Hut Insurance
- (c) Property Insurance
- (c) None

147. Crop insurance scheme came into existence in India in _____

- (a) 1998
- (b) 1999
- (c) 1997
- (d) 2000

148. Crop insurance covers the risks of _____

- (a) Natural fire
- (b) Storm
- (c) Drought
- (d) All of these

149. Public liability Insurance act established in _____

- (a) 1990
- (b) 1991
- (c) 1992
- (d) 1993

150. From the following which is not a type of Public Liability Risk Insurance

- (a) Industrial Risk Insurance
- (b) Industrial All Risk Insurance
- (c) Non - Industrial Risk Insurance

(d) Business premises Insurance

151. _____ Policy issued on the basis of the number of persons assured.

- (a) Single life
- (b) Level Premium
- (c) Annuity
- (d) Multiple life

152. The danger of loss from the unforeseen circumstances in future refers to

- _____
- (a) Perils
 - (b) Hazards
 - (c) Damage
 - (d) Risk

153. _____ Policy is granted only in respect of stocks of inventories of the insured under fire insurance business.

- (a) Declaration
- (b) Floating
- (c) Replacement
- (d) Valued

154. The term 'Assurance' refers to _____

- (a) Life Insurance business
- (b) Fire insurance business
- (c) Motor Vehicle insurance
- (d) Marine insurance

155. _____ provides evidence of insurance to the police and Registration Authorities under Motor Vehicle Act.

- (a) Endorsement
- (b) Policy Form
- (c) Certificate of insurance
- (d) Cover note

156. Policy holders are expected to pay premium on due dates, a period of 15-30 days is allowed as grace to make payment of premium from the due date is _____

- (a) Days of grace
- (b) Days of indemnity
- (c) both
- (d) None

157. The main cause of loss or damage is _____

- (a) Proximate cause
- (b) Indirect Loss
- (c) Consequential loss
- (d) All of these

158. The cause of a possible loss, such as fire windstorm theft etc. is known as _____

- (a) Peril
- (b) Barratry
- (c) both
- (d) None

159. _____ is a package policy which provides protection against a number of

separate points.

- a) Single peril policy
- b) Group peril policy
- c) Multiperil policy
- d) None

160. _____ is the property saved from loss

- a) Profit
- b) Salvage
- c) Stand
- d) Jettison

161. When a company reinsures its liability with another, then it _____ business

- a) Cession
- b) Cedes
- c) Ceding
- d) None

162. The scope of protection provided under the contract of insurance is _____

- a) Condition
- b) Coverage
- c) Contribution
- d) None

163. Medical expense insurance is also known as _____

- a) Personal insurance
- b) Liability insurance
- c) Medi claim
- d) Fidelity

164. The risk of individuals and families are covered under _____

- a) Personal insurance
- b) Property insurance
- c) Liability insurance
- d) All

165. The central office of LIC of India is located at _____

- a) Mumbai
- b) New Delhi
- c) Bangalore
- d) Chennai

166. Under _____ insurance, loss of profit policy is called as consequential loss policy

- a) Marine
- b) Property
- c) Fire
- d) Life

167. From the following which is not an example of fundamental risk?

- a) War
- b) Unemployment
- c) Inflation

d) Burning of a house

168. _____ is also termed as group risk

a) Fundamental risk

b) Static risk

c) Property risk

d) Liability risk

169. Final accounts of Life Insurance Companies include

a) Revenue account

b) Profit and loss account

c) Receipt and payment account

d) All of these

170. From the following, which is a type of reserve in insurance business

a) Unearned Premium Reserve

b) Un-expired Risk Reserve

c) Outstanding Claims Reserve

d) All of these

171. The current ratio measures the _____ position of an insurance policy

a) Solvency

b) Liquidity

c) Profitability

d) Activity

172. _____ is also known as all risk policy

a) Comprehensive policy

b) Excess policy

c) Floating policy

d) Adjustable policy

173. Health insurance can be availed by people aged between _____ and _____

a) 10 and 100

b) 7 and 75

c) 5 and 75

d) 10 and 70

174. A health insurance should be

a) Affordable

b) Continuous

c) Universal

d) All of those

175. _____ is a plan designed for businessmen and professionals as money is available periodically.

a) Jeevan Surabhi

b) Jeevan Saathi

c) Jeevan Kishore

d) Jeevan Sukanya

176. From the following which is a character of Life Insurance Services

a) Intangibility

b) Heterogeneity

c) Inseparability

d) All of these

177. LIC Housing Finance Ltd. was incorporated on _____

a) 1984

b) 1989

c) 1969

d) 1993

178. An international code of _____ rules applied to Marine losses

a) York Antwerp rule

b) York Antiperil rule

c) Both (a) and (b)

d) None

179. New Delhi is the head office of

a) United India Insurance Co. Ltd.

b) Oriental Insurance Co. Ltd.

c) National Insurance Co. Ltd.

d) New India Assurance Co. Ltd.

180. _____ are extra benefits under the policy

a) Riders

b) Loans

c) both (a) and (b)

d) None

181. An insurance policy will be only if _____ is paid

a) Policy

b) Premium

c) Document

d) None

182. Insurable interest must be present in an _____ insurance contract at the time of contract and at the time of loss.

a) Fire

b) Marine

c) Property

d) Life

183. The transit risk caused by fire is covered under _____ policy

a) Excess policy

b) Floating policy

c) All risk policy

d) transit policy

184. _____ is the total premium that a policy holder pays

a) Gross premium

b) Avg. premium

c) Partial premium

d) All of these

185. _____ means a premium which remains unchanged through out the life of a policy.

a) Avg. premium

b) Gross premium

- c) Total premium
- d) Level premium

186. The time frame for which an insurance policy provides coverage is known as _____

- a) Policy term
- b) Policy loan
- c) Policy mode
- d) None

187. An exceptionally large risk is known as _____

- a) Great risk
- b) Jumbo risk
- c) Giant risk
- d) None

188. A person who gains or benefits as per a contract is known as _____

- a) Beneficiary
- b) Annuitant
- c) Assurer
- d) None

189. Intimation of Death is the information of death to the _____

- a) Beneficiary
- b) Insurer
- c) Both (a) and (b)
- d) None

190. Gross premium means Net premium plus _____

- a) Profit
- b) Loss
- c) Expense
- d) Expense loading

191. _____ is a form of health insurance against loss by accidental bodily injury

- a) Property insurance
- b) Marine insurance
- c) Personal insurance
- d) Accident insurance

192. Taylor Tobacco Company is concerned that the company may be held liable in a court of law and forced to pay a large damage award. The characteristics of the judicial system that increase the frequency and severity of losses is known as

- (a) moral hazard.
- (b) particular risk
- (c) speculative risk
- (d) legal hazard.

School of Distance Education

Insurance Management

193. All of the following are social costs associated with insurance EXCEPT

- (a) the expense of doing business.

- (b) fraudulent claims.
- (c) inflated claims.
- (d) increased cost of capital.

194. Bronson Company manufactures tools that it sells to wholesalers. Bronson is concerned that it may be unable to collect money the company is owed by the wholesalers. To address this risk, Bronson Company could purchase

- (a) a fidelity bond.
- (b) general liability insurance.
- (c) allied lines insurance.
- (d) credit insurance.

195. All of the following are financial risks which may be faced by business organizations EXCEPT

- (a) interest rate risk.
- (b) commodity price risk.
- (c) product liability risk.
- (d) currency exchange rate risk.

196.of India offers a range of credit risk insurance covers to exporters against loss in export of goods and services.

- a. RBI
- b. LIC
- c. ECGC
- d. NAIS

197. NAIS stands for

- a. National Agricultural Insurance Scheme
- b. National Agro Insurance Scheme
- c. National Accident Insurance Scheme
- d. National Authority for Insurance Schemes.

198. In Indiacontrols and regulate the rates, advantages , terms and conditions that may be offered by insurers in respect of general insurance business relating to marine (hull) ,motor ,engineering and workmen compensation.

- a. IRDA
- b. TAC
- c. GIC
- d. LIC

199. TAC stands for

- a. Trade Advisory Corporation
- b. Trade Advisory Committee
- c. Tariff Advisory Corporation
- d. Tariff Advisory Committee

200.is pricing of insurance products driven by market forces

- a. tariffing
- b. de-tariffing
- c. equilibrium pricing
- d. fixed pricing

201.is an amount in excess of the value of insurers assets over the

amount of liabilities. This amount is prescribed by IRDA.

- a. profit
- b. goodwill
- c. margin
- d. solvency margin.

202.....are those where a part of the premium is charged for the risk cover and the rest is invested in selected mutual funds as per the choice of the investor.

- a. mutual fund insurance
- b. unit-linked insurance
- c. double insurance
- d. partial insurance

ANSWER KEY

- 1 e 36 b 71 b 106 c 141 b 176 d
- 2 b 37 d 72 c 107 a 142 b 177 b
- 3 e 38 a 73 e 108 d 143 a 178 a
- 4 e 39 b 74 c 109 a 144 b 179 b
- 5 e 40 a 75 c 110 d 145 d 180 a
- 6 b 41 e 76 b 111 b 146 a 181 b
- 7 b 42 a 77 b 112 a 147 b 182 a
- 8 a 43 b 78 b 113 b 148 d 183 d
- 9 a 44 d 79 b 114 a 149 b 184 a
- 10 b 45 a 80 c 115 c 150 d 185 d
- 11 b 46 a 81 c 116 c 151 d 186 a
- 12 a 47 e 82 d 117 b 152 d 187 b
- 13 b 48 b 83 c 118 d 153 a 188 a
- 14 b 49 a 84 d 119 c 154 a 189 b
- 15 a 50 d 85 c 120 b 155 c 190 d
- 16 c 51 d 86 c 121 c 156 a 191 d
- 17 b 52 d 87 b 122 b 157 a 192 d
- 18 e 53 b 88 c 123 d 158 a 193 d
- 19 e 54 c 89 c 124 c 159 c 194 d
- 20 a 55 d 90 b 125 b 160 b 195 c
- 21 e 56 c 91 a 126 c 161 b 196 c
- 22 a 57 a 92 a 127 a 162 b 197 a
- 23 c 58 b 93 a 128 b 163 c 198 b
- 24 c 59 d 94 a 129 a 164 a 199 d
- 25 d 60 c 95 a 130 b 165 a 200 b
- 26 a 61 d 96 a 131 b 166 c 201 d
- 27 c 62 b 97 c 132 b 167 d 202 b
- 28 d 63 b 98 d 133 a 168 a
- 29 e 64 c 99 c 134 d 169 d
- 30 c 65 b 100 c 135 c 170 d
- 31 d 66 a 101 a 136 b 171 b
- 32 e 67 b 102 d 137 b 172 a

33 e 68 b 103 c 138 b 173 c
34 b 69 c 104 b 139 d 174 d
35 c 70 c 105 d 140 c 175 a