**P21CO2MBE1:1 - INSURANCE AND RISK MANAGEMENT**

Unit-1

INTRODUCTION OF INSURANCE

CHOOSE THE CORRECT ANSWER

1. The concept of insurance is

1. To make money out of death; (b) to earn interest;
2. To earn a status; (d) to share losses by many

2. The business of insurance is related to protection of

(a) Status (b) savings

(c) Economic value of assets (d) profits

3. In insurance, the consideration is collected in the form of

(a) Rent (b) Dividend

(c) Premium (d) None of these

4. Life Insurance Corporation Act was enacted in the year

(a) 1956 (b) 1930

(c) 1857 (d) 1872

5. The general insurance business in India was nationalised in the year

(a) 1930 (b) 1857

(c) 1872 (d) 1972

6. When was IRDA Act passed?

(a) 1930 (b) 1956

(c) 1972 (d) 1999

7. Premium on life insurance policies is eligible for income tax deduction under section

(a) 80D (b) 80C

(c) 80DDB (d) 80U

8. Which insurance covers risk of death?

(a) Marine (b) Fire

(c) Life (d) Miscellaneous

9. Which insurance covers risk of earthquake?

(a) Fire (b) Life

(c) Marine (d) Miscellaneous

10. Which insurance covers risk in sea voyage?

(a) Life (b) Marine

(c) Fire (d) Miscellaneous

11. Which insurance covers theft?

(a) Life (b) Fire

(c) Miscellaneous (d) Marine

12. Who are the beneficiaries of insurance?

(a) Society (b) Individual

(c) Business (d) All of those

13. The Insurance Act was enacted in the year

(a) 1930 (b) 1956

(c) 1938 (d) 1897

14. Which is not the fundamental principle of insurance?

(a) Utmost good faith (b) Indemnity

(c) Capacity of parties (d) proximate cause

15. In whose life a woman can have insurable interest?

(a) Child (b) Sister (c) Mother (d) Husband

16. To what extent a servant has insurable interest in the life of his master?

(a) Job (b) Salary (c) Retirement (d) All these

17. Which government body regulates insurance industry?

(a) NFCG (b) IRDAI (c) CII (d) FICCI

18. In insurance contracts, the insurance company is also known as

(a) Insured (b) Beneficiary (c) Insurer (d) None of these

19. The person who seeks insurance protection from insurer is called

(a) Insurer (b) Insured (c) Actuary (d) None of these

20. Document containing terms and conditions of insurance contract is called

(a) Policy (b) F.I.R (c) Proposal form (d) None of these

21. Insurance of insurers is called

(a) Double insurance (b) Under insurance (c) Over insurance (d) Reinsurance

22. Insurance taken on the same subject matter with more than one insurer is termed as

(a) Reinsurance (b) Double insurance

(c) Under insurance (d) None of these

23. The concept of average clause is applied only in the case of:

(a) Over insurance (b) Reinsurance

(c) Under insurance (d) Double insurance

24. In case, a business firm sets up a private fund to payout the losses if happens, then that is known as

(a) Individual insurance (b) Self insurance

(c) Both of them (d) None of these

* 1. 25. Which of the following terms is not related to the insurance sector?
     1. (a) indemnity (b)coverage
     2. (c) misuse (d) Annuity

26. The four subsidiaries of GIC were delinked from GIC of India and made as independent companies in the year

(a) 2000 (b) 2001 (c) 2002 (d) 2005

27. The head office of National Insurance Co. Ltd is situated at

(a) New Delhi (b) Mumbai (c) Kolkatta (d) Chennai

28. The New India Assurance Co. Ltd has its head office in

(a) Chennai (b) New Delhi (c) Mumbai (d) Kolkata

29. The first general insurance company started without a foreign insurance tie-up is

(a) Bajaj Allianz (b) Cholamandalam General Insurance

(c) Reliance General Insurance (d) Tata AIG

30. ECGC was established in the year

(a) 1957 (b) 1956 (c) 1972 (d) 1985

* + 1. 31. Which of the following was the parent company of New India Assurance?
    2. (a) LIC (b) GIC (c) Oriental insurance Co. Ltd. (d) United India Insurance

*32.* Expansion of IRDA is…………….

a. Insurance reforms and development agency

b. Insurance restriction and development authority

c. Insurance regulatory and development authority

d. None of the above

33. The IRDA was set up in…………..

a. 1999 b. 2000 c. 2002 d. 1978

**34. When did Government of India nationalize life insurance business?**

**A. 1956**  B. 1978 C. 1991 D. 2002

**35. …………….. is a policy where the insurer undertakes to make good the loss up to the amount mentioned in the policy**

a. Specific policy B. Valued policy c. Average policy d. None of these

* + 1. 36 The New India Assurance Company was established in 1919 by
    2. (a) Dorab Tata (b) G.D. Birla (c) Jamunalal Bajaj (d) Kamlapat Singhania

37. The Indian insurance industry is governed by

A.Insurance Act-1978 B.Life Insurance Corporation Act,1956

C.nsurance Regulatory and Development Authority Act, 1999

**D. All of these**

38. Objective of IRDA includes

A. policy holder protection B. healthy growth of the insurance market

**C. both a and b** D. only A

39. 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

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

a. Redressel of public grievance Rule 1987

b. Redressel of public grievance Rule 1988

c. Redressel of public grievance Rule 1989

d.. Redressel of public grievance Rule 1990

41. The word ‘Assurance’ is used for

A) Life Insurance B) Fire Insurance

c) Marine InsuranceD) Medical Insurance

42. .An ombudsman is entrusted with………..functions

A. managing & concillng **B. conciliation and award making**

C. agency and principal D. none of the above

43. 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

44. …………..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

45. …………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

46. Insurance works on the principle of

a. Sharing of losses b. Probabilities c. Large numbers **d. All of the above**

47. 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

48. 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 d. the general public

49. IAIS stands for……

a Internal Association of Insurance Supervisors

**b International Association of Insurance Supervisors**

b. International Academy of Insurance Supervisors

d International Association of Insurance Surveyors

50. .To provide the insured a speedy and inexpensive grievance redressal system, the Government of India promulgated…………

A. Redressel of public grievance Rule 1987

**B. Redressel of public grievance Rule 1988**

C. Redressel of public grievance Rule 1989

D. Redressel of public grievance Rule 1990

51. Which of the following terms matches closest with ‘Foreclosure’?

**a. Surrender Value**  b. Nominee

c. Death Claim d. Maturity Claims

52. When was the Indian Mercantile Insurance established?

a) 1905b) 1906 **c) 1907** d) 1908

53. 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

54. The document which embodies the contract in insurance is called…………

A. security **B. policy** C. certificate d. none of these

55 Principle of utmost good faith is also known as ………..

a. subrogation b causa proxima c. insurable interest **D. uberrima fides**

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

**A) Premium** B) PolicyC) Subject matter D) None

57. The things or property insured is called \_\_\_\_\_\_\_\_ of the insurance

**a) Subject matter** b) Insurable interestc) Policy d) None

58. A contract of insurance is a \_\_\_\_\_\_\_\_ agreement.

**a) Contingent** b) Constantc) Both d) None of these

59. The Bombay Mutual Assurance Society Ltd. formed in \_\_\_\_\_\_\_\_

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

60. Which of the following types of insurances is dissimilar to the other four options?

**a. Builders’ Risks insurance** b. Hut insurance

c. Crop insurance d. Livestock insurance

e. Health insurance

ANSWER FOR CHOOSE THE CORRECT ANSWER

1. (d) 16. (b) 31 (b) 46 (d)
2. (c) 17. (b) 32 (c) 47 (b)
3. (c) 18. (c) 33 (b) 48 (b)
4. (a) 19. (b) 34 (a) 49 (b)
5. (d) 20. (a 35 (c) 50 (b)
6. (d) 21. (d) 36 (a) 51 (a)
7. (b) 22. (b 37 (d) 52 (c)
8. (c) 23. (c) 38 c) 53 (c)
9. (a) 24. (b) 39 (b) 54 (b)
10. (b) 25. (c) 40 b) 55 (d)
11. (c) 26. (c) 41 (a) 56 (a)
12. (d) 27. (c) 42 (b) 57 (a)
13. (c) 28. (c) 43 (c) 58 (a)
14. (c) 29. (c) 44 (c) 59 (a)
15. (d) 30. (a) 45 ( c) 60 (a )

UNIT 11 INSURANCE CONTRACT & LIFE INSURANCE

1. What is life insurance?

* 1. (a) protection (b) investment
  2. (c) Both (d) none

1. A life insurance contract is based on
   1. (a) completed proposal form and personal statement made before the doctor (b) proposal form and medical report

(c) proposal form and Agents

(d) none of these

3. The insurable interest is required to reduce the possibility that

(a) A life insurance policy will lapse

(b) a person will kill his wife

(c) one person will profit from the death of another person

(d) a policy –owner will go to another company for insurance

4. New Delhi is the head office of ­­­

a. New India Assurance & Co Ltd., b. United India Assurance & Co Ltd.

c. Oriental Insurance Co Ltd. d. National Insurance Co Ltd.

* 1. 5. The whole life plans in India
  2. (a) Pay policy benefits after the person attains a certain age, say 70-75 years;
  3. (b) Pay death benefits after retirement;
  4. (c) pay death benefits only whenever it occurs;
  5. (d) none of the above
  6. 6. Term assurance provides the following benefits:
  7. (a) death benefits with bonus;
  8. (b) periodic payments at predictable intervals;
  9. (c) death and survival benefits;
  10. (d) death benefits if the person dies within term
  11. 7. whole life policies mature:
  12. (a) In 10 years; (b) In 25 years;
  13. (c) In 35 years (d) After death
  14. 8. Endowment plans:
  15. (a) are most popular in India; (b) are not eligible for loans;
  16. (c) always participate in profits; (d) None of the above
  17. 9. The premium is lowest for
  18. (a) Term insurance (b) whole life policy;
  19. (c) Money back policy; (d) Endowment policy;
  20. 10. Which of the following is a children’s policy of LIC?
  21. (a) Jeevan Chaaya; (b) jeevan Vishwas Plan
  22. (c) Jeevan Sathi plan (d) Jeevan Shree
  23. 11. Annuity Plans offer
  24. (a) Regular assured return; (b) Liquidity
  25. (c) Capital appreciation; (d) profitability
  26. 12. Group insurance is ideally suited for covering
  27. (a) Weaker sections of the society; (b) Employer-employee groups;
  28. (c) Affluent persons in the society; (d) Both (a) and(b)
  29. 13. For introduction of a group scheme, we need a
  30. (a) Large group of persons (b) small group of persons;
  31. (c) Homogeneous group (d) insured group
  32. 14. Mortality tables show
  33. (a) Mortality patterns (b) Mortality Rate;
  34. (c) Factors of Mortality (d)All those
  35. 15. Mode of premium payment cannot be:
  36. (a) yearly (b) quarterly;
  37. (c) Monthly (d) Daily
  38. 16. Under what section Nominee is appointed?
  39. (a) 38; (b) 39;
  40. (C)40; (d) 41;
  41. 17. Under what section an assignment is made:
  42. (a) 38; (b) 39;
  43. (c) 40; (d) 41;
  44. 18. The first requirement of an assignment is?
  45. (a) Notice ; (b) prohibition;
  46. (c) Sampling; (d) None of these
  47. 19. Nomination does not involve
  48. (a) Transfer (b) Right of action;
  49. (c) alteration; (d) All these
  50. 20. Cover note can be issued by
  51. (a) Insurers; (b) development officer;
  52. (c) Agents; (d) All the above, depending on company guidelines
  53. 21. When does a policy lapse?
  54. (a) No premium paid (b) sickness;
  55. (c) Address change (d) Leaving the city
  56. 22. Obtaining loan requires:
  57. (a) Application; (b) Assignment;
  58. (c) Letter of agreement (d) All these
  59. 23. Those risks which are more than normal risks are called:
  60. (a) sub-standard risk; (b) super standard risk;
  61. (c) Both of them; (d) neither of them
  62. 24.Sub-standard risk can be treated in the following manner:
  63. (a) by decreasing the death benefits; (b) by increasing the premium
  64. (c) neither of them (d) both of them
  65. 25. A complete proposal form contains the information about
      1. (a) personal history of proposer and identity of the property insurance;
      2. (b)Moral and hazard;
      3. (c) Physical hazard;
      4. (d) All of the above
      5. 26. Policy stamp needs to be affixed on the
      6. (a) Cover note; (b) policy
      7. (c) Endorsement; (d) all of the above
      8. 27. Claim is processed on the basis of
      9. (a) Survey report; (b) Claim form and agent’s opinion.
      10. (C) legal opinion

(d) Claim form, survey report/ legal opinion etc., other documents and any evidence secured by the insurer

* + 1. 28. Mortality tables are based on
    2. (a) Observation; (b) Scientific record;
    3. (c) Either(a) or (b) (d) Both of them
    4. 29. surplus in life insurance may arise because of
    5. (a) Favourable expenses experience;
    6. (b) Favourable interest rate experience;
    7. (c) Favourable mortality experience;
    8. (d) All of the above
    9. 30. If an insured dies during the grace period of the due premium, the nominee of the policy will receive:
    10. (a) the policy’s death benefit minus the unpaid premium
    11. (b) the policy’s death benefit minus the paid-up value of policy;
    12. (c) only paid-up value of policy;
    13. (d) no-payment
    14. 31. A premium that is calculated by combining the rate of mortality and investment income is called
    15. (a) a net premium; (b) a policy reserve;
    16. (c) a gross premium; (d) none of these
    17. 32. A convertible term life insurance policy allows the policy owner to change the
    18. (a) face amount of the policy at yearly intervals;
    19. (b) term policy to a permanent life policy;
    20. (c) bonus option;
    21. (d) none of these
    22. 33. Insurance concept is based on
    23. (a) the charity concept (b) Mutual help concept
    24. (c) Both a and b (d) None of these
    25. 34. Ram proposed a life insurance policy for the benefit of his “son”. Premiums are paid by Ram
    26. (a) son is the policy owner; (b) Ram is the policy owner;
    27. (c) insurance company is the policy owner;
    28. (d) none of these
    29. 35. Ganguly is insured for a 5 year term life insurance policy. The insurance company will pay
    30. (a) only if Ganguly dies within first year of the policy;
    31. (b) only if Ganguly dies before the end of the 5 year term;
    32. (c) only if Ganguly survives 5 year period;
    33. (d) none of these
    34. 36. In a life insurance policy, the amount stated in the contract that is payable as a death benefit when the insured dies is called the
    35. (a) withdrawal amount; (b) face amount
    36. (c) supplementary benefit; (d) none of these

**37.** Insurance contract is sort of contract which is approved by \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**A. The Indian Contract Act** B.Indian Factory Act

C. Indian Companies ActD. The Indian finance Act

38. The term Assurance refers to \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. **Life Insurance Business B.** Marine Insurance Business
2. Fire Insurance Business D. Motor Vehicle Business

39. Life Insurance is better option than other avenues of savings in respect of

A. appreciation in worth B. tar benefits

C. usefulness in emergency D. all of these

40 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 Many people require personalized guidance for selecting the right policy**

41.\_\_\_\_\_\_\_\_ is a social device for eliminating or reducing the loss of society from certain risk.

A) Premium B) Policy

**c) Insurance** D) Contract

42. Insurable interest means \_\_\_\_\_\_\_\_ interest

A) Individual B) Social

**C) Monetary** D) All of these

43. 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

44. \_\_\_\_\_\_\_\_ is concerned with overseas trade

(A) Life Insurance B) Non-life insurance

**(C) Marine insurance** (D) Fire insurance

45. A marine insurance is a contract of \_\_\_\_\_\_\_\_\_

(a) Increment **(b) Indemnity**

(c) Maturity (d) None

46. Which is not a subject matter of marine insurance?

(a) Hull insurance (b) Cargo insurance

(c) Fright Insurance **(d) Fire insurance**

47. \_\_\_\_\_\_\_\_\_\_ means the body or frame of the ship or vessel and its machinery.

(a) Cargo (b) Fright

(**c) Hull** (d) Voyage

48. \_\_\_\_\_\_\_\_ means goods or commodities carried in a ship

(a) Hull **(b) Cargo**

(c) Fright (d) Wares

49. \_\_\_\_\_\_\_\_ is the charge to be paid to the transportation of the goods.

(a) Hull (b) Cargo

**(c) Fright** (d) Premium

50 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

51. An insurance policy will be only if \_\_\_\_\_\_\_\_ is paid

a) Policy **b) Premium**

c) Document d) None

52. 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

53. The transit risk caused by fire is covered under \_\_\_\_\_\_\_\_ policy

a) Excess policy b) Floating policy

c) All risk policy **d) Transit policy**

54. \_\_\_\_\_\_\_\_ is the total premium that a policy holder pays

a**) Gross premium** b) Avg. premium

c) Partial premium d) All of these

55. \_\_\_\_\_\_\_\_ means a premium which remains unchanged throughout the life

of a policy.

a) Avg. premium b) Gross premium

c) Total premium  **d) Level premium**

56. The time frame for which an insurance policy provides coverage is known as- --

**a) Policy term** b) Policy loan c) Policy mode d) None of the above

57. An exceptionally large risk is known as \_\_\_\_\_\_\_\_

a) Great risk **b) Jumbo risk**

c) Giant risk d) None of the above

58. A person who gains or benefits as per a contract is known as \_\_\_\_\_\_

**a) Beneficiary** b) Annuitant

c) Assurer d) None

59. Intimation of Death is the information of death to the \_\_\_\_\_\_\_\_

a) Beneficiary b**) Insurer**

c) Both (a) and (b) d) None of the above

60. Principle of utmost good faith is also known as ………..

a. Subrogation b. causa proxima

c. Insurable interest **d. uberrima fides**

ANSWER FOR CHOOSE THE CORRECT ANSWER

1. A 21 A 41 C

* 1. 2. A 22 D 42 C
  2. 3. C 23 D 43 C
  3. 4. c 24 D 44 C
  4. 5 C 25 C 45 B
  5. 6 D 26 D 46 D
  6. 7. D 27 D 47 C
  7. 8. A 28 D 48 B
  8. 9. B 29 D 49 C
  9. 10. A 30 A 50 B
  10. 11 A 31 A 51 B
  11. 12. D 32 B 52 A
  12. 13. C 33 B 53 D
  13. 14. D 34 B 54 A
  14. 15. D 35 B 55 D
  15. 16. B 36 B 56 A
  16. 17. A 37 A 57 B
  17. 18. A 38 A 58 A
  18. 19. D 39 C 59 B
  19. 20. D 40 D 60 D

UNIT III

MARINE INSURANCE &FIRE INSURANCE

**1**. Marine insurance covers risks in

**A. Water** B. Road

C. Air D. All the above

**2**. Indian Marine insurance Act was enacted in

**A. 1963** B.1863

C.1763 D.1663

**3**. In marine insurance, loss due to rats and vermins is

A. A general exclusion B. A covered

**C. A statutory exclusion** D. None of the above

**4**. Can a marine policy be assigned?

A. Cannot be assigned B. Can be assigned before the loss

**C. Can be assigned after the loss** D. Both A & B

**5**. Constructive total loss in marine means

A. A loss which is not covered

**B. the loss caused is so huge that the cost of repairs would exceed the actual amount, so it is adjusted as a total loss**

C. A Partial loss

D. Same as total loss

**6**.\_\_\_\_\_\_\_\_\_\_\_\_Insurance covers the insurance of the vessel and its equipments

A. Cargo **B. Hull**

C. Freight D. Liability

**7**. The insurance which is related for the safety of goods in the ship is known as \_\_\_\_ \_\_\_insurance

A. Cargo **B. Hull**

C. Freight D. Liability

**8**. A marine insurance is a contract of

A. increment  **B. indemnity**

C. maturity D .None

**9**. The master and crew of the ship have insurable interest in the

A. Ship B. Cargo

**C. wages** D. None of the above

**10**. The policy in which the subject matter is insured for a particular voyage is called.

A, Valued policy B. Open policy

**C .Voyage policy** D .Mixed policy

11. The Oriental Insurance Company incorporated in which year?

A, 15 July 1938 B. 30 April 1942

C. 21 January 1954 D. 12 September 1947

**12**. The policy which covers the risks for all vessels of the insured is called

**A. Fleet policy** B. single vessel policy

C. Named policy D. Currency policy

**13**. The premises including incidental inland risk is called policy which covers both on and off the insured ‘

A, Blanket policy **B. Block policy**

C. currency policy D .Specific policy

**14. In a marine cargo policy, the insurable interest should exist**

a) At the time of commencement of transit b) At the time of acceptance of proposal C) At the time of claim d) At the time of proposal

**15. Which one of the following marine cargo policy is not assignable?**

a) Marine cargo specific policy

b) Certificate issued under open cover

c) Certificate issued made open policy

### d) Annual policy

**16. CIF Contract means**

A) Co-insurance form B) Cost input freight

### c) Cost insurance freight D) Cost incidental freight

**17. Which of the following is not a stamped document?**

### a) Open cover b) Open policy

c) Specific policy d) Special declaration policy

**18. Liability under “Both to blame collision” clause of ICC (A) has a reference to**

a) Shipping Bills b) Lloyd’s firm

c) Proforma Invoice d) Bill of lading

**19. Which one of the following is an extra charge under a marine cargo policy?**

### a) Reconditioning cost incurred at an intermediary port

b) Salvage charges

c) Sue and labour charges

d) Port charges

**20. Which one of the following differentiates the salvage charge from the sue and labour charge**

a) Cost of food expenses for crew members

### b) Independent of any contract

c) Cost incurred short of destination to complete the voyage

d) Expenses for extra fodder for —- needs on board

**21. Which of the following is not Trade Clauses**

### a) Institute Replacement Clause

b) Institute Bulk Oil Clauses

c) Institute natural rubber Clause

d) Institute Coal Clauses

**22. Overseas Transit Policy comes to an end**

a) 30 days after landing at the port

b) 45 days after landing at the port

### c) 60 days after landing at the port

d) 90 days after landing at the port

**23. In marine insurance parlance, ‘average means**

a) Premium b) Cost

c) Freight d) Loss

**24. “Shut out Cargo” means a cargo which is**

### a) Not loaded on to the ship due to late arrival

b) Thrown out of the ship c) Shut in the bounded warehouse

d) Rejected by the buyer

**25. PPI in marine cargo policy means**

A) Pre & Post Inspections B) Policy Proof of Interest

C) Cost parcel Identification D) None of the above

**26. Subrogation in marine insurance refers to transfer of**

### A) Right of recovery B) Right of possession

C) Right of ownership D) None of the above

**27. In overseas Transit claim the proof of shipment is**

### A) Bill of lading B) Bill of Exchange

D) Bill of Treasury

d) None of the above

**28. Marine Policy offers**

A) Pure indemnity B) Strict Indemnity

C) Adequate indemnity **D) Modified form of indemnity**

### **29. In marine hull policy the subject matter for insurance is**

### A) Hull & Machinery B) Freight and Disbursement

C) Premium reducing D) All the above

30. This policy covers all risks to the ship and its cargo while the ship is at a particular port \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Voyage policy
2. Floating policy
3. Time policy
4. **Port risk Policy**

**31.** \_\_\_\_\_\_\_\_\_\_\_\_\_\_ is an agreement whereby the insurer agrees to indemnity the insured against marine losses.

A. Health insurance B.Life insurance

C. Fire insurance **D. Marine insurance**

32. Marine perils is also called as \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. **Perils of the Sea**
2. Moral Hazards
3. Marine Clause
4. Marine laws

33. Fire insurance is usually issued for

A. Two year 36 B. three year

C. Four year  **D. A year**

34. Fire insurance is a personal contract because

A. It is contract of utmost good faith

B. It s a contract of insurable interest

**C**. The contract does not insure the safety of the property but only the insured from pecuniary loss due to fire

D .None of these

35. Fire insurance covers risks from

A. Air **B. Fire**

C. Water D .Land

36. Which fire policy follows the principle of indemnity

A. Valued **B. Valuable**

C. SpecificD .Excess

37. What is the consequential loss in the fire insurance?

**A. Loss of profit on account of fire**

B .Property damaged by matter used for extinguishing fire

C Loss due to collapse of walls at the time of fire

D .None of these

38. What is the fire step concerning loss by fire taken by insurance company?

A. Evidence B. Inspection

**C**. Ascertainment D**. Nature**

39. Which of the following is an incidental loss by fire?

A. Loss of market

**B. Damaged caused by a fire brigade in carrying out its fire fighting**

C. Loss on account of delay

D. Loss of profit on account of fire

40. What is floating policy?

A. Policy covering the fixed sum assured stock

B. A standard fire policy

**C. Policy that covers stocks located in various godowns under a single policy**

D. None of these

41. The Great fire of London took place in the year

A. 1660 B.1662

**C.1666** D.1670

42. A fire policy in which AS the amount payable in case of loss is fixed at the time of taking policy is known as

**A. Valued policy** B. Specific policy

C. Average policy D. Floating policy

43. In fire insurance, the insurable interest should be present

A. At the time of taking the policy

B. At the time of loss

C .**Both at the inception of the policy and at the time of loss**

D. None of the above

44. Delibrte destruction of one’s own property by fire is termed as

A. Arson **B. Incendiarism**

C. Passive dishouesty D. None of the above

45. Setting fire on the property of the insured by third parties is called

**A. Arson** B. Incendiarism

C. Passive dishouesty D. None of the above

46. Insuring again by the insurer of a risk already inured is known as

A. Double insurance B. Under insurance

**C. Reinsurance** D. None of the above

**47.** Fire insurance can be taken in respect of \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. movable property only
2. immovable property only
3. **both movable and immovable properties**
4. persons only

**48 Fire** insurance can be taken in respect of \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. movable property only
2. immovable property only
3. **both movable and immovable properties**
4. persons only

**49.** Fire insurance can be taken in respect of \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. movable properties only
2. immovable properties
3. **movable and immovable**
4. persons only

**50.** Fire insurance can be taken in respect of \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. movable property only
2. immovable property only
3. **both movable and immovable properties**
4. persons

51. The first insurance contract was entered into by European maritime nations in 1347 to accept ……..insurance as a practice.

A. life B. vehicle

**C. marine** D. fire

## 52. A business takes a……………insurance policy to cover the claims for loss of stocks and loss of profit.

**a. Fire** b. Life insurance

c. Car insurance d. health insurance

## 53. The computation of loss by fire is very simple taken when a ------ asset is destroyed

**A. current** B. long-term

C. fire D. intangible

## 54. The value of stock on the date of fire can be ascertained more precisely by preparation of a…………… Account

a. Trading A/c **B. memorandum transaction A/c**

C. Balance sheet D. P & L A/c

## 55. CIF contract means.

**A**. Co insurance formB. cost, input, freight

C. cost, insurance, freight D. cost, incidental freight

## 56. …………………policy cover loss of gross profit sustained as a consequence of business interruption.

**A. loss of profit** B. loss of stocks

C. average clause D. loss of fixed assets

## 57. The period for which a policy is taken known ……………….as period

**A. indemnity** B. short sales

C. long

D. fixed

## 58. A ---------- policy covers loss of stock, fixed asset, profit, expenses etc.

A. compact **B. comprehensive**

C. horizontal D. operating

## 59. Insured standing charges are the --------------

**A. fixed charges** B. horizontal charges

C. fluctuating D. current charges

## 60. ……………… ratio indicates the relationship of gross profit to net sales in terms of percentage.

**A. Gross profit** B. Net profit

C. Debtors turnover D. Capital employed

ANSWER FOR OBJECTIVE TYPE QUESTIONS

ANSWER FOR CHOOSE THE CORRECT ANSWER

1. (A) 16. (C) 31. (D) 46. (C)

2. (A) 17. (A) 32. (A) 47. (C)

3. (C) 18. (D) 33. (D) 48. (C)

4. (C) 19. (A) 34. (C) 49. (C)

5. (B) 20. (B) 35. (B) 50. (C)

6. (B) 21. (A) 36. (B) 51. (C)

7. (B) 22. (C) 37. (A) 52 (A)

8. (B) 23. (D) 38. (D) 53 (A)

9. (C) 24. (A) 39 (B) 54 (B)

10. (C) 25. (B) 40 (C) 55 (C)

11. (D) 26. (A) 41 (C) 56 (A)

12. (A) 27. (A) 42 (A) 57 (A)

13. (B) 28. (D) 43 (C) 58 (B)

14. (C) 29. (A) 44 (B) 59 (A)

15. (D) 30. (D) 45 (A) 60 (A)

UNIT IV

MOTOR INSURANCE & HEALTH INSURANCE

1. Total loss in motor insurance means:

A**. confiscation of the vehicle by RTA**  B. Partial damage to the vehicle

C. Theft of the vehicle D. When the cost of repair exceeds the market value at the time and data of loss

2. In India, motor act was passed in the year:

a. 1947 **B.1939**

C.1903 D. 1930

3 . Public Liability Insurance Act was enacted in:

A.1930 B.1990

**C.1991** D.1995

4. Burglary insurance is for:

A. Shopkeeper B. industrialists

C. Officers **D. Everyone**

5. \_\_\_\_\_\_\_\_\_\_\_ is an insured who undergoes treatment after getting admitted in a hospital

**A. Inpatient** B. outpatient C. Day patient D. House patient

6. Which of the following fidelity guarantee policies is automatically cancelled on payment of a loss?

A. Position policy **B. Individual policy**

C .Floating policy D. Blanket policy

7. Aviation insurance covers following risk

A. Loss and accidental damage to air and ground risks B**. Fight operated on scheduled routes by recognised airlines**  C. Neither of the them D .Both of them

8. Policy taken out by an impoter to cover the payment of tax on imported goods is called

A. Sahana safer insurance **b. Duty insurance**

C. House holder insurance D. Aviation insurance

9. Motor insurance was first launched in

A. USA **B. UK**

C. India D. Pakistan

10. The policy which indemnifies damages arising out of negligence in the performance of duties is called

A. Product liability policy B. Public liability policy

**C. Professional indemnity policy** D. Workmen compensation insurance

11. The policy which covers expenses incurred by the insured for hospitalisation is known as

A. Professional indemnity policy **B. Mediclaim policy**

C. Burglary npolicy D. Shopkeeper policy

12. The health insurance scheme of Aaha deep plan II is the product of

**A. LIC of India;** B. Bajaj Allianz

C. ICICI Lombard D. Royal sundaram group

13. Which of the following is the health insurance product of LIC?

A. Raja Rajeswari policy **B. Jeevan Asha plan II**

C. Cancer insurance policy D. Jan Arogya policy

14. Medical insurance scheme (Mediclaim) was introduced in India in

A. 1954 B. 1992

**C. 1986** D. 1985

15. The Health Guard scheme is introduced by

A. LIC of India B. Royal Sundaram group

C. ICICI Lombard **D. Bajaj Allianz**

16. Self-Employed women`s Assoiciation (SEWA) in Gujarat was established in

**A. 1992** B. 1930

C. 1956 D. 2000

17. The Voluntary Health Services (VHS) was started in

A. Mumbai **B. Chennai**

C. Kolkatta D. New Delhi

18. Employees state insurance act was enacted in

A. 1992 B. 1930

**C.1948** D. 1947

19. Beedi Workers Welfare Fund Act was enacted in

A. 1951 B. 1996

C.1995 **D. 1976**

20. Which of the following health insurance schemes was brought out by Andhra Pradesh Govt.?

1. **Aarogya raksha**  B. Jeevan Asha Plan II
2. Raj a Rajeswari policy D. Jeevan Asha Plan II

21. A National Illness Assistance Fund (NIAF) was set up in

A.1930 **B. 1997**

C.1985 D.1996

22. Medical Expenses Risk Comes under?

1. Business Risk B.Price Risk
2. Credit Risk D. **Personal Risk**

23. The policy which covers expenses incurred by the insured for hospitalisation is known as

A. Professional indemnity policy **B. Mediclaim policy**

C. Burglary npolicy D. Shopkeeper policy

**24. In USA, health insurance is a part of ------------- insurance**

**A. life B. Business C. society D. None of the above**

**25. In Europe, health insurance is a part of ----insurance.**

A. societyB. life **C**. General **D. all the of the above**

26. GA as used in insurance

a. General Assurance **b. General Average**

c. General Adjustment d. Guaranteed Assurance

e. Guaranteed Average

27. 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

28. 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

29. The insurance industry till august 2000 had only two nationalised players ,LIC and ….

A.NISC  **B.GIC** C. IRDA D. none of these

30. 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 Liabilitye. Professional Liability

31. Which of the following types of insurances is dissimilar to the other four options?

**a. Builders’ Risks insurance** b. Hut insurance

c. Crop insurance d. Livestock insurance e. Health insurance

32. \_\_\_\_\_\_\_\_ is a form of health insurance against loss by accidental bodily

Injury

a) Property insurance b) Marine insurance

c) Personal insurance d) **Accident insurance**

33. 2. 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.**

34. Motor insurance provides insurance cover to

A. Private vehicles B. Commercial

C. Motor cycles **D. All of the above**

35. \_\_\_\_\_\_\_\_ is a form of health insurance against loss by accidental bodily

injury

a) Property insurance b) Marine insurance

c) Personal insurance d) **Accident insurance**

36. In general insurance, the rate of premiums are regulated and controlled by

(a) LIC of India. (b) )GIC of India

(c) IRDA (**D) Tariff Advisory committee (TAC)**

37. General Insurance policies are issued for a period of

**(A) 1 year** (B) 2 year

(C) 10 year (D) 4 year

38. Principle of utmost good faith is also known as ………..

A. subrogation B causa proxima

C. insurable interest **D. uberrima fides**

39. The main cause of loss or damage is \_\_\_\_\_\_\_\_\_\_\_\_\_

**(a) Proximate cause** (b) Indirect Loss

(c) Consequential loss (d) All of these

40. Primary care can be described as.

(a) Care provided to patient in an acute setting (b) care provided in hospital

(c**) First point of contact for people seeking health care**  d) care provided by doctors

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

\_\_\_\_\_\_\_\_\_

(a) Perils (b) Hazards

(c) Damage **(d) Risk**

42. \_\_\_\_\_\_\_ 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

43. The term 'Assurance' refers to \_\_\_\_\_\_\_\_\_\_\_

**(a) Life Insurance business** (b) Fire insurance business

(c) Motor Vehicle insurance (d) Marine insurance

44. . \_\_\_\_\_\_\_\_\_\_ 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

45. 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

46. The main cause of loss or damage is \_\_\_\_\_\_\_\_\_\_\_\_\_

**(A) Proximate cause** B) Indirect Loss

(C) Consequential loss (D) All of these

47. Distribution of insurance product through banks is called

a. cold canvassing B**. Bankassurance**

C. Nest D. Referred leads

48. The cause of a possible loss, such as fire windstorm theft etc. is known as \_\_\_\_\_

**(a) Peril** (b) Barratry

(c) Both (d) None

49. \_\_\_\_\_\_\_\_ 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

50. \_\_\_\_\_\_\_\_ is the property saved from loss

a) Profit **b) Salvage**

c) Stand d) Jettison

51. When a company reinsures its liability with another, then it \_\_\_\_ business

a) Cession **b) Cedes**

c) Ceding d) None

52. The scope of protection provided under the contract of insurance is \_\_\_\_\_\_

a) Condition **b) Coverage**

c) Contribution d) None

53. Medical expense insurance is also known as \_\_\_\_\_\_\_\_

a) Personal insurance b) Liability insurance

**c) Medi claim** d) Fidelity

54. The risk of individuals and families are cored under \_\_\_\_\_\_\_\_

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

55. The central office of LIC of India is located at \_\_\_\_\_\_\_\_

**a) Mumbai** b) New Delhi

c) Bangalore d) Chennai

56. Under \_\_\_insurance, loss of profit policy is called as consequential loss policy

a) Marine b) Property

**c) Fire** d) Life

57. 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

58. .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

**59.** … 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

60. Under \_\_\_\_\_\_\_\_ insurance, loss of profit policy is called as consequential

Loss policy

a) Marine b) Property

**c) Fire** d) Life

ANSWER FOR CHOOSE THE CORRECT ANSWER

1. (A) 16. (A) 31 (A) 46 (A)

2. (B) 17. (B) 32 (D) 47 (B)

3. (C) 18. (C) 33 (D) 48 (A)

4. (D) 19. (D) 34 (D) 4 9 (C)

5. (A) 20. (A) 35 (D) 5 0 (B)

6. (B) 21. (B) 36 (D) 51 (B)

7. (B) 22. (D) 37 (A) 52 (B)

8. (B) 23. (B) 38 (D) 53 (C)

9. (B) 24. (A) 39 (A) 54 (A)

10. (C) 25. (D) 40 (C) 55 (A)

11 (B) 26. (B) 41 (D) 56 (C)

12. (A) 27. (A) 42 (A) 57 (A)

13. (B) 28. (B) 43 (A) 58 (B)

14. (C) 29. (B) 44 (C) 59 (C)

15. (D) 30. (B) 45 (A) 60 (C)

**UNIT \_V - RISK MANAGEMENT**

**1.** The possibility that actual results may differ from predicted results is known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. **Risk B.** Uncertainty.
2. Peril. D. Hazards.

2. The success of whole process of risk management depends on its \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. **Identification B.** Risk analysis

C .Assessment of risk D. Evaluation of risk

**3.** The risk management can be done by \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Insurance
2. Hedging
3. Derivatives
4. **All of the above**

**4.** Risk Management is a subject which falls under \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. production
2. **HR**
3. Marketing
4. finance

**5.** The first step in risk management process is \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Risk avoidance
2. **Risk Identification**
3. Insurance
4. Risk Evaluation

**6.** Which of the following is the last step in the risk management process?

1. Insurance B. Review
2. Risk evaluation D. Risk retention

**7.** Risk retention means \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Saving money to pay for the losses
2. **Accepting and agreeing to finance the loss oneself**
3. Not taking up any activity which is risky
4. Insuring the risk

**8.** Pure Risk was grouped \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Property Risk
2. .Personal Risk
3. Liability risk
4. **All the above**

**09.** Risk Management process includes \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Risk Analysis
2. Risk Control
3. **Risk Analysis and Control**
4. Risk Reduction

**10.** The foundation for risk Management is provided by \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Risk Control
2. Risk Analysis
3. **Risk Identification**
4. Risk Retention

**11.** Insurance is a risk management technique involving

1. Risk Retention
2. Risk Avoidance
3. Loss Control
4. **Risk Transfer**

**12.** \_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the risk management methods

1. Insurance
2. Hedging
3. Derivatives
4. **All the above**

**13.** Cost of risk has the following components \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Cost of Expected Losses and Cost of Control of Loss
2. Cost of Expected Losses and Cost of Loss Financing
3. Cost of Control of Loss and Cost of Loss Financing
4. **Cost of Expected Loss, Cost of Control of Loss Cost of Financing, Cost of Residual Uncertainty**

**14.** The process of reducing the level of risky activities firstly affect the frequency of losses is the strategy of \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. **Risk avoidance**
2. Retention
3. Hedging
4. Other contractual risk transfer

**15.** Credit Risk is high in case of \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Companies
2. Partnership
3. **Financial Institutions**
4. None of these

**16. Uncertain events are broadly classified as\_\_\_\_** \_

1. **Predictable and un predictable**
2. Possible and impossible
3. Natural and artificial d. rare and continuous

17Risk**.** Type of Risk Management are \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Risk Retention, Risk Analysis, Risk Financing
2. Risk Analysis, Risk Control, Risk Financing
3. Risk Control, Risk Retention, Risk Avoidance
4. **Risk Analysis, Risk Control, Risk Financing**

**18.** The Risks which have some financial impact from the part of risk management are \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Dynamic and Speculative Risk
2. **Pure and Speculative Risk**
3. Pure and Static Risk
4. Personal and Static Risk

**19.** The measures aimed at avoiding, eliminating or reducing the chances of loss producing events is covered by \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Risk Avoidance
2. Risk Control
3. **Risk Evaluation**
4. Risk Financing

**20.** The Risks which have some financial impact from the part of risk management are \_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. Dynamic and Speculative Risk

**B .Pure and Speculative Risk**

C. Pure and Static Risk

D .Personal and Static Risk

21. Most of the organizations are mainly concerned with managing

A .personal risk B. Pure risk C. Speculative risk D. None of the above

**22.** The methods of risk management are \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Loss Control
2. Loss Financing
3. Internal Risk Reduction
4. **All of the above**

**23.** Which of the following helps in risk improvement?

1. Fire brigade
2. Salvage corps
3. **Engineers who survey property to be insured**

24**.** Which of the following helps in risk improvement?

1. Fire brigade
2. Salvage corps
3. **Engineers who survey property to be insured**
4. Ambulance

**25.** Risk of premature death is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. **Financial Risk**
2. Dynamic Risk
3. Subjective Risk
4. Personal Risk

26. All dynamic risks are \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. **predictable**
2. Unpredictable
3. Possibility
4. Judgement

**27.** The risk management which refers to the identification of pure risk faced by an individual or family is \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Corporate
2. **Individual**
3. Joint Stock Companies
4. Partnership Firm

**28.** Dynamic risks are closely related to \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. **Speculative risks**
2. Static Risks
3. Personal Risks
4. Particular

29The number of prime elements of risk analysis is \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. one
2. **Two**
3. Three
4. Four

**30.** The identification analysis and economic control of that risk which can threaten the assets or earning capacity of an enterprise is known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Business Management
2. **Risk Management**
3. Financial Management
4. Strategic Management

31. Risk of premature death is a

**A. Personal risk**

B. Financial risk

C. property risk

D. Liability risk

**32.** Risk management information is not useful in one of the following \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Reporting
2. **Hedging**
3. Claim adjustment process reviews
4. Derivatives

**33.** Which of the following types of risks best meets the requirements for being insurable by private insurers?

1. market risks
2. **property risks**
3. financial risks
4. political risks

**34.** Risk and Premium are fixed on the basis of \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. strategic Methods
2. Survey Methods
3. **Scientific Methods**
4. Probability Methods

**35.** Medical Expenses Risk Comes under?

1. Business Risk
2. Price Risk
3. Credit Risk
4. **Personal Risk**

**36** A risk manager should report to \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Managing Director
2. Company Secretary
3. **Supervisor**
4. General Manager

**37.** The Risk Evaluation breaks in to two parts. They are \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. The cause of loss and its affects
2. **The probability of loss occurring and its severity**
3. The loss due to any reasons
4. The risk and return

**38.** Risk management is concerned with \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Planning
2. Arranging and controlling of activities
3. Managing of funds
4. **Planning, arranging and controlling of activities**

39. That which helps to determine the accuracy and relevance of risk at each stage to which an organization is exposed is known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Principle of Identification
2. **Principle of Risk Analysis**
3. Principle of Assessment Risk
4. Principle of Corrective Decision

**40.** Which of the following steps in the risk management process helps in determining sum insured under policies?

1. Risk identification
2. Risk Retention
3. **Risk Evaluation**
4. Risk Transfer

41. A person who is risk averse \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. accepts the risk no matter what
2. **do not accept the risk as a loss hurts them more than gain benefits them**
3. tries to control the loss
4. avoids insurance

**42.** Risk means \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Economy
2. **possibility of loss**
3. .reduction of anxiety
4. . meeting externally imposed obligations

**43.** A person who dislikes risk is known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Risk lover
2. **Risk Averse**
3. Risk Neutral
4. Insurer

**44.** The two Aspects of risk Managers are \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Record keeping and reporting of the activities**
2. Maintaining accounts and reporting
3. Carry out analysis and control
4. Marketing

**45.** The type of reinsurance that forms individual large losses of risk is called as \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. **Proportional quota share**
2. Excess of loss per event basis
3. C.Stop loss. D Facu8lty
4. Facultative

**46.** That which are not independent parts of the whole risk management process are \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. **Risk Control and Risk Financing**
2. Risk Retention and Risk Analysis
3. Risk Retention and Risk Financing
4. Risk Analysis and Risk Control

**47.** That which helps to determine the accuracy and relevance of risk at each stage to which an organization is exposed is known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A.Principle of Identification

**B.Principle of Risk Analysis**

C.Principle of Assessment Risk

48.Which of the following helps in risk improvement

A. Ambulance

B, salvage crops

C Fire brigade

**D .Engineers who survey property to be insured**

**49**. Relative variation of actual loss from expected loss is called………

a. Subjective risk

**B. Objective risk**

c. Actual loss

d. Expected loss

**50. Risk is measurable……..**

a. Loss

B. Profit

**c. Uncertainty**

d. None of the above

**51. …………. Refers to a situation where outcome is not certain**

a. Uncertainty

B. Loss

c. Insurance

d. None of the above

**52. If any risk is concerned with financial loss, it is termed as………..**

a. Business risk

B. Business loss

**C. Financial risk**

D. Insurable claim

53. \_\_\_\_\_\_ another name of fundamental risk

A. Systematic risk

b. interest risk

C**. Group risk**

D. Loss

54. Pure risk situation are those where there is possibility of

**A. Loss or no loss**

B. Loss

C.Variation

D. None of the above

55. Speculative rik is a situation in which \_\_\_\_\_is possible

A. Loss

B. Profit

C**. Either a profit or loss**

D. None of the above

56. In static risk\_\_\_

1. Loss cannot predicted
2. **Losses can predicted**
3. Losses are not easily predictable
4. None of the above

57. Risk which can be measured using numerical scale are known as

**A. Quantifiable risk** B. Static risk c. D. Dynamic risk D. Speculative risk

58. \_\_\_ is the an example for personal risk

A. Business risk B. Fire occurred in business premises c. **Risk of premature death**

D. above None of the

59. Property damaged because of earthquake is…………risk

a. Risk for general insurance B. Non insurable risk

**c. Property risk**  d. None of the above

60. Spreading of risk otherwise termed as……….

**a. Shifting of risk**

B. Acceptance of risk

c. Reduction of risk

d. Spreading of risk

ANSWER FOR CHOOSE THE CORRECT ANSWER

1 (A) 16. (A*) 31 (A) 46 (A)*

*2 (A) 17. (D) 32 (B) 47 (B)*

*3 (D) 18. (B) 33 (B 48 (D)*

*4 (B) 19. (C) 34 (C) 4 9 (B)*

*5 (B) 20. (B) 35 (D) 50 (C)*

*6 (A) 21. (B) 36 (C) 51 (A)*

7 (B) 22. (D) 37 (B) 52 (C)

8. (D) 23. (C) 38 (D) 53 (C)

9 (C) 24. (C) 39 (B) 54 (A)

10. (C) 25. (A) 40 (C) 55 (C)

11 (D) 26. (A) 41 (B) 56 (B)

12 (D) 27. (B) 42 (B) 57 (A)

13 (D) 28. (A) 43 (B) 58 (C)

14 (A) 29. (B) 44 (A) 59 (C)

15 (C) 30. (B) 45 (A) 60 (A)