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 neighborhood
   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 license/ approval to operate in India?
   a. Insurance Brokers
   b. Insurance Agents
   c. Third Party Administrators
   d. Surveyors
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. 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**
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 personalized 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

UNIT-II

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
   a. Sum Assured
   b. Surrender of Assurance
   c. Supplementary Assurance
   d. Stamp Act
   e. Survivor’s Annuity

23. Select the expanded form of OR as commonly used in life insurance
   a. Oral Rehydration
   b. Once Renewed
   c. Ordinary Rates
   d. Ordinary Renewal
   e. Ombubsm’s Assurance

24. Select the expanded form of SV as commonly used in life insurance
   a. Summary Valuation
   b. Selected Value
   c. Surrender Value
   d. Stamp Value
   e. Survivor Value

25. Which of the following terms matches closest with ‘Automatic Teller Machines’?
   a. Divisional Offices
   b. Branch Offices
   c. Agents
   d. Information Kiosks
   e. Interactive Voice Response Systems

26. Which of the following terms matches closest with ‘Foreclosure’?
   a. Surrender Value
   b. Nominee
   c. Death Claim
   d. Maturity Claims
   e. Bonus

27. Find out which of the given statements is incorrect
a. An organisation must have a purpose
b. An organisation is identified by its actions
c. **An organisation is identified by the building it occupies**
d. A organisation can sue and be sued
e. A organisation can own assets

28. Find out which of the given statements is incorrect

a. Accounts department has to monitor cash flow from subordinate offices
b. Marketing department has to monitor business inflow
c. Marketing department has to monitor performance of agents
d. **Actuarial department is responsible for settling death claims**
e. 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?

a. 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

UNIT-III

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.
   a. subrogation
   b. causa proxima
   c. insurable interest
   d. uberrima fides

45. Which of the following terms matches closest with ‘Composite Policy’?
   a. Shopkeepers’ insurance
   b. Janatha Personal Accident insurance
   c. Critical Care Health insurance
   d. Marine Cargo insurance
   e. Electronic Equipment insurance

46. Members of the Insurance Advisory Committee are drawn to represent the interests of different groups like:
   a. Surveyors, agents, advocates
   b. Commerce, transport,
   c. Consumer fora, industry, intermediaries,
   d. Research bodies, organisations engaged in safety and loss prevention
   e. Employees’ association in the insurance sector, agriculture,

47. A Surveyor’s role includes:
   a. Checking the admissibility of the loss
   b. Quantification of the loss
   c. Giving comments on the loss
   d. Suggesting risk management measures
   e. Reporting major losses to IRDA.

48. Which of the following covers is dissimilar to the other four options?
   a. Loss of Passport
   b. Loss of Profits
   c. Loss of checked in baggage
   d. Delay in receiving checked in baggage
   e. Cancellation/Re-routing of scheduled fight

49. 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

50. Which of the following terms matches closest with ‘Asbestosis’?
   a. Products
   b. Pension
   c. Rough Weather
d. Workmen’s Compensation
e. Long Term Policies

51. Regarding ‘Exclusions’ find out the incorrect statement.
   a. Exclusions are indicated in the policy
   b. 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 ………..
56. The 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 accept ..........insurance as a practice.
   a. life
   b. vehicle
   c. marine
   d. fire
UNIT-IV

61. Dr. Nicholas Barbon set up in 1967 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. Eqitable insurance
        b. Old equitable
        c. society for insurance
        d. none of these.

63. The …………… discovered by Jakob Bernoulls 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 Europian 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 governed 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 in ........to 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**
73. The Indian insurance industry is governed by
   a. Insurance Act-1978
   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. 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

78. RPG rule 1988 set up an institution for building the confidence of the policy holders in insurance.
   a. management
   **b. ombudsman**
   c. council
79. An ombudsman is entrusted with………..functions
   a. managing & concilling
   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

UNIT-V

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

4. 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
16 UBM 515 – INSURANCE PRINCIPLES AND PRACTICE

K2 QUESTIONS

UNIT-I

1. Expand LIC.
2. What is GIC?
3. Define Insurance.
4. What is fire insurance?
5. Expand IRDA
6. Define Life Insurance.
7. What is risk?
8. What is fire insurance?
9. Define uncertainty
10. State the objectives of risk management

UNIT-II

11. What is the nature of insurance?
12. List the features of IDRA
13. What are the three principles of insurance?
14. Mention the features of LIC
15. List the types of life insurance
16. What is meant by general insurance?
17. What is the nature of credit insurance?
18. What is meant by marine insurance?
19. Mention the scope of marine insurance
20. List the types of policies.

UNIT-III

21. Mention the types of claims and recovery
22. What is meant by subrogation?
23. Explain the term public liability.
24. List the principles relating to marine insurance.
25. What is meant by recovery?
26. Mention the significance of insurance.
27. Define sources of risk.
28. Give two differences of general and life insurance.
29. What is meant by motor insurance?
30. What is meant by nomination?

UNIT-IV

31. Define deposit.
32. What is meant by claim?
33. Define general insurance.
34. What is meant by recovery?
35. Define GIC.
36. Explain the role of GIC.
37. List the functions of GIC.
38. Explain the nature of credit insurance.
39. Explain the terms and conditions of credit insurance.
40. Explain public liability insurance.

UNIT-V

41. Define marine insurance.
42. List the features of marine insurance.
43. List the principles of MI.
44. List the scope of MI.
45. Give an outline of marine losses
46. Give the classification of Marine losses.
47. Define warranties.
48. What are the features of warranties?
49. What are the types of policies in marine insurances?
50. What are the advantages of marine insurance.
16 UBM 515 – INSURANCE PRINCIPLES AND PRACTICE

K3 QUESTIONS

UNIT-I

1. Describe in detail about classification of risk.
2. Elaborate principles of risk.
3. Explain Reinsurance.
4. Apply the functions of insurance.
5. Explain LIC.

UNIT-II

6. Explain the features of insurance.
7. Write short notes on Assignment.
8. Explain certificate of insurance.
9. What is meant by fire insurance
10. List out the role of LIC in Indian economy

UNIT-III

11. Describe Sources of Risk.
13. Differentiate Life insurance & General insurance.
15. Explain Principles of Fire insurance.

UNIT-IV

16. Explain Subrogation.
17. Write short notes on credit insurance.
18. Explain the process for claim after accident.
19. Explain scope and nature of marine insurance.
20. List out the role Warranties.

UNIT-V

21. Explain the loss management techniques in detail.
22. What is LIC and discuss its role and functions
23. Explain the features of life insurance contract.
24. Inference the IRDA briefly.
25. Explain the types of risk.
1. Describe Risks and Controls.
2. Address the meaning and significance of risk.
3. Differentiate Insurance contract & Wagering agreement.
4. Discuss the ways of privatization of insurance.
5. Enumerate the types of insurance policies.

UNIT-II

7. Explain essential elements of contract of insurance.
8. Describe the important documents used in insurance documents.
9. Explain general insurance.
10. Differentiate insurance and assurance

UNIT-III

11. Describe the nature and significance of risk.
12. Address the principles of risk insurance.
14. Discuss roles and functions of LIC.
15. Enumerate the types of fire policy.

UNIT-IV

16. Explain Claims and recovery.
17. Explain essential elements of public liability insurance.
18. Describe the important documents used in insurance documents.
19. Explain marine insurance.
20. Classify marine loss with explanation.

UNIT-V

21. Elaborate the general insurance corporation of India and its functions.
22. Enumerate the types of policies in detail.
23. Explain in detail about the public liability insurance.
24. Elaborate the recent developments in insurance sector.
25. Explain in detail the various types of fire policy.