

**Insurance Laws & Regulations
321-FIN
Multiple Choice Questions.**

Q. No	Questions	Answer
1	Insurance works on the principle of <ul style="list-style-type: none"> a. Sharing of losses b. Probabilities c. Large numbers d. Randomness e. All of the above 	E
2	Insurance helps to _____ <ul style="list-style-type: none"> 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 	E
3	The term 'Risk' includes: <ul style="list-style-type: none"> 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 	E
4	The main purpose of having Life insurance is: <ul style="list-style-type: none"> 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 	A
5	Insurance contract is sort of contract which is approved by <ul style="list-style-type: none"> a. The Indian Contract Act b. Indian Factory Act c. Indian Companies Act d. The Indian finance Act 	A

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6	<p>General Insurance Corporation was established during the year</p> <ul style="list-style-type: none"> a. 1972 b. 1955 c. 1956 d. 1971 	A
7	<p>General Insurance Business was nationalized under</p> <ul style="list-style-type: none"> a. General Insurance Business Nationalizations Act, 1971 b. General Insurance Business Nationalizations Act, 1972 c. General Insurance Business Nationalizations Act, 1973 d. General Insurance Business Nationalizations Act, 1974 	B
8	<p>The head office of New India Assurance & Co Ltd</p> <ul style="list-style-type: none"> a. New Delhi b. Kolkata c. Chennai d. Mumbai 	A
9	<p>New Delhi is the head office of</p> <ul style="list-style-type: none"> a. New India Assurance & Co Ltd. b. United India Assurance & Co Ltd c. Oriental Insurance Co Ltd d. National Insurance Co Ltd 	C
10	<p>The Head office of National Insurance Co, Ltd, is</p> <ul style="list-style-type: none"> a. Mumbai b. Kolkata c. Bangalore d. Hyderabad 	B
11	<p>The first company transacted insurance business was</p> <ul style="list-style-type: none"> a. LIC b. GIC c. Indian Mercantile Insurance Company d. Oriental insurance Company. 	C
12	<p>The nationalization of insurance sector was undertaken by GIC and</p> <ul style="list-style-type: none"> a. 245 b. 950 c. 200 d. 100 	A

13	<p>_____ insurance company was established in the year 1850</p> <p>a. Triton Insurance Company b. LIC c. GIC d. None of the above</p>	C
14	<p>Those risks which are more than normal risk are called</p> <p>a. Super standard risk b. Substandard risk c. Both of the above d. Neither of them</p>	C
15	<p>Premium on sub-standard lives can be increased by one of the following</p> <p>a. By rating more than of age b. By adding flat extra premium c. By adding extra percentage d. All of the above</p>	D
16	<p>Occupation is important for risk classification because of _____</p> <p>a. Income earned by individual b. Tension, stress and worries given by work place c. Damage caused by pollution at work place d. Both b. and c.</p>	D
17	<p>Risk of mortality is considered</p> <p>a. to be more on male life b. More on female life c. same on life of both d. All the above</p>	D
18	<p>Notification of alteration in risk is a condition</p> <p>a. Precedent to liability. b. subsequent to liability c. precedent to contract d. subsequent to contract</p>	D
19	<p>The claim amount received from insurer is treated as -----.</p> <p>a. Nontaxable Income b. Taxable Gain</p>	B

	<p>c. Gains d. Reserve</p>	
20	<p>The post of chief agents and special agents was terminated in 1956 through _____</p> <p>a. GIC Act b. LIC Act c. IRDA d. None of the above</p>	A
21	<p>With increase, in age, the risk on life _____.</p> <p>a. Constant b. Decreases c. Remains the same d. Increase generally</p>	D
22	<p>Group insurance is ideally suited for covering _____.</p> <p>a. Affluent persons in the society b. Weaker section of the society c. Employer-employee groups d. None of the above</p>	B
23	<p>Risk insured against death is a contract of _____</p> <p>a. Agreement b. Contract c. Assurance d. caveat emptor</p>	C
24	<p>With profit policy is also termed as _____</p> <p>a. Multiple life policy b. Participating policy c. Level premium policy d. Lump sum policy</p>	B
25	<p>Committee of reforms in insurance sectors during 1993 headed by _____</p> <p>a. R.N. Malhotra b. B. S. Narashiman c. Manmohan Singh d. P.Chidambaram</p>	A
26	<p>The Oriental Life Insurance Company came to India during _____</p> <p>a. 1919 b. 1818 c. 1899 d. 1888</p>	B
27	<p>The policies where the premium is payable throughout the life of the assured is _____</p>	A

	called _____ a. Whole life policies b. Renewable term policies c. Sinking fund policies d. Annuity policies	
28	The proportion of the risk which the direct insurer holds on his own account refers to _____. a. Line b. Retention c. Retrocession d. Ceding insurer	B
29	When the same risk and subject matter is insured with more than one insurer is called as _____ a. Double insurance b. Over insurance c. Reinsurance d. External insurance	A
30	Committee of reforms in insurance sectors during 1993 headed by _____ a. N. Malhotra. b. S. Narashiman c. Manmohan Singh d. P.Chidambaram	A
31	_____ involved those losses that occur even if there were no changes in the economic environment a. Dynamic risk b. Static risk c. Fundamental risk d. Particular risk	B
32	Unemployment, war, inflation, earthquakes etc., are the examples of _____ a. Pure risk b. Fundamental risk c. Particular risk d. Personal risk	B
33	Any risk involved a situation where there is a possibility of gain refers to _____ a. Liability risk b. Personal risk c. Pure risk d. Speculative risk	D
34	Rashtiya Kishi Yojana of Crop Insurance Scheme came into India during _____ a. 1888	B

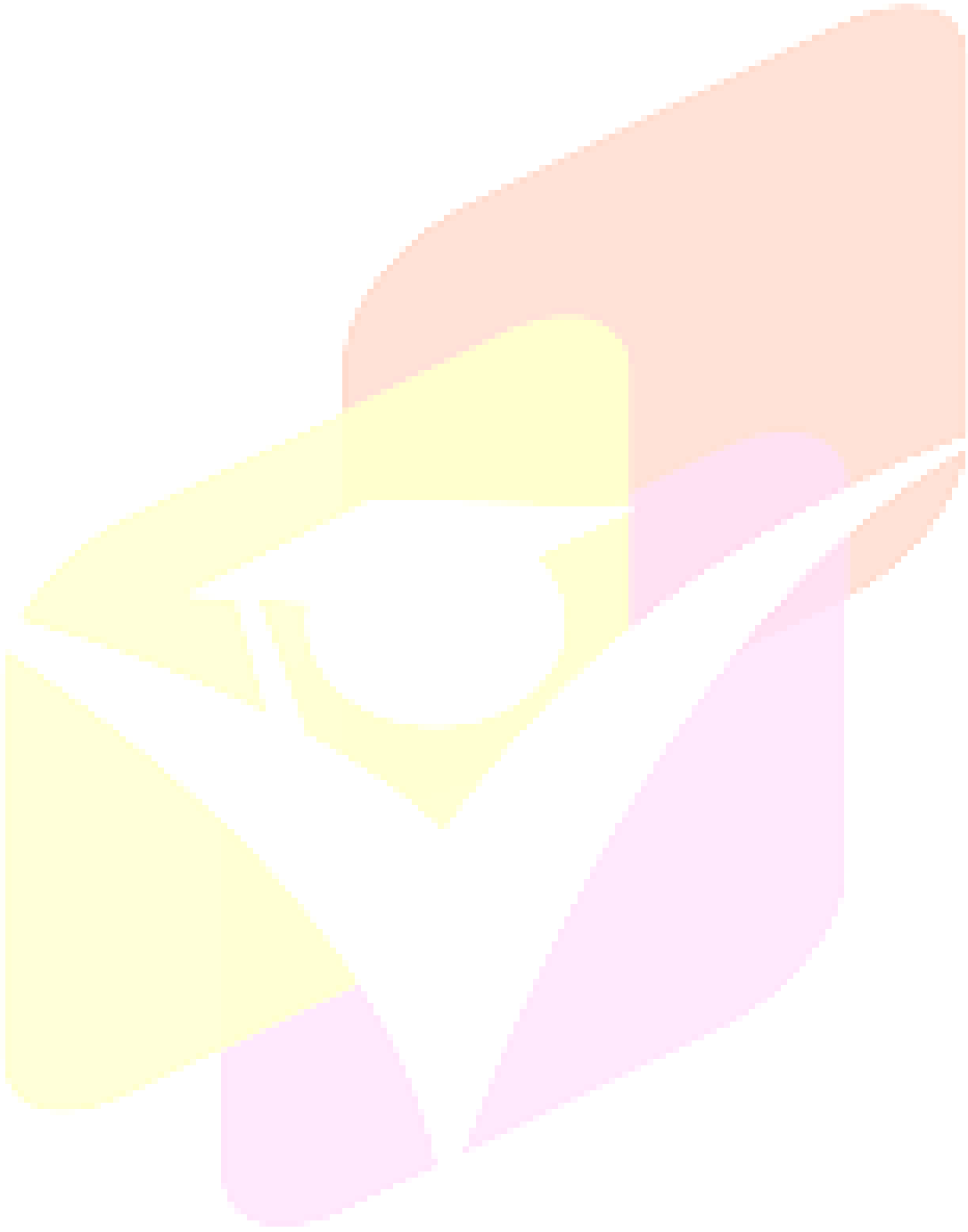
	<p>b. 1999</p> <p>c. 1988</p> <p>d. 1977</p>	
35	<p>Corpus fund is created with contributions from the Central Government and State Government on _____</p> <p>a. 75:25 basis</p> <p>b. 50:25 basis</p> <p>c. 60:40 basis</p> <p>d. 70:30 basis</p>	B
36	<p>How many subsidiary company available to GIC</p> <p>a. Two</p> <p>b. Four</p> <p>c. Five</p> <p>d. Three</p>	B
37	<p>The constitution of the IRDA consists of not more than _____ member</p> <p>a. 10 members</p> <p>b. 7 members</p> <p>c. 9 members</p> <p>d. Members</p>	C
38	<p>The insurance plays a role in the economic development of the county in following Ways _____</p> <p>a. Releases capital for new investments</p> <p>b. The job potential increases</p> <p>c. Money collected is invested in infrastructure</p> <p>d. All of the above</p>	D
39	<p>On the death of the bread-earner, two losses occur in the family one is loss of human life and the other is _____</p> <p>a. earning power of family</p> <p>b. loss of insurance</p> <p>c. loss of investment</p> <p>d. loss of bank deposits</p>	A
40	<p>Name the Indian insurance organization which for the first time stated charging normal rates of premium on Indian _____</p> <p>a. Bombay Mutual Life Assurance society</p> <p>b. Oriental Life Assurance Company</p> <p>c. New India Assurance Company</p> <p>d. Hindustan C-operating Insurance Society</p>	A
41	<p>In case a business firm sets up a private fund to payout the losses if happens, then that is called as _____</p> <p>a. Individual insurance</p>	C

	<ul style="list-style-type: none"> b. family insurance c. Self-insurance d. group insurance 	
42	<p>Group insurance is ideally suited for covering _____</p> <ul style="list-style-type: none"> a. affluent person in the society b. weaker sections of the society c. employer-employee groups d. both 2 and 3 	D
43	<p>What is floating policy?</p> <ul style="list-style-type: none"> a. A standard fire policy. b. Policy covering the fixed sum assured stock c. A policy that covers stocks located in various god owns under a single policy d. A renewable Maine policy 	C
44	<p>For settlement of claims, Insurer requires proper knowledge of _____</p> <ul style="list-style-type: none"> a. law, principles and practice of insurance b. law only c. principles and practice of insurance d. Law, principles, practice of insurance, terms and conditions of policies, extensions and modifications 	D
45	<p>The burden of proof of the loss within the scope of policy is upon the _____</p> <ul style="list-style-type: none"> a. Insurer b. Insured c. Surveyor d. Defense Lawyer 	B
46	<p>If the interest rates in the market are higher, then cost of insurance _____</p> <ul style="list-style-type: none"> a. Increases b. moderate c. Decreases d. no change 	C
47	<p>Brokers Association of India was granted recognition by IRDA on _____</p> <ul style="list-style-type: none"> a. Dec 11, 2001 b. Dec 11, 2002 c. Dec 11, 1999 d. Dec 11, 2003 	A
48	<p>Foreign equity participation is allowed in insurance sector up to a limit of _____ percent</p> <ul style="list-style-type: none"> a. 80 b. 73 c. 49 	D

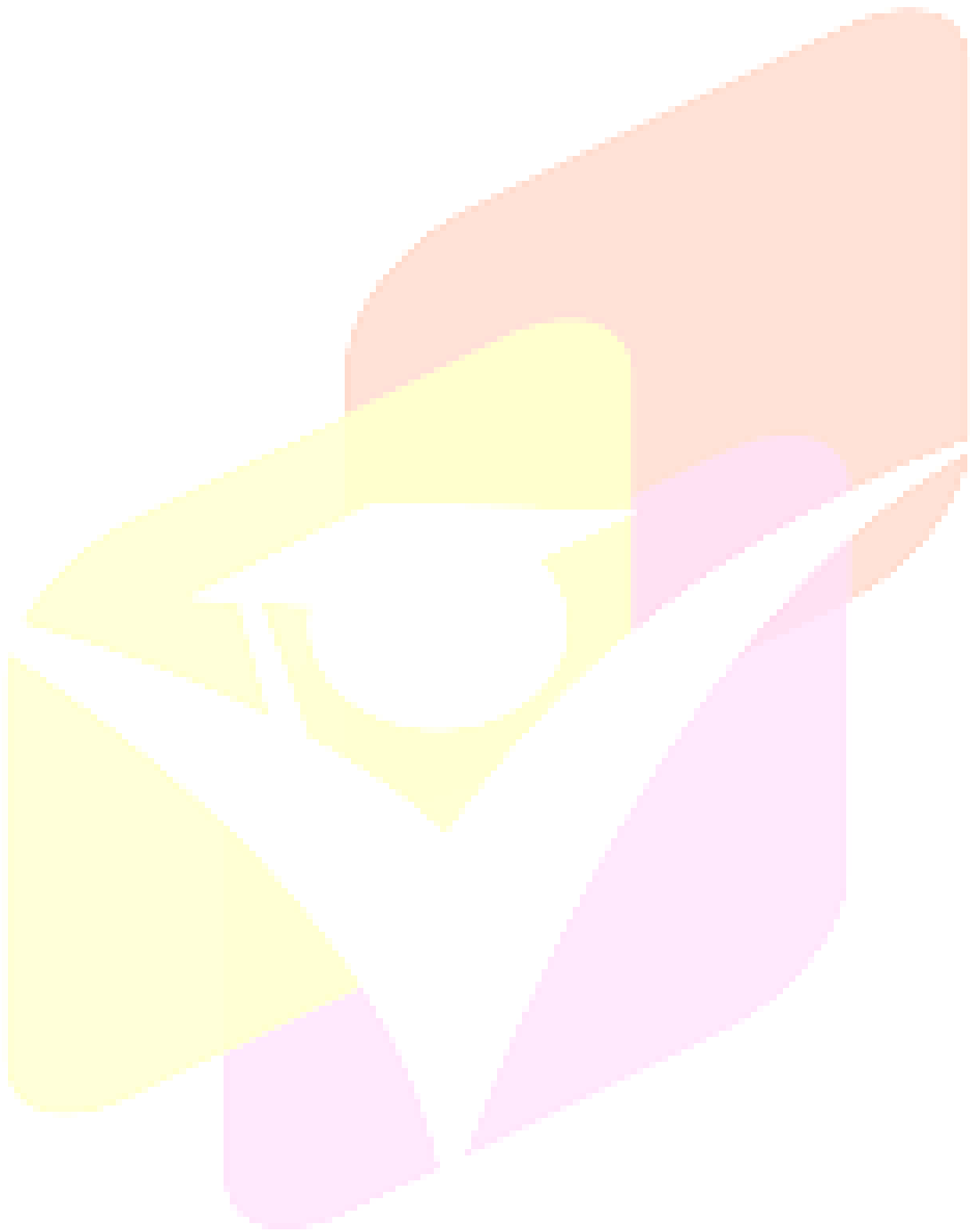
	d. 26	
49	_____ is the appointing of a nominee under the policy a. Nomination b. Election c. Justification d. Assignment	A
50	Except life assurance the maximum term of other insurance is----- a. Twelve months. b. One Month c. Three Months d. Twenty four months	A



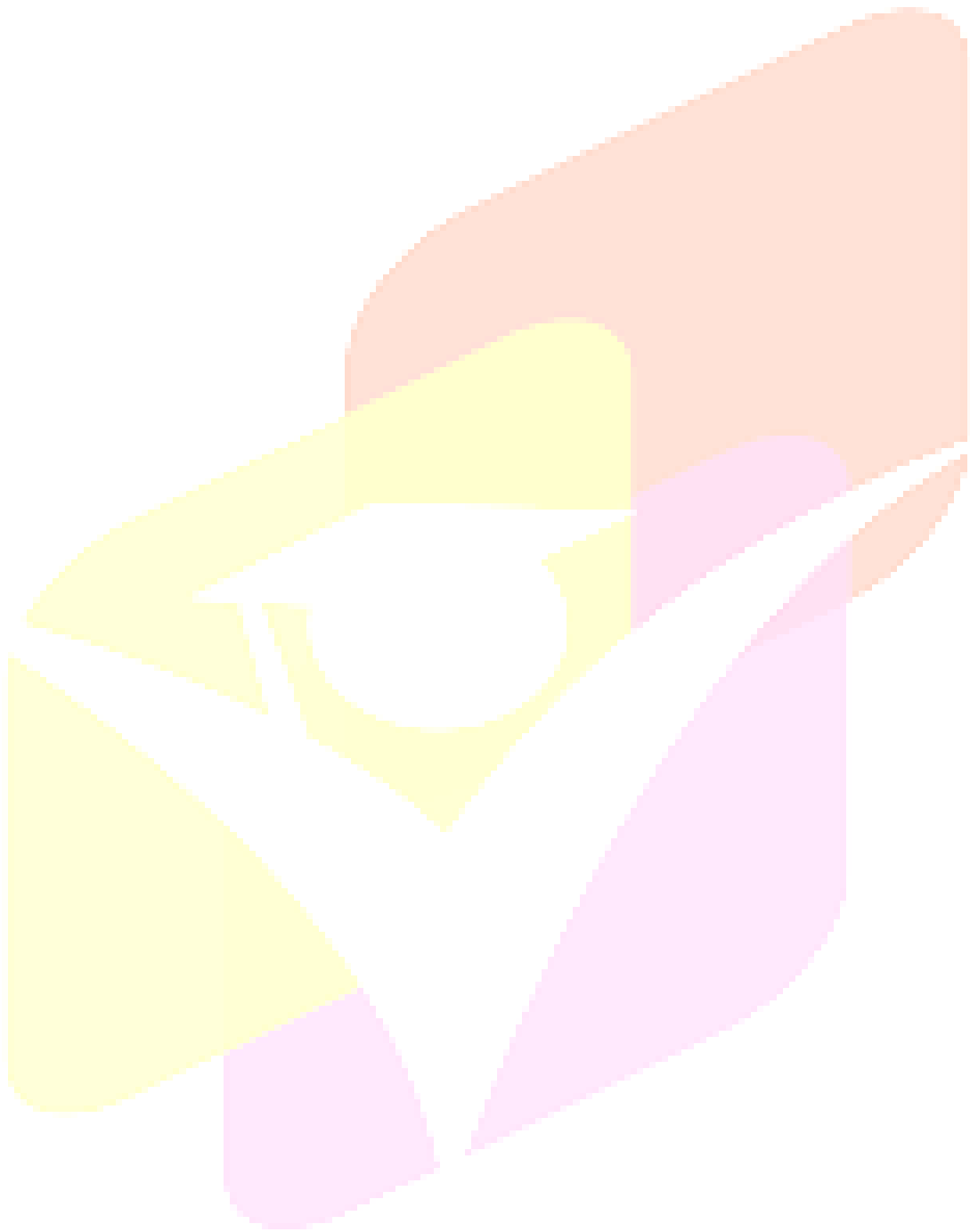
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