



Dr.G.R.Damodaran College of Science

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CRISL rated 'A' (TN) for MBA and MIB Programmes

I B.Com (AM)[2017-2020]

Semester I

Core:INSURANCE AND RISK MANAGEMENT - 113B

Multiple Choice Questions.

1. The Insurance is referred as-----.

- A. . Contract
- B. .Uncertainty
- C. Peril
- D. Hazard

ANSWER: A

2. ----- refers to distribution of insurance products through

- A. Bank
- B. Company
- C. Co-operatives
- D. Sole trader

ANSWER: A

3. The cause of loss or a contingency that may cause a loss due to nature is known as-----

- A. Hazard
- B. Peril
- C. Risk
- D. Uncertainty

ANSWER: B

4. The agreement refers to -----.

- A. Offer
- B. Acceptance
- C. Free Consent
- D. All the above

ANSWER: D

5. The premium implies _____

- A. Consideration by Service
- B. Consideration by cash
- C. Consideration by Kind
- D. Speculative Cash

ANSWER: B

6. The risk which directly affects the individual's capability to earn income is called-----

- A. Personal Risk

- B. Risk Financing
- C. Risk Retention
- D. Risk Sharing

ANSWER: A

7. Losses arising due to a risk exposure retained or assured is known as-----

- A. Risk Reduction
- B. Risk Financing
- C. Risk Retention
- D. Risk Sharing

ANSWER: C

8. A person who dislikes risk is known as -----

- A. Risk lover
- B. Risk Averse
- C. Risk Neutral
- D. Insurer

ANSWER: B

9. Risk Management process includes-----

- A. Risk Analysis
- B. Risk Control
- C. Risk Analysis and Control
- D. Risk Reduction

ANSWER: C

10. A risk manager should report to-----

- A. Managing Director
- B. Company Secretary
- C. Supervisor
- D. General Manager

ANSWER: C

11. An alternative approach to the check list is-----

- A. Threat Analysis
- B. Event Analysis
- C. Operability Study
- D. Minimum Level Analysis

ANSWER: A

12. The System that brings together the operative causes of perils is-----

- A. Risk Evaluation
- B. Safety Audit
- C. Risk Financing
- D. Fault Tree Analysis

ANSWER: B

13. Type of Risk Management are-----

- A. Risk Retention,Risk Analysis,Risk Financing.
- B. Risk Analysis,Risk Control,Risk Financing
- C. Risk Control,Risk Retention,Risk Avoidance

D. Risk Analysis,Risk Control,Risk Financing

ANSWER: D

14. The foundation for risk Management is provided by-----

- A. Risk Control
- B. Risk Analysis
- C. Risk Identification
- D. Risk Retention

ANSWER: C

15. The Risk Evaluation breaks into two parts.They are-----

- A. The cause of loss and its affects
- B. The probability of loss occurring and its severity
- C. The loss due to any reasons
- D. The risk and return

ANSWER: B

16. The main aim of risk Financing is to-----

- A. Control the risk
- B. Avoid the Risk
- C. Spread the Risk
- D. Financing the Risk

ANSWER: C

17. The measures aimed at avoiding,eliminating or reducing the chances of loss production is covered by-----

- A. Risk Control
- B. Risk Retention
- C. Risk Avoidance
- D. Risk Financing

ANSWER: A

18. The two Aspects of risk Managers are-----

- A. Record keeping and reporting of the activities
- B. Maintaining accounts and reporting.
- C. Carry out analysis and control.
- D. Marketing.

ANSWER: A

19. 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

ANSWER: B

20. Insurance is a risk management technique involving

- A. Risk Retention
- B. Risk Avoidance
- C. Loss Control
- D. Risk Transfer

ANSWER: D

21. The claim amount received from insurer are treated as -----.

- A. Nontaxable Income
- B. TaxableGain
- C. Gains
- D. Reserve

ANSWER: B

22. Insurance is best suited to risk with-----.

- A. high frequency and low loss severity.
- B. low frequency and high loss severity.
- C. minimum frequency and no loss severity.
- D. high frequency and high loss severity.

ANSWER: B

23. The condition for insurable interest is-----.

- A. Loss should be sufficiently in monetary terms.
- B. Loss potential should be sufficiently large.
- C. Interest on the subject matter of the insurance.
- D. Loss cannot be managed.

ANSWER: C

24. The measures aimed at avoiding, eliminating or reducing the chances of loss producing events is covered by-----.

- A. Risk Avoidance
- B. Risk Control.
- C. Risk Evaluation
- D. Risk Financing

ANSWER: B

25. Restoring a policy holder to his pre-loss financial position means-----.

- A. Contribution
- B. Indemnity
- C. Goodwill
- D. LiquidAsset

ANSWER: B

26. Franchise and aggregate excess of loss are two variations of-----.

- A. Coinsurance
- B. Excess of Loss
- C. First Loss
- D. Proximate Cause

ANSWER: B

27. The type of reinsurance that forms individual large losses of risk is called as-----.

- A. Proportional quota share.
- B. Excess of loss per event basis.
- C. Stop loss.
- D. Facultative

ANSWER: A

28. The risk manager maybe able to identify the new ventures involved in -----.

- A. Pure risk.
- B. Group Risk.
- C. Speculative risk.
- D. Particular risk.

ANSWER: A

29. Identification of sources of hazard will have to be done by the-----.

- A. Production manager.
- B. Risk manager
- C. Finance manager.
- D. General manager.

ANSWER: A

30. ____ are the risk management methods

- A. Insurance
- B. Hedging
- C. Derivatives
- D. All the above

ANSWER: D

31. The risk management which refers to the identification of pure risk faced by an individual or family is-----.

- A. Corporate
- B. Individual.
- C. Joint Stock Companies
- D. Partnership Firm.

ANSWER: B

32. An instrument by which a pure risk is transferred by a party other than insurer is

- A. Insurance
- B. Retention.
- C. Non Insurance Transfer.
- D. Reinsurance.

ANSWER: C

33. Having money available when it is needed is defined as the art of-----.

- A. Financial management.
- B. Risk management.
- C. Contingency fund.
- D. Surplus

ANSWER: A

34. The expected value of losses varies directly with the -----.

- A. time period.
- B. financial period.
- C. fixed period.
- D. fluctuating period.

ANSWER: A

35. Organisations are mainly concerned with managing

- A. Pure Risk
- B. Speculative Risk
- C. Personal Risk
- D. None of the above

ANSWER: A

36. The strategy pursued by the business firms to tackle risk by spreading into a number of business is-----.

- A. Diversification.
- B. Centralisation.
- C. Risk Retention
- D. Financing.

ANSWER: A

37. The 5th chapter of Factories Act deals with-----.

- A. Safety
- B. Welfare
- C. The Inspecting Staff
- D. Marketing Manager

ANSWER: B

38. The Person whose risk is insured is called _____.

- A. Insured
- B. merchandiser
- C. marketer
- D. Agents

ANSWER: A

39. Risk management is concerned with-----.

- A. Planning.
- B. Arranging and controlling of activities
- C. Managing of funds
- D. Planning, arranging and controlling of activities.

ANSWER: D

40. The number of elements of uncertainty in most type of events are -----.

- A. Three
- B. Two
- C. One
- D. Five

ANSWER: B

41. Dynamic risks are closely related to -----.

- A. Speculative risks.
- B. Static Risks
- C. Personal Risks
- D. Particular

ANSWER: A

42. That which take advantage to the law of large numbers is -----.

- A. Risk retention.
- B. Combination.
- C. Hedging.
- D. Inflation.

ANSWER: B

43. That which is designed to improve the information on which decisions are take to reduce risk is-----.

- A. Transfer
- B. Research.
- C. Costs.
- D. Deflation.

ANSWER: B

44. In order to minimize the impact of uncertain events risk management is concerned with planning arranging and controlling of-----.

- A. Men and Material
- B. Resources and Market
- C. Activities and Resources
- D. Men and Activities

ANSWER: B

45. A firm may seek to minimize marketing risks by undertaking -----.

- A. Credit Facilities
- B. Training Salesmen
- C. Market Research
- D. Branch Expansion

ANSWER: C

46. In alike the risk of creditors and shareholders by High Capital Gearing ratio companies is-----.

- A. Increased
- B. Decreased
- C. Government
- D. Management and Employees

ANSWER: A

47. Personnel risk in a firm depends upon the ability integrity and enthusiasm of-----.

- A. Creditors
- B. Debtors
- C. Government
- D. Management and Employees

ANSWER: D

48. Uncertain events are broadly classified as -----.

- A. Predictable and Unpredictable.
- B. Possible and Impossible
- C. Natural and Artificial.
- D. Rare and Continuous

ANSWER: A

49. Fire insurance can be taken in respect of -----.

- A. movable properties only.
- B. immovable properties.
- C. movable and immovable.
- D. persons only

ANSWER: C

50. Except life assurance the maximum term of other insurance is-----.

- A. twelve months.
- B. twenty four months.
- C. six months
- D. thirty six months

ANSWER: A

51. The principles of indemnity does not apply to-----.

- A. Burglary insurance
- B. Fire insurance.
- C. Marine insurance.
- D. Life and Personal Accident insurance.

ANSWER: D

52. The number of prime elements of risk analysis is-----.

- A. one
- B. Two
- C. Three
- D. Four

ANSWER: B

53. That which are not independent parts of the whole risk management process are-----.

- A. Risk Control and Risk Financing
- B. Risk Retention and Risk Analysis
- C. Risk Retention and Risk Financing
- D. Risk Analysis and Risk Control.

ANSWER: A

54. The possibility that actual results may differ from predicted results is known as_____.

- A. Risk.
- B. Uncertainty.
- C. Peril.
- D. Hazards.

ANSWER: A

55. The situation of doubt in mind about the happening or not happening of anything in future because of lack of knowledge-----.

- A. Risk.
- B. Uncertainty.
- C. Loss.
- D. Hazards.

ANSWER: B

56. The risk that arises because of magnitude of cash flow due to change in output and input prices is known as-----.

- A. Credit risk.
- B. Particular risk
- C. Business risk
- D. Price risk

ANSWER: D

57. The identification analysis and economic control of those risk which can threaten the assets or earning capacity of an enterprise is known as-----.

- A. Business Management
- B. Risk Management
- C. Financial Management
- D. Strategic Management

ANSWER: B

58. The success of whole process of risk management depends on its-----.

- A. Identification.
- B. Risk analysis.
- C. Assessment of risk.
- D. Evaluation of risk.

ANSWER: A

59. 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.
- D. Principle of Corrective Decision.

ANSWER: B

60. Transfer of risk to other party is done through-----.

- A. Reduction.
- B. Control.
- C. Retention
- D. Insurance.

ANSWER: D

61. Cost of risk has the following components-----.

- A. Cost of Expected Losses and Cost of Control of Loss.
- B. Cost of Expected Losses and Cost of Loss Financing
- C. Cost of Control of Loss and Cost of Loss Financing.
- D. Cost of Expected Loss, Cost of Control of Loss Cost of Financing, Cost of Residual Uncertainty

ANSWER: D

62. The cost of increased precautions and limits on risky activity to reduce the frequency and severity of accidents and losses is covered by-----.

- A. Cost of Loss Financing.
- B. Cost of Expected Losses
- C. Cost of Control of Loss.
- D. Cost of Internal Risk Reduction.

ANSWER: C

63. That which covers the cost of self insurance, loading in insurance premiums and enforcing hedging arrangements is-----.

- A. Cost of Loss Financing.
- B. Cost of Control of loss
- C. Cost of Residual Uncertainty.
- D. Cost of Internal Risk Reduction.

ANSWER: A

64. The uncertainty reduced through diversification and investing in information is known as -----.

- A. Cost of Residual Uncertainty.
- B. Cost of Loss Financing
- C. Cost of Loss Control.
- D. Cost of Internal Risk Reduction

ANSWER: D

65. The cost of uncertainty that remains once the firm has selected and implemented loss control loss financing and internal risk reduction is called-----.

- A. Cost of Residual Uncertainty.
- B. Cost of Expected Losses
- C. Cost of Price Change.
- D. Cost of Loss Control.

ANSWER: A

66. If RMIS has the problem of incompatibility of software then the remedy is to provide-----.

- A. solid vendor account team.
- B. internal access to system expert.
- C. clear and comprehensive specifications
- D. financial check.

ANSWER: C

67. If RMIS has poor system documentation then the remedy is to provide-----.

- A. solid vendor account team.
- B. internal access to system expert.
- C. assessment in proper manner.
- D. clear and comprehensive specifications.

ANSWER: C

68. If impurity of data is the problem that RMIS is showing then provide-----.

- A. clear and comprehensive specifications.
- B. solid vendor account team.
- C. reference checks, including on-site.
- D. assessment in proper manner.

ANSWER: C

69. If RMIS shows lack of service then you need to provide-----.

- A. reference checks including on site.
- B. assessment in proper manner.
- C. financial check .
- D. standard software configuration.

ANSWER: C

70. To avoid RMIS being obsolete provide-----.

- A. solid vendor account team.
- B. internal access to system expert.
- C. standard software configuration
- D. clear and comprehensive specifications

ANSWER: C

71. If RMIS shows inflexibility of system then provide-----.

- A. solid vendor account team.
- B. clear and comprehensive specifications
- C. internal access to system expert.
- D. standard software configuration.

ANSWER: C

72. The risk management can be done by-----.

- A. Insurance.
- B. Hedging.
- C. Derivatives.
- D. All of the above.

ANSWER: D

73. Risk management information is not useful in one of the following-----.

- A. Reporting.
- B. Hedging.
- C. Claim adjustment process reviews
- D. Derivatives.

ANSWER: B

74. The methods of risk management are-----.

- A. Loss Control.
- B. Loss Financing.
- C. Internal Risk Reduction.
- D. All of the above.

ANSWER: D

75. The routine medical check up during a year is an example of-----.

- A. Loss prevention
- B. Loss reduction.
- C. Risk avoidance
- D. Retention.

ANSWER: A

76. The installation of heat or smoke activated sprinkler systems that are designed to minimize fire damage in the outbreak of a fire is an example of-----.

- A. Loss prevention
- B. Loss reduction.
- C. Hedging.
- D. Insurance.

ANSWER: B

77. The process of reducing the level of risky activities firstly affect the frequency of losses is the strategy

of-----.

- A. Risk avoidance.
- B. Retention
- C. Hedging.
- D. Other contractual risk transfer.

ANSWER: A

78. Which of the following is the last step in risk management process-----.

- A. Insurance.
- B. Review.
- C. Risk evaluation.
- D. Loss prevention.

ANSWER: A

79. Which of the following helps in risk improvement?

- A. Fire brigade.
- B. Salvage corps.
- C. Engineers who survey property to be insured.
- D. Ambulance.

ANSWER: C

80. Which of the statements is correct? a. Insurance is a transfer of risk mechanism. b. Insurance gives physical protection to assets.

- A. Statement A.
- B. Statement B.
- C. Both the statements.
- D. Neither of the statements

ANSWER: A

81. Which of the statements is correct? a. The simplest way to deal with a risk to avoid it. b. This technique is always possible and practical.

- A. Statement A.
- B. Statement B.
- C. Both the statements.
- D. Neither of the statements

ANSWER: D

82. _____ is the extra payment done for administrative and capital cost.

- A. Premium
- B. Premium loading.
- C. Interest.
- D. Contingency.

ANSWER: B

83. The insurance plays a role in the economic development of the country in the following ways-----.

- A. Releases capital for new investments.
- B. The job potential increases.
- C. Money collected is invested in infrastructure
- D. All of the above.

ANSWER: D

84. A complete proposal form contains information about_____.
- A. Moral hazard.
 - B. Physical hazard.
 - C. Personal history of proposer and identify of the property insurance.
 - D. All of the above.

ANSWER: B

85. The Principle of Indemnity does not apply to_____.
- A. Burglary Insurance.
 - B. Fire Insurance
 - C. Marine Insurance
 - D. Life and personal accident insurance.

ANSWER: D

86. Transfer of rights and remedies of the insured to the insurer after indemnity has been effected is called _____.
- A. Insurable interest.
 - B. Subrogation
 - C. Proximate clause.
 - D. Money back policy.

ANSWER: B

87. Malhotra Committee was appointed in
- A. 1993
 - B. 1994
 - C. 1999.
 - D. 2000

ANSWER: A

88. Insurance is based on the principle of _____.
- A. co-operation.
 - B. Democracy
 - C. Equality
 - D. welfare

ANSWER: A

89. This policy covers all risks to the ship and its cargo while the ship is at a particular port _____.
- A. Voyage policy
 - B. Floating policy
 - C. Time policy
 - D. Portrisk Policy

ANSWER: D

90. Fire insurance can be taken in respect of _____
- A. movable property only
 - B. immovable property only
 - C. both movable and immovable properties
 - D. persons only

ANSWER: C

91. The principle of indemnity is applicable to _____ only.

- A. Life Insurance
- B. Personal accident insurance
- C. Proximate Cause
- D. Property insurance

ANSWER: D

92. Except life assurance the maximum term of other insurance is _____.

- A. 12 months
- B. 24 months
- C. 6 months
- D. 36 months

ANSWER: A

93. The person who agrees to compensate the loss arising from the risk is called the _____.

- A. Insurer
- B. Assurer
- C. Underwriter
- D. All the above

ANSWER: D

94. _____ policy matures on the assured death or on his attainment of a particular age whichever occurs earlier.

- A. Endowment.
- B. Money back.
- C. Joint life
- D. Single premium.

ANSWER: A

95. _____ is an agreement where by the insurer agrees to indemnify the insured against marine losses.

- A. Life insurance
- B. Fire insurance.
- C. Marine insurance.
- D. Public liability insurance.

ANSWER: C

96. _____ is those terms, which are implied in every contract of marine insurance unless they are expressly excluded.

- A. Guarantee
- B. Express Warranties
- C. Implied Warranties
- D. Waiver Clause

ANSWER: C

97. _____ are those terms, which are written on the policy.

- A. Express Warranties
- B. Implied Warranties
- C. Memorandum Warranties
- D. Valuation Clause

ANSWER: A

98. Notice of abandonment is necessary in the case of _____.

- A. Actual loss.
- B. Constructive total loss.
- C. Partial total loss.
- D. Minimum loss.

ANSWER: B

99. When the subject matter insured is destroyed wholly refers to _____.

- A. Partial loss.
- B. Actual total loss.
- C. Constructive total loss.
- D. Maximum loss.

ANSWER: B

100. RiskManagement is a subject which falls under_____.

- A. production
- B. HR
- C. marketing
- D. finance

ANSWER: D

101. _____ policy issued on the basis of the number of persons assured.

- A. Annuity policy.
- B. Multiple life policy.
- C. Single life policy.
- D. Level of premium policy.

ANSWER: B

102. Assignment of life policy means _____.

- A. Transferring rights to the assignee.
- B. Policy holder is entitled to the paid up value.
- C. Paid up value is always higher than surrender value.
- D. Value payable on assured death or maturity.

ANSWER: A

103. _____ means a willful and intentional act on part of the self-destructed.

- A. Death
- B. Suicide
- C. Murder
- D. Accident

ANSWER: B

104. A person employed to do any act for another or to represent another in dealing with a third person refers to _____.

- A. Principal
- B. Employee
- C. Agent
- D. Development Officer

ANSWER: C

105. Marine perils is also called as _____.

- A. Perils of the Sea
- B. Moral Hazards
- C. Marine Clause
- D. Marine laws

ANSWER: A

106. _____ policy is which covers the risk during all situations.

- A. Floating.
- B. Wagering
- C. Valued
- D. Mixed

ANSWER: D

107. Risk insured against death is a contract of _____.

- A. Assurance.
- B. Agreement.
- C. Indemnity
- D. Caveat Emptor

ANSWER: A

108. Which of the following contract is not legally enforceable?

- A. Contract of insurance.
- B. Wagering contract.
- C. Contract of sale of goods.
- D. Contract of business.

ANSWER: B

109. Insurance contract is sort of contract which is approved by _____.

- A. The Indian Contract Act.
- B. Indian Factory Act.
- C. Indian Companies Act.
- D. The Indian finance Act.

ANSWER: A

110. _____ is a document which provides evidence of the contract of insurance

- A. Proposal form.
- B. Policy form.
- C. Cover note.
- D. Certificate of insurance.

ANSWER: B

111. _____ provides evidence of insurance to the policies and Registration Authorities under Motor Vehicle Act.

- A. Cover note.
- B. Endorsements.
- C. Certificate of insurance.
- D. Policy form.

ANSWER: C

112. The term Assurance refers to _____.

- A. Life Insurance Business.

- B. Marine Insurance Business.
- C. Fire Insurance Business.
- D. Motor Vehicle Business.

ANSWER: A

113. Which of the statements are true?

- A. Loss prevention and loss reduction mean different things
- B. Risk may be transferred by contract
- C. Both the statements
- D. Neither is correct

ANSWER: C

114. The risk which arises because of change in major economic, social, cultural and political factors are-----.

- A. ParticularRisk
- B. Fundamental Risk
- C. Speculative Risk
- D. Dynamic Risk

ANSWER: B

115. Insurance is a risk management technique involving-----.

- A. Risktransfer
- B. Riskretention
- C. Riskavoidance
- D. Losscontrol

ANSWER: A

116. The first step in risk management process is -----.

- A. Riskavoidance
- B. RiskIdentification
- C. Insurance
- D. RiskEvaluation

ANSWER: B

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

- A. Risk identification.
- B. Risk Retention.
- C. Risk Evaluation
- D. Risk Transfer.

ANSWER: C

118. When an event is stated to be possible, it has a probability between-----.

- A. Zero and One
- B. Zero or One.
- C. None of these.
- D. Both of the above.

ANSWER: A

119. If the most impossible event is assigned a value of zero, then most inevitable event is assigned a value-----.

- A. one.
- B. Between Zero and one.
- C. Between Zero to 10.
- D. Between 10 to 10.

ANSWER: A

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

- A. Insurance.
- B. Review
- C. Risk evaluation.
- D. Loss prevention.

ANSWER: A

121. Which of the following helps in Risk improvement?

- A. Fire brigade
- B. Salvage crops
- C. Engineers who survey property to be insured
- D. Ambulance

ANSWER: C

122. Insurance business is based on -----.

- A. Parkinsons law.
- B. Newtons law
- C. The theory of probability and law of large numbers.
- D. Boyles law.

ANSWER: C

123. The business of insurance is related to protection of -----.

- A. Savings
- B. Status.
- C. Profits
- D. Economic value of assets

ANSWER: D

124. Contractual risk transfers come under-----

- A. Cost of loss financing
- B. Cost of internal risk reduction
- C. Cost of control of loss
- D. Cost of residual uncertainty

ANSWER: B

125. Risk retention means-----

- A. Saving money to pay for the losses
- B. Accepting and agreeing to finance the loss oneself
- C. Not taking up any activity which is risky.
- D. Insuring the risk.

ANSWER: B

126. A person who is risk averse -----

- A. accepts the risk no matter what
- B. do not accept the risk as a loss hurts them more than gain benefits them.

C. tries to control the loss.

D. avoids insurance

ANSWER: B

127. If the premium loading is zero then purchasing insurance-----

A. does not change the persons expected wealth

B. changes the persons expected wealth

C. increases the variability of wealth

D. no change in expected wealth .

ANSWER: A

128. Loss control involves a combination of-----.

A. effort and time

B. fund and time

C. funds effort or time.

D. effort and fund.

ANSWER: C

129. The risk which has three outcomes with possibility of gain is -----

A. Pure.

B. Speculative

C. Static.

D. Dynamic

ANSWER: B

130. The risk management methods are-----

A. Insurance

B. Hedging

C. Derivatives

D. All of the above

ANSWER: D

131. The concept of insurance is-----.

A. to share the losses by many

B. to make money out of death.

C. to earn interest

D. to earn a status

ANSWER: A

132. Insurance cover-----.

A. Protect assets

B. Prevents loss.

C. Reduces the impact of loss

D. Insurances immortality

ANSWER: C

133. The insurance plays a role in the economic development of the country in following ways:

A. Releases capital for new investment

B. The job potential increases.

C. Money collected is invested in infrastructure.

D. All of the above.

ANSWER: D

134. The company doing the insurance business is called-----.

- A. Mutual funds.
- B. Non-banking firm.
- C. An insurance company
- D. Banking company

ANSWER: C

135. An insurance company estimates its objective risk for 10,000 exposures at 10 Per cent. Assuming the probability of loss remains the same, what would happen to the objective risk if the number of exposures were to increase to 1 million?

- A. It would decrease to 1 percent
- B. It would decrease to 5 percent.
- C. It would remain the same.
- D. It would increase to 20 percent.

ANSWER: A

136. 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.

ANSWER: D

137. Insurance penetration in India in 2001 was

- A. 1.93
- B. 2.32
- C. 2.71
- D. 2.25.

ANSWER: C

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

- A. market risks.
- B. property risks.
- C. financial risks
- D. political risks.

ANSWER: B

139. All of the following are social costs associated with insurance Except-----.

- A. increased cost of capital.
- B. the expense of doing business.
- C. fraudulent claims.
- D. inflated claims.

ANSWER: A

140. The medias used for direct marketing are

- A. Direct Mail

- B. Telephone Contacts
- C. Kiosks
- D. All the above

ANSWER: D

141. Risk and Premium are fixed on the basis of-----.

- A. . strategic Methods
- B. Survey Methods
- C. Scientific Methods
- D. Probability Methods

ANSWER: C

142. . Bancassurance means_____.

- A. Selling financial services
- B. general liability insurance
- C. Selling banking products
- D. Selling Insurance Products

ANSWER: D

143. Risk means -----..

- A. economy.
- B. possibility of loss
- C. .reduction of anxiety
- D. . meeting externally imposed obligations

ANSWER: B

144. Risk of premature death is a -----.

- A. Financial Risk
- B. Dynamic Risk
- C. Subjective Risk
- D. Personal Risk

ANSWER: D

145. Pure Risk was grouped_____.

- A. Property Risk
- B. .Personal Risk
- C. Liability risk
- D. All the above

ANSWER: D

146. Medical Expenses Risk Comes under?

- A. Business Risk
- B. Price Risk
- C. Credit Risk
- D. Personal Risk

ANSWER: D

147. Credit Risk is high in case of _____.

- A. Companies
- B. Partnership
- C. Financial Institutions

D. None of these
ANSWER: C

148. All dynamic risks are _____.

- A. predictable
- B. Unpredictable
- C. Possibility
- D. Judgement

ANSWER: A

149. A bancassurance started in India was _____.

- A. 2002
- B. 2003
- C. 2001
- D. 2000

ANSWER: A

150. . A bancassurance concept originated in _____.

- A. England
- B. Finland
- C. France
- D. Spain

ANSWER: C

Staff Name
Senthil Kumar R.