

Insurance and Risk Management

1. The Insurance is a _____

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

View answer

Correct answer: (A)

Contract

2. 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

View answer

Correct answer: (C)

Risk Retention

3. An alternative approach to the check list is _____

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

View answer

Correct answer: (A)

Threat Analysis

4. 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

View answer

Correct answer: (A)

Risk Control

5. 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.

View answer

Correct answer: (B)

low frequency and high loss severity.

6. The risk manager maybe able to identify the new ventures involved in _____.

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

View answer

Correct answer: (A)

Pure risk.

7. 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.

View answer

Correct answer: (C)

Non Insurance Transfer.

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

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

View answer

Correct answer: (A)

Insured

9. 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.

View answer

Correct answer: (B)

Research.

10. Uncertain events are broadly classified as _____.

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

View answer

Correct answer: (A)

Predictable and Unpredictab

11. The possibility that actual results may differ from predicted results is known as _____.

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

View answer

Correct answer: (A)

Risk.

12. The success of whole process of risk management depends on its _____.

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

View answer

Correct answer: (A)

Identification

13. 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

View answer

Correct answer: (A)

Cost of Loss Financing

14. 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

View answer

Correct answer: (C)

assessment in proper manner

15. The risk management can be done by _____.

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

View answer

Correct answer: (D)

All of the above

16. 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

View answer

Correct answer: (B)

Loss reduction

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

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

View answer

Correct answer: (B)

Premium loading

18. 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

View answer

Correct answer: (B)

Subrogation

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

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

View answer

Correct answer: (D)

Property insurance

20. _____ 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

View answer

Correct answer: (C)

Implied Warranties

21. RiskManagement is a subject which falls under _____.

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

View answer

Correct answer: (D)

finance

22. 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

View answer

Correct answer: (C)

Agent

23. 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

View answer

Correct answer: (A)

The Indian Contract Act

24. The term Assurance refers to _____.

- A. Life Insurance Business
- B. Marine Insurance Business

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

View answer

Correct answer: (A)

Life Insurance Business

25. The first step in risk management process is _____.

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

View answer

Correct answer: (B)

RiskIdentification

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

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

View answer

Correct answer: (A)

Insurance

27. 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

View answer

Correct answer: (B)

Accepting and agreeing to finance the loss oneself

28. The risk which has three outcomes with possibility of gain is _____

- A. Pure
- B. Speculative
- C. Static

D. Dynamic

View answer

Correct answer: (B)

Speculative

29. The company doing the insurance business is called _____.

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

View answer

Correct answer: (C)

An insurance company

30. The medias used for direct marketing are

- A. Direct Mail
- B. Telephone Contacts
- C. Kiosks
- D. All the above

View answer

Correct answer: (D)

All the above

31. Pure Risk was grouped _____.

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

View answer

Correct answer: (D)

All the above

32. A bancassurance started in India was _____.

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

View answer

Correct answer: (A)

2002

33. _____ refers to distribution of insurance products through

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

View answer

Correct answer: (A)

Bank

34. Risk Management process includes _____

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

View answer

Correct answer: (C)

Risk Analysis and Control

35. The foundation for risk Management is provided by _____

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

View answer

Correct answer: (C)

Risk Identification

36. Insurance is a risk management technique involving

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

View answer

Correct answer: (D)

Risk Transfer

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

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

View answer

Correct answer: (B)

Indemnity

38. _____ are the risk management methods

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

View answer

Correct answer: (D)

All the above

39. 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

View answer

Correct answer: (A)

Diversification

40. A firm may seek to minimize marketing risks by undertaking _____.

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

View answer

Correct answer: (C)

Market Research

41. The principles of indemnity does not apply to _____.

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

View answer

Correct answer: (D)

Life and Personal Accident insurance

42. 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

View answer

Correct answer: (D)

Price risk

43. 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

View answer

Correct answer: (D)

Cost of Expected Loss, Cost of Control of Loss Cost of Financing, Cost of Residual Uncertainty

44. 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

View answer

Correct answer: (C)

clear and comprehensive specifications

45. 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

View answer

Correct answer: (C)

standard software configuration

46. 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

View answer

Correct answer: (A)

Risk avoidance

47. 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

View answer

Correct answer: (A)

Statement A

48. 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

View answer

Correct answer: (B)

Physical hazard

49. 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

View answer

Correct answer: (D)

Portrisk Policy

50. _____ 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

View answer

Correct answer: (A)

Endowment

51. 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

View answer

Correct answer: (A)

Transferring rights to the assignee

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

- A. Assurance

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

View answer

Correct answer: (A)

Assurance

53. 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

View answer

Correct answer: (B)

Fundamental Risk

54. 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

View answer

Correct answer: (A)

Zero and One

55. 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

View answer

Correct answer: (A)

does not change the persons expected wealth

56. Insurance cover _____.

- A. Protect assets

- B. Prevents loss
- C. Reduces the impact of loss
- D. Insurances immortality

View answer

Correct answer: (C)

Reduces the impact of loss

57. 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

View answer

Correct answer: (D)

legal hazard

58. Bancassurance means _____.

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

View answer

Correct answer: (D)

Selling Insurance Products

59. Credit Risk is high in case of _____.

- A. Companies
- B. Partnership
- C. Financial Institutions
- D. None of these

View answer

Correct answer: (C)

Financial Institutions

60. A bancassurance concept originated in _____.

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

View answer

Correct answer: (C)

France

61. 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

View answer

Correct answer: (B)

Peril

62. 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

View answer

Correct answer: (A)

Personal Risk

63. 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

View answer

Correct answer: (D)

Risk Analysis,Risk Control,Risk Financing

64. 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

View answer

Correct answer: (B)

Pure and Speculative Risk

65. 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

View answer

Correct answer: (B)

Risk Control

66. Identification of sources of hazard will have to be done by the _____.

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

View answer

Correct answer: (A)

Production manager

67. The expected value of losses varies directly with the _____.

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

View answer

Correct answer: (A)

time period

68. The number of elements of uncertainty in most type of events are _____.

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

View answer

Correct answer: (B)

Two

69. Personnel risk in a firm depends upon the ability integrity and enthusiasm of _____.

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

View answer

Correct answer: (D)

Management and Employees

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

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

View answer

Correct answer: (A)

twelve months

71. 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

View answer

Correct answer: (B)

Uncertainty

72. Transfer of risk to other party is done through _____.

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

View answer

Correct answer: (D)

Insurance

73. 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

View answer

Correct answer: (A)

Cost of Residual Uncertainty

74. 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

View answer

Correct answer: (C)

financial check

75. The methods of risk management are _____.

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

View answer

Correct answer: (D)

All of the above

76. Which of the following helps in risk improvement?

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

View answer

Correct answer: (C)

Engineers who survey property to be insured

77. 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

View answer

Correct answer: (D)

All of the above

78. Malhotra Committee was appointed in

- A. 1993
- B. 1994
- C. 1999
- D. 2000

View answer

Correct answer: (A)

1993

79. 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

View answer

Correct answer: (C)

both movable and immovable properties

80. _____ is an agreement where by the insurer agrees to indemnity the insured against marine losses.

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

View answer

Correct answer: (C)

Marine insurance

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

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

View answer

Correct answer: (B)

Actual total loss

82. Marine perils is also called as _____.

- A. Perils of the Sea
- B. Moral Hazards
- C. MarineClause
- D. Marinelaws

View answer

Correct answer: (A)

Perils of the Sea

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

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

View answer

Correct answer: (B)

Policy form

84. Insurance is a risk management technique involving _____.

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

View answer

Correct answer: (A)

Risktransfer

85. Which of the following helps in Risk improvement?

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

View answer

Correct answer: (C)

Engineers who survey property to be insured

86. The business of insurance is related to protection of _____.

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

View answer

Correct answer: (D)

Economic value of assets

87. Loss control involves a combination of _____.

- A. effort and time
- B. fund and time
- C. funds effort or time
- D. effort and fund

View answer

Correct answer: (C)

funds effort or time

88. 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

View answer

Correct answer: (A)

It would decrease to 1 percent

89. 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

View answer

Correct answer: (A)

increased cost of capital

90. Risk of premature death is a _____.

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

View answer

Correct answer: (D)

Personal Risk

91. All dynamic risks are _____.

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

View answer

Correct answer: (A)

predictable

92. The agreement refers to _____.

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

View answer

Correct answer: (D)

All the above

93. The System that brings together the operative causes of perils is _____

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

View answer

Correct answer: (B)

Safety Audit

94. The main aim of risk Financing is to _____

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

View answer

Correct answer: (C)

Spread the Risk

95. The claim amount received from insurer are treated as _____.

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

View answer

Correct answer: (B)

TaxableGain

96. Franchise and aggregate excess of loss are two variations of _____.

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

View answer

Correct answer: (B)

Excess of Loss

97. 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

View answer

Correct answer: (B)

Individual

98. The 5th chapter of Factories Act deals with _____.

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

View answer

Correct answer: (B)

Welfare

99. Dynamic risks are closely related to _____.

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

View answer

Correct answer: (A)

Speculative risks

100. 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

View answer

Correct answer: (B)

Resources and Market

101. The number of prime elements of risk analysis is _____.

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

View answer

Correct answer: (B)

Two

102. 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

View answer

Correct answer: (B)

Risk Management

103. 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

View answer

Correct answer: (D)

Cost of Internal Risk Reduction

104. 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

View answer

Correct answer: (C)

internal access to system expert

105. Risk management information is not useful in one of the following _____.

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

View answer

Correct answer: (B)

Hedging

106. Which of the following is the last step in risk management process _____.

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

View answer

Correct answer: (A)

Insurance

107. The Principle of Indemnity does not apply to _____.

- A. Burglary Insurance
- B. Fire Insurance
- C. Marine Insurance
- D. Life and personal accident insurance

View answer

Correct answer: (D)

Life and personal accident insurance

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

- A. 12 months

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

View answer

Correct answer: (A)

12 months

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

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

View answer

Correct answer: (A)

Express Warranties

110. _____ 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

View answer

Correct answer: (B)

Multiple life policy

111. _____ means a willful and intentional act on part of the self-deceased.

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

View answer

Correct answer: (B)

Suicide

112. 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

View answer

Correct answer: (B)

Wagering contract

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

View answer

Correct answer: (C)

Both the statements

114. 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

View answer

Correct answer: (A)

one

115. 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

View answer

Correct answer: (B)

Cost of internal risk reduction

116. The risk management methods are _____

- A. Insurance
- B. Hedging

- C. Derivatives
- D. All of the above

View answer

Correct answer: (D)

All of the above

117. 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

View answer

Correct answer: (D)

All of the above

118. 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

View answer

Correct answer: (B)

property risks

119. Risk and Premium are fixed on the basis of _____.

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

View answer

Correct answer: (C)

Scientific Methods

120. Medical Expenses Risk Comes under?

- A. Business Risk

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

View answer

Correct answer: (D)

Personal Risk

121. The premium implies _____

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

View answer

Correct answer: (B)

Consideration by cash

122. A risk manager should report to _____

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

View answer

Correct answer: (C)

Supervisor

123. 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

View answer

Correct answer: (B)

The probability of loss occurring and its severity

124. 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

View answer

Correct answer: (C)

Interest on the subject matter of the insurance

125. Having money available when it is needed is defined as the art of _____.

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

View answer

Correct answer: (A)

Financial management

126. Risk management is concerned with _____.

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

View answer

Correct answer: (D)

Planning, arranging and controlling of activities

127. 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

View answer

Correct answer: (A)

Increased

128. 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

View answer

Correct answer: (A)

Risk Control and Risk Financing

129. 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

View answer

Correct answer: (B)

Principle of Risk Analysis

130. 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

View answer

Correct answer: (C)

Cost of Control of Loss

131. 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

View answer

Correct answer: (C)

reference checks, including on-site

132. The routine medical check up during a year is an example of _____.

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

View answer

Correct answer: (A)

Loss prevention

133. 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

View answer

Correct answer: (D)

Neither of the statements

134. Insurance is based on the principle of _____.

- A. co-operation
- B. Democracy
- C. Equality
- D. welfare

View answer

Correct answer: (A)

co-operation

135. 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

View answer

Correct answer: (D)

All the above

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

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

View answer

Correct answer: (B)

Constructive total loss

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

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

View answer

Correct answer: (D)

Mixed

138. _____ 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

View answer

Correct answer: (C)

Certificate of insurance

139. 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

View answer

Correct answer: (C)

Risk Evaluation

140. Insurance business is based on _____.

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

View answer

Correct answer: (C)

The theory of probability and law of large numbers

141. 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

View answer

Correct answer: (B)

do not accept the risk as a loss hurts them more than gain benefits them

142. 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

View answer

Correct answer: (A)

to share the losses by many

143. Insurance penetration in India in 2001 was

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

View answer

Correct answer: (C)

2.71

144. Risk means _____

- A. economy

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

View answer

Correct answer: (B)
possibility of loss

145. A person who dislikes risk is known as _____

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

View answer

Correct answer: (B)
Risk Averse

146. 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

View answer

Correct answer: (A)
Record keeping and reporting of the activities

147. 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

View answer

Correct answer: (A)
Proportional quota share

148. Organisations are mainly concerned with managing

- A. Pure Risk

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

View answer

Correct answer: (A)

Pure Risk

149. That which take advantage to the law of large numbers is _____

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

View answer

Correct answer: (B)

Combination

150. Fire insurance can be taken in respect of _____.

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

View answer

Correct answer: (C)

movable and immovable