

RISK MANAGEMENT AND INSURANCE

Banking & Insurance-Specialization

BCom-VI Semester-CUCBCSS 2014 admn

QUESTION BANK

1. is a condition in which there is a possibility of an adverse deviation from a desired outcome that is expected or hope for.
 - a) Loss
 - b) Profit
 - c) Risk
 - d) Uncertainty
2. Relative variation of actual loss from expected loss is called.....
 - a) Subjective risk
 - b) Objective risk
 - c) Actual loss
 - d) Expected loss
3. Risk is measurable.....
 - a) Loss
 - b) Profit
 - c) Uncertainty
 - d) None of the above
4. Refers to a situation where outcome is not certain
 - a) Uncertainty
 - b) Loss
 - c) Insurance
 - d) None of the above

5. If any risk is concerned with financial loss, it is termed as.....

- a) Business risk
- b) Business loss
- c) Financial risk
- d) Insurable claim

6. another name of fundamental risk

- a) Systematic risk
- b) Interest rate risk
- c) Group risk
- d) Loss

7. Pure risk situation are those where there is a possibility of.....

- a) Loss or no loss
- b) Loss
- c) Variation
- d) None of the above

8. Speculative risk is a situation in which..... is possible

- a) Loss
- b) Profit
- c) Either a profit or loss
- d) None of the above

9. Changes in technology is an example for

- a) Pure risk
- b) Speculative risk
- c) Static risk
- d) Dynamic risk

10. In static risk.....

- a) Losses cannot be predicted
- b) Losses can be predicted
- c) Losses are not easily predictable
- d) None of these

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

- a) Quantifiable risk
- b) Static risk
- c) Dynamic risk
- d) Speculative risk

12.is an example for personal risk

- a) Business loss
- b) Fire occurred in business premises
- c) Risk of premature death
- d) None of the above

13. Property damaged because of earthquake is.....risk

- a) Risk for general insurance
- b) Non insurable risk
- c) Property risk
- d) None of the above

14. Spreading of risk otherwise termed as.....

- a) Shifting of risk
- b) Acceptance of risk
- c) Reduction of risk
- d) Spreading of risk

15. Insurance is a risk management technique involving...

- a) Risk retention
- b) Risk avoidance
- c) Loss Control
- d) Risk transfer

16. An escape from disability or death in a plain crash by refusing to fly is called...

- a) Risk shifting
- b) Risk avoidance
- c) Risk hedging
- d) None of these

17. is the process of reducing frequencies and severely of losses.

- a) Loss prevention
- b) Loss Control
- c) Avoidance of risk
- c) None of the above

18. Willingness to retain whole or part of a given risk is called.....

- a) Risk retention
- b) Risk carrying
- c) Risk bearing
- d) None of the above

19. Annual maintenance contract for computers is

- a) Risk avoidance
- b) Loss reduction
- c) Insurance
- d) Transfer of risk by contract

20. Which of the following is a method of risk identification.

- a) Insurance
- b) Standard deviation method
- c) Checklist method
- d) None of these

21. Risk evaluation breaks down into two parts. They are:

- a) Probability of loss occurring and its severity
- b) Risk calculation and risk analysis
- c) Loss calculation and avoidance
- d) None of the above

22. is planned retention by which the part or full of the exposure arising a risk factor is retained by the firm

- a) Reinsurance
- b) Self insurance
- c) Risk financing
- d) None of the above

23. IRDA Act passed in the year.....

- a) 1972
- b) 1999
- c) 1989
- d) 2000

24. A policy for protecting a group of employees in a firm is called.....

- a) General Insurance
- b) State life insurance
- c) Group insurance

d) None of the above

25. Committee constituted to reform insurance sector constituted in the 1993 was headed by

a) R.N. Malhotra

b) S. Narasimham

c) Manmohan Singh

d) Rangarajan

26. When the amount for which a subject matter is insured is more than its actual value. It is called.....

a) Double insurance

b) Over insurance

c) Over premium

d) None of these

27. Expansion of IRDA is.....

a) Insurance reforms and development agency

b) Insurance restriction and development authority

c) Insurance regulatory and development authority

d) None of the above

28. First private life insurance company was registered in India in.....

a) 1999

b) 2000

c) 2002

d) 1978

29. When did Government of India nationalized life insurance business.

a) 1956

b) 1978

c) 1991

d) 2002

30..... is a policy where the insurer undertakes to make good the loss upto the amount mentioned in the policy

a) Specific policy

b) Valued policy

c) Average policy

d) None of these

31..... Clause generally inserted in all general insurance contract to discourage under insurance

a) Specific clause

b) General clause

c) Valuation clause

d) Average clause

32. Who pays premium under social security group insurance?

a) Every member of the group

b) Government

c) LIC

d) None of the above

33.....is concerned with the conversion of a firms asset and earning power against risk of accidental loss.

a) Risk retention

b) Risk management

c) Risk control

d) Risk identification

34. If the market interest rate is higher, the cost of insurance...

- a) Increases
- b) Moderate
- c) Decreases
- d) No change

35. As age increases risk on the life.....

- a) Increases
- b) Decreases
- c) No change
- d) None of the above

36. Premium of a policy is calculated on the basis of.....

- a) Income of the insured
- b) Agent's report
- c) Risk associated with the policy
- d) None of the above

37. "Human life is an income generating asset". The statement is.....

- a) True
- b) Partly true
- c) False
- d) Partly false

38. Maximum period of a policy in case of insurance other than life insurance is.....

- a) 12 months
- b) 24 months
- c) No limit
- d) None of these

39. The business of insurance is related to protection of.....

- a) Status
- b) Economic value of asset
- c) Savings
- d) Profit

40. Reinsurance also termed as.....

- a) Double insurance
- b) Reinsurance of reinsurance
- c) Insurance of insurance
- d) None of these

Answer Key

1. C	2.B	3.C	4.A	5.C	6.C	7.A	8.C	9.D	10.B	11.A	12.C	13.C
		14.A	15.D	16.B	17.B	18.A	19.D	20.C	21.A	22.B	23.B	24.C
		25.A	26.B	27.C	28.B	29.A	30.C	31.D	32.C	33.D	34.C	
		35. A	36.C	37.A	38. A	39. B	40.C					

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