

TELANGANA UNIVERSITY
S.S.R. DEGREE COLLEGE, NIZAMABAD (C.C:5029)
III SEMESTER INTERNAL ASSESSMENT I EXAMINATIONS
PRINCIPLES OF INSURANCE QUESTION BANK

I. Multiple choice questions.

1. The process of identification of pure risk faced by an individual or family [a]
a. Individual risk management b. risk retention c. avoidance d. loss control
2. It is instrument by which a pure risk is transferred to a party other than an insurer [b]
a. Life insurance b. non insurable transfer c. insurable transfer d. None of the above
3. The party that accepts a portion of the potential obligation in exchange for a share of the insurance premium is known as _____ [d]
a. Insured b. Insurer c. insurance contract d. Reinsurer
4. The probable number of losses that may occur during the given period of time [a]
a. Loss frequency b. Loss servile c. Loss estimation d. Loss potential
5. Pricing of insurance and calculation of insurance premium is known as _____ [c]
a. Reinsurance b. Securitization of risk c. Rate making d. All the above
6. The primary insurer that initially writes the insurance is called the _____ [c]
a. Insurance company b. Portfolio c. Ceding company d. Underwriter
7. Risk arising due to loss of earned income to the family because of premature death of family head [a]
a. Potential risk b. Risk retention c. Risk management d. None of the above
8. To investigate and confirm the cause of loss, assess the quantum of loss, determine the liability of the insurers is the duty of the _____ [d]
a. Agent b. Broker c. Insurer d. Surveyor
9. Insurance companies tying up with banks to sell insurance products [a]
a. Banc assurance b. Pooling c. Risk retention d. ceding company
10. IRDA stands for _____ [c]
a. Insurance recharge developing authority b. Insurance regulatory developing authority
c. Insurance regulatory and development authority d. Insurance risk development authority
11. All life insurance companies in India have to comply with the strict regulations laid out by [c]
a. SEBI b. RBI c. IRDAI d. All the above
12. An insurance plan which is combination of insurance as well as investments is [c]
a. Term plan b. Whole life plan c. Unit linked insurance plan d. All the above
13. When a group of persons who have business or professional relationship is provided insurance coverage under a single contract is known as [a]
a. Group insurance b. Endowment policy c. Term plan d. None of the above
14. The policy that covers expenses relating to repair or replacement of vehicle [d]
a. Home insurance b. Liability insurance c. Fire insurance d. Motor insurance
15. The policy that protects the house and its contents against natural calamities that can cause irreparable damage. [a]
a. Home insurance b. Liability insurance c. Fire insurance d. Motor insurance
16. An agreement whereby the insurer undertakes to indemnify the assured, against losses incidental to marine adventure is [b]
a. Motor insurance b. Marine insurance c. Liability insurance d. None of the above
17. Stocks at various locations can be covered under one sum insured by [c]
a. Declaration policies b. Consequential loss policies c. Floater policies d. All the above
18. A separate contract that provides comprehensive liability insurance for property damage or bodily injury to third parties is [a]
a. Protection and Indemnity (P&I) insurance b. Cargo insurance
c. Hull insurance d. Floater Policies

19. Insurance policy which indemnifies the ship owner for the loss of earnings if the goods are damaged or lost and are not delivered (d) [d]
 a. Covered Perils b. Particular Average c. Cargo insurance d. Freight insurance
20. An insurance which covers physical damage to the ship or vessel [c]
 a. Covered Perils b. Particular average c. Hull insurance d. Freight insurance

II. Fill in the blanks

1. The person or organization covered by an insurance policy is known as insured
2. The termination of an insurance policy because a renewal premium is not paid by the end of the grace period is known as lapse
3. A written agreement attached to the policy expanding or limiting the benefits otherwise payable under the policy is called as rider
4. Underwriter is the person who reviews an application for insurance and decides, is the applicant is acceptable and at what premium rate
5. Third party claim is a claim filed against another person's insurance policy
6. A person who receives the payments from an annuity during his or her life is known as annuitant
7. Claimant is a person who makes an insurance claim
8. Policy is the printed legal document stating the terms of insurance contract that is issued to the policy owner by the company
9. A person to whom goods are entrusted for safe keeping is called BAILEE
10. Bancassurance is the involvement of banks in the traditional insurance market
11. ULIP means unit linked insurance policy
12. FDI means Foreign direct investment
13. Full form of IRDAI Insurance regulatory and development authority of India
14. EDLI means Employee's deposit linked insurance
15. A term insurance plan with an unspecified period is called whole life plan
16. Variable insurance plan is a permanent life insurance policy with an investment component
17. Health insurance is also popularly known as mediclaim
18. The difference between the face value of a policy and the reserve under the policy is called the net amount at risk
19. The hull of a ship or boat can be insured under marine hull insurance
20. Banker's indemnity policy is suitable for banks, NBFC's and other institutions who deal with operations involving money.