

IC 11 – Practice of General Insurance – Model Questions

I. Select the appropriate answer to complete the sentence (Checking learning - Direct)

i. As per structured formula under the Motor Vehicle Act, victims of fatal injuries are paid compensation on the basis of:

- a. Age and sex
- b. Age and number of dependents
- c. Income and size of family
- d. Age and income
- e. Income and number of dependents

Ans: d. Age and income.

ii. As per the Insurance Act, every insurer has to prepare at the end of financial year

- a. Balance Sheet
- b. Profit and Loss Account
- c. Revenue Account for each class of Insurance business
- d. Accounts of receipts and payments in respect of share-holders' funds
- e. All of the above

Ans: e. All of the above

II. State which of the statements is/are correct (Checking learning - Direct)

i. The Third Party Administrator's role mainly involves

- a. Canvassing business for the insurer.
- b. Issuing documents on behalf of the insurer
- c. Arranging for reinsurance
- d. Sending renewal notices
- e. Checking and paying insurance claims

Ans: e. Checking and paying insurance claims

ii. Time Policies relate to:

- a. Fire insurance
- b. Hull insurance
- c. Personal Accident insurance
- d. Workmen's Compensation insurance
- e. Motor vehicles insurance

Ans: b. Hull insurance

III. Answer the questions below by selecting the correct answer: (Checking learning - Direct)

i. Which clause specifies the perils insured in a scheduled form of policy?

- a. Preamble Clause
- b. Recital Clause
- c. Operative Clause
- d. Consideration Clause
- e. Attestation Clause

Ans: c. Operative Clause

ii. Which of the following types of insurances is mandatory?

- a. Motor Own Damage
- b. Motor Third Party Legal Liability
- c. Personal Accident Insurance
- d. Product Liability
- e. Professional Liability

Ans: b. Motor Third Party Legal Liability

IV. Fill in the Blanks using the appropriate word(s) (Checking understanding - Indirect)

i. The minimum paid up capital required for a General Insurance Company is Rs. _____

- a. 25 crores
- b. 50 crores
- c. 75 crores
- d. 100 crores
- e. 200 crores

Ans: d. 100 Crores

ii. In 'Hit and Run' cases, claims are settled from _____

- a. Solatium Fund
- b. IRDA's contingency Fund
- c. Insuring Company's reserves
- d. Motor Third Party Pool
- e. State Government's funds.

Ans: a. Solatium Fund

V. Select the expanded form of the abbreviation given (Checking understanding - Indirect)

i. Select the expanded form of FPA as used in insurance

- a. Freight Payable Assured
- b. Free of Particular Average
- c. Fire Perils Added
- d. Fixed Peripherals Added
- e. Free Passengers Avoided

Ans: b. Free of Particular Average

ii. Select the expanded form of ALOP used in insurance

- a. Advance Loss of Profits insurance
- b. Agreed Loss of Profits insurance
- c. Additional Loss of Profits insurance
- d. Associated Loss of Profits insurance
- e. Authorised Loss of Profits insurance

Ans: a. Advance Loss of Profits insurance

VI. Select the word(s) that most closely matches the given term. (Checking understanding - Indirect)

i. Which of the following terms matches closest with 'Professional indemnity cover'?

- a. Hospitals Nursing homes
- b. Insurance Companies
- c. Commercial Banks
- d. Fast Moving Consumer Goods
- e. Practicing Surgeons

Ans: e. Practicing Surgeons

ii. Which of the following terms matches closest with 'Composite Policy'?

- a. Shopkeepers' insurance
- b. Janatha Personal Accident insurance
- c. Critical Care Health insurance
- d. Marine Cargo insurance
- e. Electronic Equipment insurance

Ans: a Shopkeepers' insurance

VII. Find out which of the given statements is/are incorrect (Checking application of learning)

i. Members of the Insurance Advisory Committee are drawn to represent the interests of different groups like:

- a. Surveyors, agents, advocates
- b. Commerce, transport,
- c. Consumer fora, industry, intermediaries,
- d. Research bodies, organisations engaged in safety and loss prevention
- e. Employees' association in the insurance sector, agriculture,

Ans: a. Surveyors, agents, advocates

ii. A Surveyor's role includes:

- a. Checking the admissibility of the loss
- b. Quantification of the loss
- c. Giving comments on the loss
- d. Suggesting risk management measures
- e. Reporting major losses to IRDA.

Ans: e. Reporting major losses to IRDA.

VIII. Which of the following terms is dissimilar to the other four options? (Find the odd-man out?) (Checking application of learning)

i. Which of the following covers is dissimilar to the other four options?

- a. Loss of Passport
- b. Loss of Profits
- c. Loss of checked in baggage
- d. Delay in receiving checked in baggage
- e. Cancellation/ Re-routing of scheduled flight

Ans: b. Loss of Profits

ii. Which of the following types of insurances is dissimilar to the other four options?

- a. Builders' Risks insurance
- b. Hut insurance
- c. Crop insurance
- d. Livestock insurance
- e. Health insurance

Ans: a. Builders' Risks insurance