CHAPTER – 1INTRODUCTION TO INSURANCE

(**1**)Which among the following is the regulator for the insurance industry in India?
I. Insurance Authority of India
II. Insurance Regulatory and Development Authority
III. Life Insurance Corporation of India
IV. General Insurance Corporation of India

(**2**)Which among the following is a secondary burden of risk?
I. Business interruption cost
II. Goods damaged cost
III. Setting aside reserves as a provision for meeting potential losses in the future
IV. Hospitalisation costs as a result of heart attack

(**3**)Which among the following is a method of risk transfer?
I. Bank FD
II. Insurance
III. Equity shares
IV. Real estate

(**4**)Which among the following scenarios warrants insurance?
I. The sole bread winner of a family might die untimely
II. A person may lose his wallet
III. Stock prices may fall drastically
IV. A house may lose value due to natural wear and tear

(**5**)Which of the below insurance scheme is run by an insurer and not sponsored by the Government?
I. Employees State Insurance Corporation
II. Crop Insurance Scheme
III. Jan Arogya
IV. All of the above

(**6**)Risk transfer through risk pooling is called ________.
I. Savings
II. Investments
III. Insurance
IV. Risk mitigation

(**7**)The measures to reduce chances of occurrence of risk are known as _____.
I. Risk retention
II. Loss prevention
III. Risk transfer
IV. Risk avoidance

(**8**)By transferring risk to insurer, it becomes possible ___________.
I. To become careless about our assets
II. To make money from insurance in the event of a loss

III. To ignore the potential risks facing our assets
IV. To enjoy peace of mind and plan one's business more effectively

(**9**)Origins of modern insurance business can be traced to __________.
I. Bottomry
II. Lloyds
III. Rhodes
IV. Malhotra Committee

(**10**)In insurance context 'risk retention' indicates a situation where _____.
I. Possibility of loss or damage is not there
II. Loss producing event has no value
III. Property is covered by insurance
IV. One decides to bear the risk and its effects

(**11**)Which of the following statement is true?
I. Insurance protects the asset
II. Insurance prevents its loss
III. Insurance reduces possibilities of loss
IV. Insurance pays when there is loss of asse

(**12**)Out of 400 houses, each valued at Rs. 20,000, on an average 4 houses get burnt every year resulting in a combined loss of Rs. 80,000. What should be the annual contribution of each house owner to make good this loss?
I. Rs.100/-
II. Rs.200/-
III. Rs.80/-
IV. Rs.400/-

(13) Which of the following statements is true?
I. Insurance is a method of sharing the losses of a 'few' by 'many'
II. Insurance is a method of transferring the risk of an individual to another individual
III. Insurance is a method of sharing the losses of a 'many' by a few
IV. Insurance is a method of transferring the gains of a few to the many

(14) Why do insurers arrange for survey and inspection of the property before acceptance of a risk?
I. To assess the risk for rating purposes
II. To find out how the insured purchased the property
III. To find out whether other insurers have also inspected the property
IV. To find out whether neighbouring property also can be insured

(**15**)Which of the below option best describes the process of insurance?
I. Sharing the losses of many by a few
II. Sharing the losses of few by many
III. One sharing the losses of few
IV. Sharing of losses through subsidy