

**S.T.ET WOMEN'S COLLEGE ,MANNARGUDI.
PG & RESEARCH DEPARTMENT OF COMMERCE
OBJECTIVE TYPE QUESTIONS
PAPER NAME:INSURANCE MANAGEMENT
PAPER CODE:16MBECM5
CLASS: III B.Com**

I. Choose the Correct Answer

1. The basic principle of insurance is

- _____
- a) Insurable Interest
 - b) Co-Operation
 - c) Subrogation
 - d) Proximate causa

Answer: a) Insurable Interest

2. _____ is not a type of general insurance

- a) Marine Insurance
- b) Life Insurance
- c) Fidelity Insurance
- d) Fire Insuranc

Answer: b) Life Insurance

3. Which of the following is not a function of insurance?

- a) Lending Funds
- b) Risk sharing
- c) Capital formation
- d) Protection of life

Answer: d) Protection of life

4. Which of the following is not applicable
in insurance contract?

- a) Unilateral contract
- b) Conditional contract
- c) Indemnity contract
- d) Inter-personal contract

Answer:c) Indemnity contract

5. Which one of the following is a type of marine insurance?

- a) Money back
- b) Medclaim
- c) Hull insurance
- d) Corgo insurance

Answer: d) Corgo insurance

True or False :

6. A broker is an intermediary.

Answer:True

7.Indemnity is what you purchase when you contract for insurance.

Answer:True

8.The law of large numbers allows an insurer to determine who will actually have a loss.

Answer: False

9.Insurance is the pooling of many premiums to pay a few losses.

Answer:True

10. Insurance premiums are a minor factor in the Canadian economy.

Answer:False

11.Negligence is neglecting to do something a reasonable person would do.

Answer:True

12. A liability risk can arise from a persons conduct.

Answer:True

13. Spreading of risk is the secondary function of insurance.

Answer:False

14. Risk is the certainty of loss.

Answer:False

15. Pure premium does not take inflation and profit into account.

Answer:True

16. Consideration and actual cash value are the same thing.

Answer:False

17. Frayed Carpet on stairs constitutes a physical hazard.

Answer:True

18. Only speculative risk may be insured.

Answer: False

19. Statistics of past losses form an important tool in the determination of loss.

Answer:True

20. In an insurance contract the insurer is the first party.

Answer:False

21. The availability of insurance has little effect on credit.

Answer:False

22. Who investigates losses?

Answer: **Answer: An adjuster**

23. The _____ is responsible for the operation of the company.

Answer: CEO

24. Authorized _____ brings business to Lloyds.

Answer:Brokers

25. Direct writing insurers do not use _____.

Answer:**Answer:Brokers**

26. Another name for an insurer _____.

Answer:Carrier

27. Liability insurance would be underwritten in this department _____.

Answer:**Answer:Casualty**

28. A request for insurance is a/an _____.

Answer:Application

29. Assets less liabilities equal _____.

Answer:Net Worth

30. _____ are insurers who operate for the benefit of their members.

Answer:Mutuals

31. Factory mutuals have specialized in the field of _____.

Answer:Fire prevention

32. Who owns a stock company?

Answer:Share holders

32. The _____ department of an insurance company bring in the business.

Answer:Marketing

33. Losses which have been occurred but have not yet been reported.

Answer:I.B.N.R. (incurred but not reported)

34. Reserves for unearned premiums are _____ in the companies books.

Answer:Liabilities

35. It is the responsibility of the _____ to see that a company is run according to its by-laws.

Answer:Board of Directors

36. When a loss occurs

- a) the agent of the insured must give notice.
- b) only the insured can legally give notice.

- c) any person to whom any part of the insurance money is payable may give notice.
- d) the insurance agent and the agent of the insured are the same.

Answer:c) any person to whom any part of the insurance money is payable may give notice.

37. The following damage is included under all perils coverage

- a) vandalism of a vehicle.
- b) rusting of the vehicle body.
- c) radioactive contamination.
- d) damage cause to the vehicle while the driver was under the influence of drugs.

Answer:a) vandalism of a vehicle.

38. Accident benefits do NOT pay any expenses, arising out of an auto accident for

- a) vehicle damage.
- b) loss of wages.
- c) dental work.
- d) funerals.

Answer:a) vehicle damage.

39. Statutory Conditions

- a)are made up of definitions, rules and regulations which govern auto.
- b) are known as special condition in Alberta.
- c) contain the exact words as specified in the Charter of Rights.
- d) do not apply to extension policies.

Answer:a) are made up of definitions, rules and regulations which govern auto.

40. After being involved in an accident where injuries occurred, an insured must

- a) contact a lawyer immediately.
- b) comply with all requirements found in the policy.
- c) ~~try to settle amicably with the injured parties.~~
- d) not do anything until he knows if there will be a claim.

Answer:b) comply with all requirements found in the policy.

41. A proof of loss

- a) may be orally given.
- b) details a loss and the resulting claim.
- c) has no time limit in which it must be submitted.
- d) must be prepared by a lawyer.

Answer:Answer:b) details a loss and resulting claim.

42. Tortfeasor is a:

- a) claimant
- b) wrongdoer
- c) plaintiff
- d) defendant

Answer:b) wrongdoer

43. Salvage

- a) belongs to the insurer when the claim has been paid and nothing can change that.
- b) always belongs to the insured.
- c) consists of the useless debris of a total loss.
- d) disposition can be negotiated between the insured and the insurer.

Answer:d) disposition can be negotiated between the loss insured and the insurer.

44. A deductible usually applies to

- a) fire damage.
- b) lightning damage.
- c) stone damage to windshield.
- d) electrical fire damage.

Answer:c) stone damage to windshield.

45. The owner's policy or insurance coverage on a specific automobile is

- a) excess coverage.

- b) primary coverage.
- c) secondary coverage.
- d) optional coverage.

Answer:b) primary coverage.

46. Which statement is FALSE?

- a) A newly acquired auto is automatically insured for a specified time period if it replaces another insured vehicle of similar type.
- b) It is possible to insure more than one vehicle on the same policy.
- c) An auto with a trailer attached is considered as one vehicle for purposes of accident benefits limits.
- d) No coverage applies to temporary substitute vehicles.

Answer:d) No coverage applies to temporary substitute vehicles.

47. When an insured's vehicle is damaged in an accident, the insured must do certain things. One of these is

- a) protect the vehicle from further damage.
- b) decide if he wants the vehicle repaired or replaced.
- c) get repairs under way as quickly as possible.
- d) all of the above.

Answer:a) protect the vehicle from further damage.

48. _____ is expressed will of society that governs relationships among members of that society.

Answer:Law

49. A legal wrong is called a _____.

Answer:Tort

50. _____ law is based on precedent.

Answer:Common

51. A _____ is an act of the legislature declaring something.

Answer:Statue

52.Common law is based on the rule of _____ and is also known as _____.

Answer:Precedent, case law

53.A _____ is a law passed by a legislating body.

Answer:Statue

54.A _____ is a legal decision that serves as a binding rule in future similar cases.

Answer:Precedent

55._____ law is statue law arranged in a systematic collection.

Answer:Codified

56.In Canada there are _____ basic systems of law.

Answer:Two

57.All provinces except Quebec are subject to _____ law.

Answer:Common

58.Quebec law is contained in _____.

Answer:The Civil Code

59.An agreement that is enforceable at law is a _____.

Answer:Contract

60.An agreement consists of _____ and _____.

Answer:An offer, an acceptance

61.A contract which never legally existed is a _____ contract.

Answer:Void

62.An offer must be ____.

Answer:Definitive

63.____ may be equated to the price for something.

Answer:Consideration

64. Federal legislation is concerned only with supervision and control of the financial aspects of insurance companies.

Answer:True

65. The Insurance Companies Act regulates the incorporation of foreign insurance companies.

Answer:False

66. Insurance companies must have at least five million dollars in capitalization.

Answer:False

67. All insurance companies must file deposits which are held in trust by the government.

Answer:False

68. Insurance companies are restricted in the type of investments they can make.

Answer:True

69. Insurance companies must file financial returns with the government, in addition to their income taxes

Answer:True

70. The OSFI is responsible for the supervision of federally chartered and foreign insurance companies.

Answer:True

71. Insurance companies are federally regulated.

Answer:False

72. Brokers are regulated by all provincial governments.

Answer:False

73. Independent insurance adjuster do not require licenses.

Answer:False

74. There is no regulation of actual insurance policies

Answer:False

75. Insurance Bureau of Canada is an organization of insurers.

Answer:True