

MCQ on Banking and Insurance

AUTHOR

Dr. P. Maithili, M.Com., M.Phil., Ph.D.,

St. Joseph's College of Arts and Science for Women,
Hosur

5. The Basel Committee on Banking Supervision was established by central bank governors of which countries?

- a) United States, United Kingdom, France, Germany
- b) United States, United Kingdom, Japan
- c) United States, Germany, Switzerland, Japan
- d) United States, United Kingdom, Switzerland, Japan

6. The Glass-Steagall Act, enacted in 1933, separated which two types of banking activities?

- a) Commercial banking and investment banking
- b) Retail banking and online banking
- c) Investment banking and mortgage banking
- d) Savings banking and cooperative banking

7. The establishment of the European Central Bank (ECB) took place in which year?

- a) 1999
- b) 2001
- c) 2004
- d) 2007

8. Mobile banking gained popularity with the widespread use of which technology?

- a) Personal computers
- b) Telephone lines
- c) Internet connectivity
- d) Cellular phones

9. The Great Recession, which began in 2007, was primarily caused by which sector of the banking industry?

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- a) Investment banking b) Retail banking
- c) Central banking d) Cooperative banking

10. The introduction of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010 aimed to regulate which aspect of the banking industry?

- a) Credit card fees b) home mortgage loans
- c) Insider trading d) Overdraft fees

11. What is digital banking?

- a) Traditional banking with physical branches
- b) Banking using digital currencies only
- c) Banking using electronic channels
- d) Online shopping

12. What are the benefits of digital banking?

- a) Convenience and accessibility
- b) Limited transaction options
- c) Higher fees
- d) Limited customer support

13. Which of the following is an example of digital banking technology?

- a) Cash only transactions
- b) Mobile banking app
- c) Manual check processing
- d) In-person branch visits only

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14. What are the key features of digital banking?

- a) Real-time transactions and account management
- b) Long queues at branches
- c) Limited access to account information
- d) Restricted transaction options

15. How does digital banking impact traditional banking?

- a) It eliminates traditional banking
- b) It complements traditional banking
- c) It has no impact on traditional banking
- d) It makes traditional banking expensive

16. What is the future outlook for digital banking?

- a) Decline in usage
- b) Increased adoption and expansion
- c) Limited accessibility
- d) Shift to traditional banking

17. What is internet banking?

- a) Banking using telegraph
- b) Banking through physical branch visits only
- c) Banking using electronic channels
- d) Traditional paper-based banking

18. Which of the following is not a digital banking channel?

- a) Mobile banking
- b) ATM

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- c) Phone banking d) Letter banking

19. What is the main purpose of digital banking?

- a) Limiting accessibility to accounts
- b) Reducing transaction speed
- c) Providing convenient financial services
- d) Increasing physical paperwork

20. Which of the following is an example of a digital payment method?

- a) Cash b) Check
- c) Credit card d) ATM withdrawal

21. What does NFC stand for in digital banking?

- a) Near Field Connection b) No Fee Credit
- c) Non-Fiat Currency d) Near Field Communication

22. What is the main advantage of mobile banking?

- a) Limited access to account information
- b) Inconvenient and slow transactions
- c) Access to account information and transactions on the go
- d) Physical paperwork

23. What is the purpose of online bill payment services in digital banking?

- a) To increase paper checks usage
- b) To make bill payment more complicated

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- c) To streamline and simplify bill payment processes
- d) To limit payment options

24. Which of the following would be considered a digital banking feature?

- a) long lines at the bank branch
- b) 24/7 account access
- c) Limited options for transaction
- d) Restricted access to account information

25. What is the primary benefit of digital wallets in digital banking?

- a) Increased physical cash transactions
- b) Reduced fraud risk
- c) No need for a bank account
- d) Limited transaction options

26. What does API stand for in the context of digital banking?

- a) Application Programming Interface
- b) Automated Payment Integration
- c) Account Personal Information
- d) Advanced Payment Infrastructure

27. How does digital banking impact financial inclusion?

- a) It reduces financial inclusion
- b) It has no impact on financial inclusion
- c) It increases financial inclusion

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d) It makes financial services more expensive

28. What is the main draw for customers towards digital banking?

- a) Limited accessibility to accounts
- b) Inconvenient account management
- c) Convenience and flexibility
- d) High transaction fees

29. What does P2P stand for in the context of digital banking?

- a) Personal to Personal
- b) Pay to Pay
- c) Peer to Peer
- d) Prefer to Prefer

30. What are digital banks sometimes called?

- a) Physical banks
- b) Online-only banks
- c) Traditional banks
- d) Manual banks

31. Which of the following is an example of a digital banking security feature?

- a) Sharing passwords with others
- b) Two-factor authentication
- c) Writing down login credentials on a piece of paper
- d) Using common words as a password

32. What is the main purpose of digital banking platforms?

- a) Limiting customer access to account information

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- b) Creating a seamless customer experience
- c) Increasing wait times for transactions
- d) Reducing account transparency

33. What is the primary advantage of digital banking over traditional banking?

- a) Limited transaction options
- b) Higher fees
- c) Inconvenient access to account information
- d) Convenience and accessibility

34. What is the main purpose of digital banking apps?

- a) Inconvenient account management
- b) Limiting account information access
- c) Providing easy access to account information and transactions
- d) Making financial services more expensive

35. What is the main factor driving the adoption of digital banking?

- a) Increasing paperwork
- b) Slow transaction speed
- c) Customer demand for convenience and flexibility
- d) Limited accessibility to accounts

36. What is the primary advantage of digital banking for banks?

- a) Increased physical paperwork

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- b) Limiting transparent account information
- c) Cost savings and efficiency gains
- d) Reducing transaction speed

37. What is the primary driver of digital banking innovation?

- a) Increasing wait times for transactions
- b) Limited customer demand
- c) Rapid technological advancements
- d) Restricting account transparency

38. What is the main goal of digital banking providers?

- a) Limiting customer access to account information
- b) Removing options for digital transactions
- c) Providing seamless and convenient digital services
- d) Increasing physical paperwork

39. What are the main features of digital-only banks?

- a) Physical branches and limited online options
- b) Online-only platforms with greater efficiency and lower costs
- c) Traditional banks with more paperwork
- d) Limited account access

40. What is the main benefit of digital banking for businesses?

- a) Restricted access to account information
- b) Increased wait times for transactions

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- c) Cost savings and efficiency in financial operations
- d) Inconvenient account management

41. What is the main advantage of cardless cash in digital banking?

- a) Increased fraud risk
- b) Less convenient access to cash
- c) Reduced risk of card skimming
- d) No impact on customer security

42. What are the main challenges of digital banking?

- a) Limited accessibility to accounts
- b) Security and fraud risks
- c) Higher transaction speed
- d) Paper-based banking processes

43. What is the main purpose of touch ID and facial recognition in digital banking?

- a) Reducing security measures
- b) Increasing security and ease of access
- c) Slowing down transaction speed
- d) Limiting customer access to accounts

44. What are the primary security concerns with digital banking?

- a) Limited transparent account information
- b) Increased physical paperwork
- c) Fraud, identity theft, and cyber-attacks

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d) Slower transaction speed

45. What does chatbot technology provide in digital banking?

- a) Reduced customer support
- b) No customer supports
- c) Automated and efficient customer service
- d) Limited transaction options

46. How do chatbots enhance the digital banking experience?

- a) By slowing down customer service
- b) By limiting customer access to accounts
- c) By providing quick and efficient customer service
- d) By increasing customer wait times

47. What is the main advantage of robo-advisors in digital banking?

- a) Reduced account transparency
- b) Limited investment options
- c) Lower costs and automated investment management
- d) Restricted customer access to accounts

48. What does the term "fintech" refer to in digital banking?

- a) Flood insurance technology b) financial technology
- c) Future technology d) Fintech payment apps

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49. What does PSD2 stand for in digital banking?

- a) Payment Services Directive 2
- b) Public Security Directive 2
- c) Personal Savings Directive 2
- d) Postal Service Directive 2

50. Which technology has revolutionized digital banking?

- a) Internet of Things (IoT)
- b) Fax machine
- c) Typewriter
- d) Blockchain

51. How has digital banking improved mobile payments?

- a) By limiting payment options
- b) By increasing wait times for transactions
- c) By providing fast, secure, and convenient payment options
- d) By making transaction fees more expensive

52. What does NFC stand for in digital banking?

- a) Near Field Connection
- b) No Fee Credit
- c) Non-Fiat Currency
- d) Near Field Communication

53. How has digital banking impacted financial inclusion?

- a) By reducing financial inclusion
- b) By having no impact on financial inclusion
- c) By increasing financial inclusion
- d) By making financial services more expensive

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54. How does digital banking impact traditional banking?

- a) It eliminates traditional banking
- b) It complements traditional banking
- c) It has no impact on traditional banking
- d) It makes traditional banking expensive

55. How do financial institutions benefit from digital banking?

- a) By increasing wait times for transactions
- b) By reducing costs and improving efficiency
- c) By limiting account transparency
- d) By providing limited customer support

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61. Electronic credit and debit clearing is a process for?

- a) Exchanging currency notes
- b) Transferring money between two banks accounts
- c) Issuing traveller's checks
- d) Withdrawing money from an ATM machine

62. The Electronic Clearing Service is commonly used for?

- a) Small-value fund transfers

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- b) High-value fund transfers
- c) Issuing credit cards
- d) Providing overdraft facilities

63. Which mechanism enables customers to transfer funds electronically without writing a physical cheque?

- a) RTGS
- b) NEFT
- c) ECS Credit
- d) ECS Debit

64. Which system is used for transferring high-value transactions?

- a) ECS
- b) RTGS
- c) NEFT
- d) SWIFT

65. Real-Time Gross Settlement (RTGS) is a system for?

- a) Small-value transactions
- b) Immediate clearing of transactions
- c) Next-day settlement of transactions
- d) High-value transactions

66. Which system can be used for both fund transfers and bill payments?

- a) ECS
- b) NEFT
- c) RTGS
- d) IMPS

67. In India, the RTGS system operates on?

- a) Working days only

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- b) Weekends only
- c) Both working days and weekends
- d) National Holidays only

68. What is the minimum transaction amount for RTGS?

- a) Rs. 1 lakh
- b) Rs. 50,000
- c) Rs. 10,000
- d) Rs. 2 lakh

69. Which system is used for transferring smaller amounts of money?

- a) NEFT
- b) RTGS
- c) IMPS
- d) SWIFT

70. What is the maximum transaction amount for NEFT?

- a) Rs. 2 lakhs
- b) Rs. 5 lakhs
- c) Rs. 10 lakhs
- d) No maximum transaction limit

71. IMPS stands for?

- a) Instant Money Payment System
- b) International Money Payment System
- c) Immediate Payment Service
- d) Interbank Mobile Payment Service

72. Which system is available 24x7, including weekends and holidays?

- a) NEFT
- b) RTGS
- c) IMPS
- d) SWIFT

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73. What is the maximum transaction amount for IMPS?

- a) Rs. 2 lakhs b) Rs. 5 lakhs
- c) Rs. 10 lakhs d) No maximum transaction limit

74. What is the time frame for completing an IMP'S transaction?

- a) 1-2 hours b) 2-3 hours
- c) Instantly d) Next working day

75. SWIFT stands for?

- a) Secure Worldwide Interbank Financial Transactions
- b) Society for Worldwide Interbank Financial Telecommunication
- c) Secure Worldwide Interbank Financial Telecommunication
- d) Society for Worldwide Interbank Financial Transactions

76. Which system is used for international fund transfers?

- a) ECS b) RTGS
- c) NEFT d) SWIFT

77. Which information is required to initiate a SWIFT transaction?

- a) Bank account number only
- b) Bank account number and branch code
- c) Bank account number, branch code and Swift Code

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d) Bank account number, branch code, Swift Code and IFSC Code

78. How long does it take for a SWIFT transaction to be completed?

- a) 1-2 hours
- b) 2-3 hours
- c) 1-2 days
- d) Up to 5 working days

79. Electronic credit and debit clearing is also known as?

- a) ECS
- b) RTGS
- c) NEFT
- d) IMPS

80. Which system is used for automatic recurring payments such as loan EMI?

- a) ECS
- b) RTGS
- c) NEFT
- d) SWIFT

81. What is the full form of DLT technology?

- a) Distributed Legal Technology
- b) Digital Ledger Technology
- c) Distributed Ledger Technology
- d) Digital Legal Technology

82. What is the main purpose of DLT technology?

- a) Providing an open and transparent system for record-keeping
- b) Protecting confidential information
- c) Speeding up transaction processing

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d) All of the above

83. Which technology is used to create a shared database across a network of computers?

- a) Distributed systems b) Decentralized systems
- c) Centralized systems d) Mainframe systems

84. What is the main advantage of using DLT technology?

- a) Increased transparency and security
- b) Faster transaction processing
- c) Lower transaction fees
- d) All of the above

85. Which technology is used for secure peer-to-peer communication between computer systems?

- a) Virtual Private Network (VPN)
- b) Very Small Aperture Terminal (VSAT)
- c) Cloud Computing
- d) Distributed Ledger Technology (DLT)

86. What is the full form of VSAT?

- a) Virtual Space Aperture Terminal
- b) Very Small Aperture Terminal
- c) Virtual Small Aperture Technology
- d) Very Space Aperture Technology

87. What is the main application of VSAT technology?

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- a) Providing high-speed internet access in remote areas
- b) Secure communication between data centres
- c) Storing large amounts of data
- d) All of the above

88. VSAT technology transmits data between two terminals using?

- a) Optical fiber cables
- b) Coaxial cables
- c) Satellite signals
- d) Radio waves

89. Which technology is used to reduce signal degradation in VSAT networks?

- a) Forward Error Correction (FEC)
- b) Wireless Fidelity (WiFi)
- c) Long-Term Evolution (LTE)
- d) Near Field Communication (NFC)

90. Which technology is used for streaming video content over the internet?

- a) H.264
- b) Ethernet
- c) Bluetooth
- d) Fiber Optic

91. What is the maximum data speed that can be achieved using VSAT technology?

- a) 2 Mbps
- b) 10 Mbps
- c) 100 Mbps
- d) 1 Gbps

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92. Which technology is used for encryption and decryption of network communications?

- a) SSL
- b) TCP/IP
- c) Ethernet
- d) Fiber Optic

93. Which technology is used for high-speed LAN communications over short distances?

- a) Ethernet
- b) Wi-Fi
- c) Bluetooth
- d) NFC

94. What is the maximum range of Wi-Fi signals?

- a) 10 meters
- b) 100 meters
- c) 1 kilometer
- d) 10 kilometers

95. Which technology is used for long-range wireless communications between mobile devices?

- a) Wi-Fi
- b) Bluetooth
- c) NFC
- d) LTE

96. Which technology is used for secure communication over the internet?

- a) SSL
- b) Ethernet
- c) Bluetooth
- d) NFC

97. Which technology is used for wireless communication between devices over short distances?

- a) Wi-Fi
- b) Bluetooth
- c) NFC
- d) Ethernet

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98. Which technology is used for storing data in the cloud?

- a) Cloud computing
- b) Distributed ledger technology
- c) Virtual private network
- d) Very Small Aperture Terminal

99. DLT technology is commonly used for?

- a) Cryptocurrency transactions
- b) Online shopping
- c) Social media networking
- d) Online gaming

100. Which technology is used for fast and secure data transmission over a wide area network?

- a) VSAT
- b) Ethernet
- c) VPN
- d) WiFi

Answer

1.b, 2.a, 3.b, 4.c, 5.c, 6.a, 7.a, 8.d, 9.a, 10.c, 11.c, 12.a, 13.b, 14.a, 15.b, 16.b, 17.c, 18.d, 19.c, 20.c, 21.d, 22.c, 23.c, 24.b, 25.b, 26.a, 27.c, 28.c, 29.c, 30.b, 31.b, 32.b, 33.d, 34.c, 35.c, 36.c, 37.c, 38.c, 39.b, 40.c, 41.c, 42.b, 43.b, 44.c, 45.c, 46.c, 47.c, 48.b, 49.a, 50.d, 51.c, 52.d, 53.c, 54.b, 55.b, 56.b, 57.a, 58.c, 59.c, 60.b, 61.b, 62.a, 63.c, 64.b, 65.d, 66.b, 67.a, 68.a, 69.a, 70.d, 71.c, 72.c, 73.d, 74.c, 75.b, 76.d, 77.c, 78.d, 79.a, 80.a, 81.c, 82.a, 83.a, 84.a, 85.a, 86.b, 87.a, 88.c, 89.a, 90.a, 91.c, 92.a, 93.a, 94.b, 95.d, 96.a, 97.b, 98.a, 99.a, 100.c.

UNIT- II

1. What does Fintech stand for?

- a) Financial technology b) Future technology
- c) Financial transactions d) financial trading

2. What is the main goal of Fintech?

- a) To provide convenient financial services
- b) To regulate the financial industry
- c) To eliminate traditional banking
- d) To make financial services expensive

3. Which of the following is an example of Fintech innovation?

- a) ATM machines b) Traditional banking
- c) Online banking d) Physical currency

4. Which technology has revolutionized the Fintech industry?

- a) Blockchain b) Typewriter
- c) Fax machine d) Pager

5. What is the outlook for Fintech in the future?

- a) Decline in popularity
- b) Stagnant growth
- c) Continued innovation and growth
- d) Shift to traditional banking

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 - b) Limited transaction options
 - c) Higher fees
 - d) Limited customer support
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9. How does digital banking impact traditional banking?
- a) It eliminates traditional banking
 - b) It complements traditional banking
 - c) It has no impact on traditional banking
 - d) It makes traditional banking expensive
10. What is the future outlook for digital banking?
- a) Decline in usage
 - b) Increased adoption and expansion

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- c) Limited accessibility
- d) Shift to traditional banking

11. What is the primary purpose of artificial intelligence in banking?

- a) To make banking systems more efficient and cost-effective
- b) To replace human bank employees with AI robots
- c) To increase the complexity of banking systems
- d) To reduce customer satisfaction

12. What is blockchain technology primarily used for in banking?

- a) To keep track of customer personal information
- b) To securely and transparently record financial transactions
- c) To create complex financial products
- d) To decrease security in banking systems

13. Which of the following is an example of AI technology being used in banking?

- a) Chatbots for customer service
- b) Automated loan approval systems
- c) Fraud detection algorithms
- d) All of the above

14. How does blockchain technology improve security in banking?

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- a) By encrypting customer data
- b) By providing a decentralized and tamper-proof record of transactions
- c) By adding complex layers of authentication
- d) By making it easier for hackers to access sensitive information

15. Which of the following is a benefit of AI in banking?

- a) Increased operational costs
- b) Improved customer experience
- c) Decreased efficiency
- d) Less accurate decision making

16. What is the biggest challenge of implementing block chain technology in banking?

- a) Lack of regulation and legal framework
- b) High cost of implementation
- c) Incompatibility with existing banking systems
- d) All of the above

17. What is the main advantage of using AI in banking customer service?

- a) Minimizing human interaction with customers
- b) Providing personalized and efficient service
- c) Generating more complicated and confusing responses to customer inquiries
- d) Decreasing customer satisfaction

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18. How does blockchain technology increase transparency in banking?

- a) By hiding transaction records
- b) By making transaction records accessible to all parties involved
- c) By making it easy to alter transaction records
- d) By reducing the reliability of transaction records

19. What is the role of AI in fraud detection in banking?

- a) Identifying potential fraud patterns in real-time
- b) Making it easier for fraudsters to manipulate the system
- c) Increasing the likelihood of successful fraud attempts
- d) None of the above

20. How does blockchain technology ensure trust in banking transactions?

- a) By creating a centralized database
- b) By relying on a single authority to verify transactions
- c) By using consensus mechanisms to validate transactions across a network of computers
- d) By making transactions untraceable and unverifiable

21. Which of the following is a disadvantage of using AI in banking?

- a) Increased operational efficiency
- b) Risk of job displacement for human employees

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- c) Improved customer satisfaction
- d) Accurate decision-making processes

22. What is the main reason why blockchain technology is considered secure?

- a) It is centralized and controlled by a single authority
- b) It is easily hackable
- c) It relies on a network of computers to validate and record transactions
- d) It is not secure and is easily tampered with

23. In what ways can AI personalize banking services for customers?

- a) By analysing their spending habits and offering relevant products
- b) By providing generic and standardized services
- c) By ignoring customer preferences
- d) By making it difficult for customers to access their accounts

24. What is the primary advantage of using blockchain in cross-border transactions?

- a) Increased transaction fees
- b) Faster transaction processing
- c) Reduced complexity in transaction settlement
- d) Increased risk of transaction reversals

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25. How can AI be used to improve credit scoring in banking?

- a) By making credit scoring more rigid and inflexible
- b) By analysing a wider range of data to assess creditworthiness
- c) By relying on arbitrary and subjective factors
- d) By decreasing the accuracy of credit scoring

26. What is the main challenge of using AI in banking risk management?

- a) AI is not capable of analysing large amounts of data
- b) AI cannot predict potential risks accurately
- c) AI can become too complex and difficult to manage
- d) None of the above

27. How does blockchain technology reduce the need for intermediaries in banking transactions?

- a) By adding more complexity to the transaction process
- b) By increasing the number of intermediaries involved
- c) By providing a direct and secure peer-to-peer transaction system
- d) By hiding transaction records from all parties involved

28. What is the main drawback of using blockchain technology in banking?

- a) Slow transaction processing times
- b) Centralized and controlled by a single authority

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- c) High level of security and trust
- d) None of the above

29. How can AI be used to improve customer retention in banking?

- a) By providing personalized and relevant product recommendations
- b) By making it difficult for customers to access their accounts
- c) By increasing customer satisfaction
- d) By providing generic and standardized services

30. What is the main advantage of using blockchain technology in trade finance?

- a) Increased risk of fraud
- b) Decreased transparency and trust
- c) Improved efficiency and reduced cost
- d) None of the above

31. Which of the following is a limitation of AI in banking?

- a) Improved customer experience
- b) Bias in decision making
- c) More accurate credit scoring
- d) Reduced operational costs

32. What is the main benefit of using blockchain technology in supply chain finance?

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- a) Increased complexity and opacity in supply chain transactions
- b) Improved transparency and traceability in supply chain transactions
- c) Decreased visibility of supply chain transactions
- d) None of the above

33. How can AI be used to personalize marketing efforts in banking?

- a) By providing generic and standardized marketing messages
- b) By analysing customer data to offer relevant products and services
- c) By ignoring customer preferences
- d) By decreasing the accuracy of marketing campaigns

34. What is the main reason why blockchain technology is considered tamper-proof?

- a) It relies on a single authority to validate and record transactions
- b) It is centralized and controlled by a small group of individuals
- c) It uses encryption to protect transaction records
- d) It relies on consensus mechanisms to validate and record transactions across a network of computer

35. Which of the following is a potential risk of using AI in banking?

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- a) Increased operational costs
- b) Reduced accuracy in decision making
- c) Displacement of human employees
- d) Decreased customer satisfaction

36. How does blockchain technology improve the efficiency of trade finance?

- a) By introducing more intermediaries in the trade process
- b) By adding complexity and opacity to trade transactions
- c) By automating and streamlining trade processes
- d) By increasing the risk of fraud in trade transactions

37. What is the primary advantage of using AI in banking customer service?

- a) Making customer service less efficient
- b) Increasing human error in customer interactions
- c) Improving customer satisfaction and response time
- d) Decreasing the level of personalization in customer service

38. How does blockchain technology ensure the immutability of transaction records?

- a) By allowing any party to alter transaction records
- b) By relying on a single authority to validate and record transactions
- c) By using cryptographic techniques and consensus

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mechanisms

d) By making transaction records easy to tamper with

39. What is the main benefit of using AI in credit risk management in banking?

- a) More accurate and objective credit scoring
- b) Increased risk of financial loss
- c) Improved customer experience
- d) Reduced transparency in credit scoring

40. How does blockchain technology improve traceability in supply chain finance?

- a) By making it difficult to track the flow of goods and services
- b) By introducing intermediaries in the supply chain
- c) By providing a transparent and traceable record of transactions
- d) By decreasing the visibility of supply chain transactions

41. Which of the following is a benefit of using blockchain technology in banking transactions?

- a) Increased complexity and opacity in transaction records
- b) Reduced transparency and traceability in transaction records
- c) Improved security and trust in transaction records
- d) None of the above

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42. How can AI be used to improve fraud detection in banking?

- a) By making it easier for fraudsters to manipulate the system
- b) By identifying potential fraud patterns in real-time
- c) By decreasing the likelihood of detecting fraudulent activities
- d) By making it difficult to distinguish between legitimate and fraudulent transactions

43. What is the main challenge of using AI in anti-money laundering (AML) in banking?

- a) Increased efficiency and effectiveness in detecting money laundering
- b) Identifying potential risks in real-time
- c) None of the above
- d) Managing the complexity and volume of data involved in AML processes

44. What is the main benefit of using blockchain technology in decentralized finance (DeFi)?

- a) Increased risk of fraud in decentralized financial transactions
- b) Improved transparency and accessibility in decentralized financial transactions
- c) Decreased level of trust in decentralized financial transactions
- d) None of the above

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45. How does AI improve the efficiency of compliance processes in banking?

- a) By increasing the risk of non-compliance
- b) By automating and streamlining compliance processes
- c) By making compliance processes more complex and time-consuming
- d) By decreasing the accuracy of compliance processes

46. What is the primary benefit of using blockchain technology in trade finance for small and medium-sized enterprises (SMEs)?

- a) More complex and opaque trade transactions
- b) Improved access to trade finance for SMEs
- c) Decreased transparency and traceability in trade transactions
- d) None of the above

47. How can AI be used to improve operational efficiency in banking?

- a) By making operational processes more complex and time-consuming
- b) By automating and optimizing operational processes
- c) By decreasing the accuracy and reliability of operational processes
- d) By increasing the likelihood of operational errors

48. What is the main advantage of using blockchain technology in digital identity management?

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- a) Increased risk of identity theft
- b) Improved security and privacy in digital identity management
- c) Decreased trust and reliability in digital identity management
- d) None of the above

49. How does AI enhance the agility of banking systems?

- a) By making banking systems less flexible and responsive
- b) By improving the speed and flexibility of decision making processes
- c) By decreasing the adaptability of banking systems
- d) By increasing the complexity and rigidity of banking systems

50. What is the primary advantage of using blockchain technology in regulatory reporting for banks?

- a) Reduced transparency in regulatory reporting
- b) Improved accuracy and transparency in regulatory reporting
- c) Increased complexity and opaqueness in regulatory reporting
- d) None of the above

51. How does AI improve loan underwriting processes in banking?

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- a) By making loan underwriting processes less accurate
- b) By analysing a wider range of data to assess creditworthiness
- c) By making loan underwriting processes opaquer
- d) By relying on arbitrary and subjective factors

52. What is the main challenge of using blockchain technology in trade finance for international transactions?

- a) Decreased efficiency and transparency in international transactions
- b) High transaction fees and costs
- c) None of the above
- d) Currency exchange and regulatory complexities

53. What is the primary advantage of using AI in wealth management in banking?

- a) Increased risk of financial loss for clients
- b) Improved personalized and efficient wealth management services
- c) Reduced customer satisfaction
- d) Decreased accuracy and reliability of investment advice

54. How can AI be used to enhance fraud prevention in banking?

- a) By increasing the likelihood of successful fraud attempts

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- b) By identifying potential fraud patterns in real-time
- c) By relying on arbitrary and subjective factors
- d) By making it difficult to detect fraudulent activities

55. What is the main benefit of using blockchain technology in asset tokenization?

- a) Increased risk of fraud in tokenized assets
- b) Improved liquidity and accessibility in tokenized assets
- c) Decreased security and trust in tokenized assets
- d) None of the above

56. How does AI improve the accuracy of credit card fraud detection in banking?

- a) By relying on arbitrary and subjective factors
- b) By making fraud detection processes less efficient
- c) By identifying potential fraud patterns in real-time
- d) By making fraud detection processes more opaque

57. What is the main advantage of using blockchain technology in smart contracts for banking?

- a) Increased risk of contract breaches
- b) Improved security and automation in contract execution
- c) Decreased transparency and enforceability in contract execution
- d) None of the above

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58. How can AI be used to optimize operational risk management in banking?

- a) By increasing the likelihood of operational errors
- b) By automating and streamlining operational risk management processes
- c) By making operational processes more complex and time-consuming
- d) By decreasing the accuracy and reliability of operational risk management processes

59. What is the main challenge of using blockchain technology in cryptocurrency regulations?

- a) Increased risk of fraud in cryptocurrency transactions
- b) Lack of regulation and legal framework for cryptocurrencies
- c) None of the above
- d) High levels of trust and transparency in cryptocurrency transactions

60. What is the primary advantage of using AI in banking compliance monitoring?

- a) More manual and time-consuming compliance monitoring processes
- b) Automating and optimizing compliance monitoring processes
- c) Decreased level of precision and accuracy in compliance monitoring
- d) Increased risk of non-compliance

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61. EMV chip cards use which type of technology to enhance security?

- a) Magnetic stripe b) Contactless payment
- c) Biometric authentication d) Card chip

62. What does EMV stand for?

- a) European Monetary Validation
- b) Electronic Money Validation
- c) Europay Mastercard Visa
- d) European Money Visa

63. What is the EMV liability shift?

- a) The transfer of liability for fraudulent transactions to merchants who do not have EMV-capable payment systems
- b) The transfer of liability for fraudulent transactions to banks who do not have EMV-capable payment systems
- c) The transfer of liability for fraudulent transactions to customers who do not have EMV-capable payment systems
- d) The transfer of liability for fraudulent transactions to card issuers who do not have EMV-capable cards

64. Which system is used for making bulk payments such as salary payments to employees?

- a) RTGS b) NEFT
- c) ECS d) IMPS

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65. Which system is commonly used for remittances from abroad to India?

- a) NEFT
- b) RTGS
- c) IMPS
- d) SWIFT

66. Which system is used for instant fund transfers between bank accounts?

- a) NEFT
- b) RTGS
- c) IMPS
- d) ECS

67. Which system is used for high-value transactions such as real estate purchases?

- a) ECS
- b) RTGS
- c) NEFT
- d) IMPS

68. What is the maximum transaction amount for ECS?

- a) Rs. 2 lakhs
- b) Rs. 5 lakhs
- c) Rs. 10 lakhs
- d) No maximum transaction limit

69. Which system is commonly used for online purchases?

- a) RTGS
- b) NEFT
- c) IMPS
- d) Credit card

70. Which type of transaction is not supported by the NEFT system?

- a) electronic fund transfer
- b) Cash withdrawal

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c) Cheque-based transaction d) Bill payment

71. What is the maximum transaction amount for IMPS?

- a) Rs. 2 lakhs b) Rs. 5 lakhs
- c) Rs. 10 lakhs d) No maximum transaction limit

72. Which system is used for making small-value transactions such as mobile recharge?

- a) ECS b) RTGS
- c) NEFT d) UPI

73. UPI stands for?

- a) Universal Payment Infrastructure
- b) Unified Payment Interface
- c) Unique Payment Infrastructure
- d) United Payment Interface

74. What is the maximum transaction limit for UPI?

- a) Rs. 2 lakhs b) Rs. 5 lakhs
- c) Rs. 10 lakhs d) No maximum transaction limit

75. Which system is used for transferring money between two wallets?

- a) ECS b) RTGS
- c) NEFT d) Wallet-to-wallet transfer

76. Which system is used for making international fund transfers within the Eurozone?

em is used for transferring
in the UAE?

b) RTGS
d) UAEF

ands for?

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Emirates Financial and
o Emirates Financial Tra

81. What is the full form of VPN?
a) Virtual Personal Network b) Virtual Private Network

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c) Very Personal Network d) Very Private Network

82. Which technology is used for secure storage of passwords and authentication data?

- a) SSL b) AES
c) Hashing d) Fiber Optic

83. Which technology is used for secure email communication?

- a) S/MIME b) SSL
c) NFC d) Ethernet

84. Which technology is used for security and authentication of web applications?

- a) SSL b) AES
c) OAuth d) Hashing

85. What is the maximum distance over which VSAT technology can operate?

- a) 100 km b) 1000 km
c) 10000 km d) 100000 km

87. Which technology is used for secure and anonymous internet browsing?

- a) VPN b) Tor
c) NFC d) Ethernet

88. Which technology is used for quick and easy payment using mobile phones?

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- a) NFC
- b) Wi-Fi
- c) Ethernet
- d) LTE

88. What is the maximum data speed that can be achieved using Ethernet technology?

- a) 10 Mbps
- b) 100 Mbps
- c) 1 Gbps
- d) 10 Gbps

89. Which technology is used for ultra-fast data transfer over short distances?

- a) NFC
- b) Wi-Fi
- c) Bluetooth
- d) Ethernet

90. What is the maximum distance over which Bluetooth technology can operate?

- a) 10 meters
- b) 100 meters
- c) 1 kilometre
- d) 10 kilometres

91. Which technology is used for encryption and decryption of data in storage?

- a) AES
- b) SSL
- c) Hashing
- d) NFC

92. Which technology is commonly used for online banking transactions?

- a) SSL
- b) VPN
- c) AES
- d) OAuth

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93. What is the maximum data speed that can be achieved using LTE technology?

- a) 10 Mbps
- b) 100 Mbps
- c) 1 Gbps
- d) 10 Gbps

94. Which technology is used for secure remote access to computer systems?

- a) VPN
- b) VSAT
- c) Wi-Fi
- d) Bluetooth

95. What is the full form of SSL?

- a) Secure Socket Layer
- b) Secure System Layer
- c) Security Socket Layer
- d) System Security Layer

96. Which technology is used for secure online payments?

- a) NFC
- b) SSL
- c) OAuth
- d) VPN

97. Which technology is used for secure communication between IoT devices?

- a) NFC
- b) SSL
- c) MQTT
- d) Virtual Private Network

98. What is the maximum distance over which Wi-Fi signals can operate?

- a) 10 meters
- b) 100 meters
- c) 1 kilometre
- d) 10 kilometres

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99. Which technology is used for secure login to computer systems?

- a) OAuth
- b) SSL
- c) Hashing
- d) Biometric authentication

100. Which technology is used for secure and decentralized storage of data?

- a) Distributed ledger technology
- b) Virtual private network
- c) Very Small Aperture Terminal
- d) Cloud computing

101. Which technology is used for secure communication between servers in a data centre?

- a) VPN
- b) Ethernet
- c) SSL
- d) VSAT

102. What is the maximum data speed that can be achieved using NFC technology?

- a) 10 Mbps
- b) 100 Mbps
- c) 1 Gbps
- d) 10 Gbps

103. Which technology is used for secure and anonymous file sharing over the internet?

- a) VPN
- b) Tor
- c) NFC
- d) Ethernet

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104. Which technology is used for secure and authenticated access to web applications?

- a) OAuth b) SSL
- c) Hashing d) Biometric authentication

Answers

1.a, 2.a, 3.c, 4.a, 5.c, 6.c, 7.a, 8.b, 9.b, 10.b, 11.a, 12.b, 13.d, 14.b, 15.b, 16.d, 17.b, 18.b, 19.a, 20.c, 21.b, 22.c, 23.a, 24.b, 25.b, 26.c, 27.c, 28.a, 29.c, 30.c, 31.b, 32.b, 33.b, 34.d, 35.c, 36.c, 37.c, 38.c, 39.a, 40.c, 41.c, 42.b, 43.d, 44.b, 45.b, 46.b, 47.b, 48.b, 49.b, 50.b, 51.b, 52.d, 53.b, 54.b, 55.b, 56.c, 57.b, 58.b, 59.b, 60.b, 61.d, 62.c, 63.a, 64.c, 65.d, 66.c, 67.b, 68.b, 69.d, 70.d, 71.c, 72.d, 73.d, 74.b, 75.d, 76.d, 77.b, 78.c, 79.d, 80.d, 81.a, 82.b, 83.c, 84.a, 85.c, 86.d, 87.b, 88.a, 89.b, 90.d, 91.a, 92.a, 93.a, 94.c, 95.a, 96.a, 97.b, 98.c, 99.b, 100.d, 101.a, 102.b, 103.a, 104.b, 105.a.

UNIT-III

1. What is the primary purpose of insurance in the market?
 - a) Profit generation
 - b) Risk transfer
 - c) Market expansion
 - d) Cost reduction

2. Which type of insurance provides coverage for damage to property caused by fire?
 - a) Life insurance
 - b) Health insurance
 - c) Property insurance
 - d) Liability insurance

3. What does the term "premium" refer to in insurance?
 - a) Total coverage amount
 - b) Monthly payment
 - c) Deductible
 - d) Policy duration

4. In insurance, what does "underwriting" involve?
 - a) Claim processing
 - b) Risk assessment
 - c) Premium calculation
 - d) Customer service

5. Which regulatory body oversees insurance companies in many countries?
 - a) SEC (Securities and Exchange Commission)
 - b) FDA (Food and Drug Administration)
 - c) IRDAI (Insurance Regulatory and Development Authority of India)
 - d) EPA (Environmental Protection Agency)

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6. What type of insurance covers medical expenses for injuries or illnesses?

- a) Property insurance b) Health insurance
- c) Auto insurance d) Travel insurance

7. Which principle of insurance states that the insured should not profit from a loss?

- a) Principle of Indemnity
- b) Principle of Utmost Good Faith
- c) Principle of Subrogation
- d) Principle of Insurable Interest

8. What does the term "deductible" mean in insurance?

- a) Maximum coverage limit
- b) Initial out-of-pocket expense
- c) Premium discount
- d) Policy expiration date

9. Which type of insurance protects against financial losses resulting from legal actions?

- a) Liability insurance b) Disability insurance
- c) Umbrella insurance d) Collision insurance

10. In life insurance, what is the "death benefit"?

- a) Monthly premium b) Total coverage amount
- c) Cash value d) Policyholder's age

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11. What does "reinsurance" involve in the insurance market?

- a) Selling policies to individuals
- b) Insuring against catastrophic losses
- c) Cancelling existing policies
- d) Adjusting claim amounts

12. Which type of insurance provides coverage for damage to a person's own vehicle?

- a) Liability insurance
- b) Comprehensive insurance
- c) Excess liability insurance
- d) Personal injury protection

13. What is the purpose of an insurance policy's "exclusion clause"?

- a) Specify covered perils
- b) Define policyholder responsibilities
- c) List events not covered
- d) Determine claim amounts

14. In insurance, what does the term "endorsement" refer to?

- a) Policy cancellation
- b) Premium refund
- c) Policy modification
- d) Claim approval

15. Which insurance type provides coverage for damage caused by natural disasters?

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- a) Earthquake insurance b) Travel insurance
- c) Cyber insurance d) Pet insurance

16. What is the purpose of the "waiting period" in health insurance?

- a) Time before coverage begins
- b) Time to file a claim
- c) Time to renew the policy
- d) Time to appeal a denial

17. What is the role of an insurance broker in the market?

- a) Investigate claims b) Sell insurance policies
- c) Adjudicate disputes d) Set premium rates

18. Which principle requires the insured to disclose all relevant information to the insurer?

- a) Principle of Subrogation
- b) Principle of Utmost Good Faith
- c) Principle of Contribution
- d) Principle of Indemnity

19. In auto insurance, what does "comprehensive coverage" typically include?

- a) Collision damage b) Liability for bodily injury
- c) Theft and vandalism d) Medical payments

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20. What is the primary function of the National Flood Insurance Program (NFIP)?

- a) Provide health insurance
- b) Offer flood insurance to homeowners
- c) Regulate auto insurance
- d) Manage life insurance policies

21. Which factor is commonly considered when determining life insurance premiums?

- a) Driving record
- b) Credit score
- c) Age and health
- d) Home location

22. What is the purpose of an insurance "rider"?

- a) Exclude coverage
- b) Modify or add coverage
- c) File a claim
- d) Cancel a policy

23. In property insurance, what does "actual cash value" represent?

- a) Replacement cost
- b) Market value
- c) Salvage value
- d) Premium amount

24. What is the significance of the "elimination period" in disability insurance?

- a) Time before coverage begins
- b) Time to file a claim
- c) Waiting period before benefits start
- d) Time to appeal a denial

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25. What does the term "moral hazard" refer to in insurance?
- a) Increased risk due to dishonesty b) Natural disasters
 - c) Legal disputes d) Policyholder's age
26. Which type of insurance provides coverage for legal defence costs?
- a) Liability insurance b) Property insurance
 - c) Health insurance d) Umbrella insurance
27. What is the primary purpose of an insurance "declaration page"?
- a) File a claim b) Summarize policy details
 - c) Modify coverage d) Terminate the policy
28. In health insurance, what does the term "copayment" refer to?
- a) Initial payment b) Shared cost with the insurer
 - c) Deductible d) Premium amount
29. What is the purpose of the "grace period" in insurance?
- a) Time to file a claim
 - b) Time before coverage ends for non-payment
 - c) Time to appeal a denial
 - d) Time to renew the policy

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30. Which insurance type covers losses due to a sudden and accidental mechanical breakdown?

- a) Mechanical breakdown insurance
- b) Product liability insurance
- c) Professional liability insurance
- d) Highlights answer in each question

31. What is the primary role of an insurance broker?

- a) Selling insurance policies
- b) Assessing insurance claims
- c) Representing insurance companies
- d) Advising clients on insurance options

32. In insurance terminology, what does the term "premium" refer to?

- a) Initial payment to secure coverage
- b) Insurance policy document
- c) Claim settlement amount
- d) Policyholder's age

33. Which of the following is a benefit of using an insurance broker?

- a) Lowering premium costs
- b) Avoiding insurance altogether
- c) Direct access to medical services
- d) Bypassing policy underwriting

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34. What distinguishes an insurance broker from an insurance agent?
- a) They work for the same company
 - b) Brokers represent clients, agents represent companies
 - c) Brokers only sell life insurance
 - d) Agents specialize in commercial insurance
35. Which type of insurance broker specializes in risk management for businesses?
- a) Health insurance broker
 - b) Commercial insurance broker
 - c) Auto insurance broker
 - d) Home insurance broker
36. What is "fiduciary duty" in the context of insurance brokers?
- a) Loyalty and confidentiality to clients
 - b) Exclusivity to a single insurance company
 - c) A type of insurance coverage
 - d) Mandatory government tax on insurance
37. Which regulatory body oversees insurance brokers in many countries?
- a) Federal Aviation Administration (FAA)
 - b) Environmental Protection Agency (EPA)
 - c) Financial Conduct Authority (FCA)
 - d) Food and Drug Administration (FDA)

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38. What does E&O insurance, often carried by insurance brokers, stand for?

- a) Errors and Omissions b) Endorsements and Overages
- c) Exclusions and Oaths d) Expenses and Obligations

39. In insurance, what is "binding coverage"?

- a) Tying together multiple policies
- b) Making coverage legally effective
- c) Unravelling insurance contracts
- d) Adjusting coverage limits

40. How do insurance brokers typically earn their income?

- a) Fixed government stipend
- b) Commission from insurance companies
- c) Salary paid by clients
- d) Bonus for denying claims

41. What is the primary role of an insurance loss assessor?

- a) Selling insurance policies
- b) Assessing and evaluating insurance claims
- c) Marketing insurance products
- d) Managing insurance premiums

42. In the insurance industry, what does the term "loss adjustment" refer to?

- a) Calculating insurance premiums

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- b) Investigating fraudulent claims
- c) Assessing the extent of a covered loss
- d) Marketing insurance policies

43. What is the purpose of a preliminary assessment by a loss assessor?

- a) Determining the cause of the loss
- b) Estimating the total claim amount
- c) Identifying potential fraud
- d) Initiating legal proceedings

44. Who typically hires an insurance loss assessor in the claims process?

- a) Insurance company
- b) Policyholder
- c) Insurance agent
- d) Government authorities

45. What skills are crucial for a successful insurance loss assessor?

- a) Sales and marketing
- b) Legal expertise
- c) Technical knowledge of insurance products
- d) Analytical and investigative skills

46. What is the purpose of a "scope of loss" document prepared by a loss assessor?

- a) Identifying potential fraud
- b) Describing the extent of the covered loss
- c) Selling insurance policies

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d) Determining policy premiums

47. In the context of insurance claims, what is "indemnity"?

- a) Compensation paid to the insured party
- b) Premium paid by the policyholder
- c) Profit earned by the insurance company
- d) Loss assessment fee charged by the assessor

48. What is the role of a loss assessor in the negotiation of a claim settlement?

- a) Advocating for the insurance company
- b) Facilitating communication between parties
- c) Selling additional insurance coverage
- d) Setting insurance premium rates

49. What does the term "subrogation" mean in the context of insurance?

- a) Transfer of insurance coverage to another party
- b) Legal process to recover losses from a third party
- c) Change in policyholder information
- d) Calculation of insurance reserves

50. What type of insurance claims are typically handled by loss assessors?

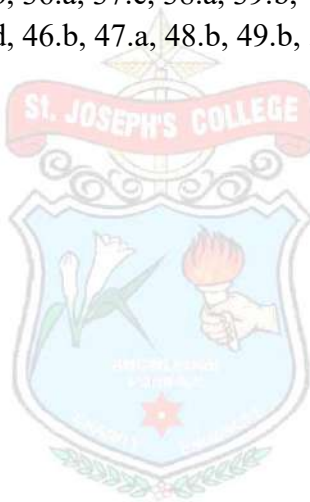
- a) Life insurance claims
- b) Health insurance claims
- c) Property and casualty insurance claims

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d) Auto insurance claims

Answers

1.b, 2.c, 3.b, 4.b, 5.c, 6.b, 7.a, 8.b, 9.a, 10.b, 11.b, 12.b,
13.c, 14.c, 15.a, 16.a, 17.b, 18.b, 19.c, 20.b, 21.c, 22.b,
23.b, 24.c, 25.a, 26.a, 27.b, 28.b, 29.b, 30.a, 31.d, 32.a,
33.a, 34.b, 35.b, 36.a, 37.c, 38.a, 39.b, 40.b, 41.b, 42.c,
43.a, 44.b, 45.d, 46.b, 47.a, 48.b, 49.b, 50.c.



UNIT-IV

1. A nomination can be made only in favor of
 - a) Parents
 - b) Spouse and children
 - c) Parents, spouse and children
 - d) Any individual

2. Select the expanded form of SA as commonly used in life insurance
 - a) Sum Assured
 - b) Surrender of Assurance
 - c) Supplementary Assurance
 - d) Stamp Act

3. Which product offered by insurance companies that, unlike a pure insurance policy, gives investors both insurance and investment under a single integrated plan?
 - a) Money Back Plan
 - b) Endowment Plans
 - c) Term Insurance Plans
 - d) Unit-linked insurance plan

4. In which Policy, if the policyholder survives till the end of this period, the risk cover lapses, and no insurance benefit payment is made to him/her?
 - a) Money Back Plan
 - b) Endowment Plans
 - c) Term Insurance Plans
 - d) Unit-linked insurance plan

5. In which Policy, the insurer agrees to pay the assured or his nominees a specified sum of money on his death or on the maturity of the policy whichever is earlier?
 - a) Money Back Plan
 - b) Endowment Plans
 - c) Annuity Policy
 - d) Unit-linked insurance plan

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6. 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) All of the above

7. _____ are agents but they can sell policies of several life and non-life insurance companies at a time.

- a) Loss assessors
- b) Brokers
- c) Insurer
- d) Insured Insurance Awareness MCQs LIC Assistant Exam 2019

8. _____ is a voluntary termination of the contract by the policy holders.

- a) Report
- b) Surrender
- c) Prospectus
- d) Cover note

9. Which of the following is contract between two insures i.e. original insurer and another insurer?

- a) Premium
- b) Cover note
- c) Reinsurance
- d) Co-insurance

10. Which of the following involves proportionate sharing of the insurance among more than one insurer?

- a) Premium
- b) Cover note

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c) Reinsurance

d) Co-insurance

11. When the amount for which a subject matter is insured is more than its actual value, it is called _____

a) Premium

b) Cover note

c) Reinsurance

d) Double Insurance

12. A person whose risk is insured is called.....

a) Insured

b) merchandiser

c) Marketer

d) Agents

13 When was life insurance sector nationalized?

a) 1952

b) 1956

c) 1986

d) 1984

14. The company doing insurance business is called....

a) Mutual funds

b) Non-banking firm

c) An insurance company

d) Banking company

15. Risk retention means-----

a) Saving money to pay for the losses

b) Accepting and agreeing to finance the loss oneself

c) Not taking up any activity which is risky

d) Insuring the risk

16. Pure risk was grouped

a) Property Risk

b) Personal Risk

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c) Liability risk

d) All the above

17. Which of the following statement are correct? (a) transfer of risk mechanism (b) Insurance gives physical protection of assets

a) statement A

b) Statement B

c) Both the statements

d) Neither of the statements

18. Policy matures on the assured death or on his attainment of a particular age whichever occurs earlier

a) Endowment

b) Money back

c) Joint life

d) Single premium

19. The risk which arises because of change in major economic. Social, cultural and political factors are

a) Particular Risk

b) Fundamental Risk

c) Speculative Risk

d) Dynamic Risk

20. Insurance covers.....

a) Protect assets

b) Prevents loss

c) Reduces the impact of loss

d) Insurances immortality

21. Which regulatory body governs the entry of private players into the Indian insurance market?

a) IRDAI

b) SEBI

c) RBI

d) FIPB

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22. What is the term used to describe the process of granting licenses to private players to operate in the Indian insurance market?

- a) Marketization b) Deregulation
- c) Liberalization d) Privatization

23. Which type of insurance was opened to private players in 2000?

- a) Life insurance b) Health insurance
- c) General insurance d) Reinsurance

24. What is the key benefit of allowing private players into the Indian insurance market?

- a) Increased competition b) Government control
- c) Lower premiums d) Restricted products

25. Who issues licenses to private players wanting to enter the Indian insurance market?

- a) Government of India b) IRDAI
- c) Ministry of Finance d) SEBI

26. What was the maximum foreign equity allowed in private insurance companies when they were first allowed?

- a) 26% b) 49%
- c) 51% d) 74%

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27. Who is responsible for regulating and supervising the activities of private insurance companies in India?

- a) Ministry of Finance b) SEBI
- c) IRDAI d) FICCI

28. Which of the following is not a type of insurance business allowed for private players in India?

- a) Life insurance b) Health insurance
- c) General insurance d) Reinsurance

29. What is the rationale behind allowing private players into the Indian insurance market?

- a) Higher taxes b) FDI influx
- c) Increased competition d) Government control

30. How many private insurers were initially granted licenses to operate in India?

- a) 10 b) 12
- c) 15 d) 20

31. What proportion of foreign direct investment (FDI) was allowed in private insurance companies in India in 2000?

- a) 26% b) 49%
- c) 51% d) 74%

32. Who is responsible for formulating the policies related to private insurance players in India?

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- a) Ministry of Commerce
- b) IRDAI
- c) SEBI
- d) Ministry of Corporate Affairs

33. Which of the following is not a requirement for private players entering the Indian insurance market?

- a) Minimum capital requirements
- b) Good financial standing
- c) Community service record
- d) Sound business plan

33. What is the maximum foreign equity participation allowed in private insurance companies in India currently?

- a) 26%
- b) 49%
- c) 51%
- d) 74%

35. What was the main reason behind allowing private players into the Indian insurance market?

- a) To reduce competition
- b) To speed up the claim settlement process
- c) To increase penetration and reach
- d) To provide cheaper premiums

36. What is the role of private players in the Indian insurance market?

- a) To monopolize the market

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- b) To increase consumer choice
- c) To reduce competition
- d) To regulate premiums

37. What is the contemporary FDI limit for foreign investment in private insurance companies in India?

- a) 26%
- b) 49%
- c) 51%
- d) 74%

38. Who is responsible for approving new insurance products offered by private players in India?

- a) Ministry of Corporate Affairs
- b) IRDAI
- c) SEBI
- d) Ministry of Finance

39. What do private players bring to the Indian insurance market?

- a) Innovation and technology
- b) Increased government control
- c) Higher premiums
- d) Reduced competition

40. What is the maximum foreign equity allowed in private insurance companies operating in India according to the current regulations?

- a) 26%
- b) 49%
- c) 51%
- d) 74%

41. Which entity is responsible for overseeing the

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compliance of private insurers with the regulations?

- a) IRDAI b) SEBI
- c) FIPB d) Ministry of Finance

42. What is the primary benefit of allowing private players into the Indian insurance market?

- a) Government control b) Improved customer service
- c) Enhanced penetration d) Lower premiums

43. What was the maximum foreign equity limit when private insurers were allowed into the Indian insurance market for the first time?

- a) 26% b) 49%
- c) 51% d) 74%

44. Who is responsible for the licensing and regulation of private insurers in India?

- a) Ministry of Finance b) SEBI
- c) IRDAI d) FICCI

45. Which type of insurance business was initially open to private players in India?

- a) Life insurance b) Health insurance
- c) General insurance d) Reinsurance

46. What is the key motivation behind opening the Indian insurance market to private players?

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- a) To increase competition b) To raise taxes
- c) To reduce risks d) To centralize control

47. Who is responsible for issuing licenses to private players to enter the Indian insurance market?

- a) Government of India b) IRDAI
- c) Ministry of Finance d) SEBI

48. What was the maximum foreign equity allowed when the Indian insurance market was opened to private players in 2000?

- a) 26% b) 49%
- c) 51% d) 74%

49. Which regulating authority presides over the entry and operations of private players in the Indian insurance market?

- a) IRDAI b) SEBI
- c) RBI d) FIPB

50. What is the term used to describe the process of granting licenses to private players to operate in the Indian insurance market?

- a) Marketization b) Deregulation
- c) Liberalization d) Privatization

51. What was the main objective behind allowing private players into the Indian insurance market?

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- a) Increased taxes b) Enhanced competition
- c) Government control d) Restricted product offerings

52. What entity issues licenses to private players wanting to enter the Indian insurance market?

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- c) Community service record
- d) Sound business plan

61. What is the maximum foreign equity participation allowed in private insurance companies in India currently?

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|--------|--------|
| a) 26% | b) 49% |
| c) 51% | d) 74% |

62. What was the main reason behind allowing private players into the Indian insurance market?

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- c) To reduce competition
- d) To regulate premiums

64. What is the contemporary FDI limit for foreign investment in private insurance companies in India?

- | | |
|--------|--------|
| a) 26% | b) 49% |
| c) 51% | d) 74% |

65. Who is responsible for overseeing the compliance of private insurers with the regulations?

- | | |
|----------|------------------------|
| a) IRDAI | b) SEBI |
| c) FIPB | d) Ministry of Finance |

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66. What is the primary benefit of allowing private players into the Indian insurance market?

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- c) Enhanced penetration d) Lower premiums

67. What was the maximum foreign equity limit when private insurers were allowed into the Indian insurance market for the first time?

- a) 26% b) 49%
- c) 51% d) 74%

68. What should an insurance agent do to protect the policy holder's interest when selling a policy?

- a) Misrepresenting policy terms and conditions
- b) pressuring the policy holder to buy unnecessary coverage
- c) Educating the policy holder on the policy details
- d) withholding important policy information

69. How does an insurance agent protect the policy holder's interest when recommending a policy?

- a) Recommending policies with inadequate coverage
- b) Ignoring the policy holder's needs
- c) Conducting a thorough needs analysis
- d) Pushing the policy holder to buy unnecessary coverage

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70. What is a common ethical practice for an insurance agent to protect the policy holder's interest?

- a) Misleading the policy holder
- b) Withholding information
- c) Completing thorough policy reviews
- d) Denying claims without proper investigation

Answers

1.d, 2.a, 3.d, 4.c, 5.b, 6.d, 7.b, 8.b, 9.c, 10.d, 11.d, 12.a, 13.b, 14.c, 15.b, 16.d, 17.a, 18.a, 19.b, 20.c, 21.a, 22.d, 23.a, 24.a, 25.b, 26.a, 27.c, 28.d, 29.c, 30.c, 31.a, 32.b, 33.c, 34.b, 35.c, 36.b, 37.b, 38.b, 39.a, 40.b, 41.a, 42.c, 43.a, 44.c, 45.a, 46.a, 47.b, 48.a, 49.a, 50.d, 51.b, 52.b, 53.c, 54.c, 55.d, 56.c, 57.c, 58.a, 59.b, 60.c, 61.b, 62.c, 63.b, 64.b, 65.a, 66.c, 67.a, 68.c, 69.c, 70.c.

UNIT- V

1. Which of the following is not a method of risk management?

- a) Risk avoidance b) Risk transfer
- c) Risk profit d) Risk reduction

2. What is the primary objective of risk management?

- a) To eliminate all risks
- b) To accept all risks
- c) To minimize the adverse effects of risks
- d) To maximize the impact of risks

3. What is risk avoidance in risk management?

- a) Transferring the risk to another party
- b) Eliminating the risk by not engaging in the risky activity
- c) Reducing the impact of the risk
- d) Accepting the risk and its consequences

4. What is risk reduction in risk management?

- a) Reducing the probability or severity of loss
- b) Shifting the risk to another party
- c) Accepting the risk and its consequences
- d) Eliminating the risk by not engaging in the risky activity

5. What is risk transfer in risk management?

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- a) Accepting the risk and its consequences
- b) Reducing the probability or severity of loss
- c) Shifting the risk to another party
- d) Eliminating the risk by not engaging in the risky activity

6. What is risk retention in risk management?

- a) Accepting the risk and its consequences
- b) Reducing the probability or severity of loss
- c) Shifting the risk to another party
- d) Eliminating the risk by not engaging in the risky activity

7. Which risk management method involves taking no action to avoid, reduce, transfer, or accept the risk?

- a) Risk retention
- b) Risk avoidance
- c) Risk reduction
- d) Risk transfer

8. Risk transfer involves:

- a) Reducing the probability or severity of loss
- b) Shifting the risk to another party
- c) Eliminating the risk by not engaging in the risky activity
- d) Accepting the risk and its consequences

9. Which of the following is an example of risk avoidance?

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- a) Purchasing insurance
- b) Diversifying investments
- c) Not engaging in a risky business activity
- d) Implementing safety protocols

10. Risk reduction is often achieved through

- a) Diversifying investments
- b) Accepting the risk and its consequences
- c) Shifting the risk to another party
- d) Implementing safety measures and protocols

11. Which of the following is not a tool for controlling risk?

- a) Risk assessment
- b) Risk avoidance
- c) Risk transfer
- d) Risk management plan

12. What is a risk assessment in the context of controlling risk?

- a) Identifying potential risks and their impacts
- b) Eliminating the risk by not engaging in the risky activity
- c) Transferring the risk to another party
- d) Minimizing the adverse effects of risks

13. What is the primary purpose of insurance?

- a) To make a profit
- b) To protect against financial loss

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- c) To provide investment opportunities
- d) To offer tax benefits

14. Which of the following is not a characteristic of insurance?

- a) Risk transfer
- b) Uncertainty
- c) Speculation
- d) Shared risk

15. What is the maximum amount that an insured can claim from an insurance policy called?

- a) Limit of liability
- b) Premium
- c) Deductible
- d) Co-payment

16. What type of risk is insurable?

- a) Pure risk
- b) Speculative risk
- c) Business risk
- d) Market risk

17. Who is the party that provides the insurance coverage?

- a) Insurer
- b) Insured
- c) Broker
- d) Agent

18. What is the consideration paid by the insured in exchange for the insurance coverage called?

- a) Premium
- b) Deductible
- c) Indemnity
- d) Risk

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19. What is the benefit received by the insured from the insurance policy after filing a claim called?

- a) Coverage
- b) Deductible
- c) Indemnity
- d) Premium

20. Which type of insurance coverage provides protection against damage to property caused by natural disasters?

- a) Life insurance
- b) Health insurance
- c) Property insurance
- d) Liability insurance

21. What type of insurance is required by law for drivers in most states?

- a) Health insurance
- b) Life insurance
- c) Property insurance
- d) Auto insurance

22. What is the legal contract that outlines the terms and conditions of the insurance policy called?

- a) Disclosure statement
- b) Policyholder agreement
- c) Insurance policy
- d) Contract of indemnity

23. What type of insurance protects against financial loss due to legal liability for injury or damage caused to others?

- a) Health insurance
- b) Life insurance
- c) Property insurance
- d) Liability insurance

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24. What is the process of evaluating and classifying the risk of insuring a potential policyholder called?

- a) Underwriting b) Policy issuance
- c) Claim settlement d) Premium calculation

25. What aspect of insurance involves pooling the premiums of many policyholders to pay for the claims of a few?

- a) Risk management b) Risk transfer
- c) Risk sharing d) Risk acceptance

26. What is the term used to describe the transfer of risk from the insured to the insurer?

- a) Risk assumption b) Risk pooling
- c) Risk sharing d) Risk transfer

27. Which of the following is not an example of an insurable event?

- a) Car accident b) Death
- c) Earthquake d) Sporting event

28. What type of insurance coverage provides protection against financial loss due to illness or injury?

- a) Life insurance b) Health insurance
- c) Property insurance d) Liability insurance

29. What is the amount that the insured must pay out of pocket before the insurance coverage kicks in called?

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- | | |
|---------------|-----------------------|
| a) Premium | b) Deductible |
| c) Co-payment | d) Limit of liability |

30. What is the term used to describe the process of giving financial compensation for a loss?

- | | |
|--------------------|---------------|
| a) Liability | b) Premium |
| c) Indemnification | d) Deductible |

31. What is the term used to describe the process of settling an insurance claim and providing payment to the insured?

- | | |
|-----------------------|---------------------|
| a) Claim resolution | b) Claim settlement |
| c) Claim adjudication | d) Claim adjustment |

32. What aspect of insurance involves assessing the potential for loss and taking steps to minimize the impact of that loss?

- | | |
|--------------------|--------------------|
| a) Risk management | b) Risk transfer |
| c) Risk sharing | d) Risk acceptance |

33. What is the type of insurance coverage that protects against financial loss due to the death of the insured called?

- | | |
|-----------------------|------------------------|
| a) Life insurance | b) Health insurance |
| c) Property insurance | d) Liability insurance |

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34. What is the process of determining the cost of insurance coverage based on the potential risk of the insured called?

- a) Underwriting b) Rating
- c) Premium calculation d) Policy issuance

35. What aspect of insurance involves accepting the risk of potential loss in exchange for the benefits of insurance coverage?

- a) Risk management b) Risk transfer
- c) Risk sharing d) Risk acceptance

36. Which type of insurance coverage provides protection against financial loss due to damage or theft of personal property?

- a) Life insurance b) Health insurance
- c) Property insurance d) Liability insurance

37. What is the portion of the insurance claim that the insured must pay out of pocket called?

- a) Premium b) Deductible
- c) Co-payment d) Limit of liability

38. What is the term used to describe the person or entity that purchases an insurance policy?

- a) Insurer b) Insured
- c) Policyholder d) Underwriter

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39. What type of insurance coverage provides protection against financial loss due to medical expenses?

- a) Life insurance b) Health insurance
- c) Property insurance d) Liability insurance

40. What is the document provided to the insured that outlines the terms and conditions of the insurance coverage called?

- a) Disclosure statement b) Policyholder agreement
- c) Insurance policy d) Contract of indemnity

41. What aspect of insurance involves basing the cost of insurance coverage on actuarial calculations and statistical data?

- a) Risk management b) Risk transfer
- c) Risk sharing d) Risk assessment

42. What is the term used to describe the process of comparing and evaluating different insurance policies to find the best coverage?

- a) Policy analysis b) Coverage comparison
- c) Policy assessment d) Policy evaluation

43. What aspect of insurance involves reducing the potential for loss through preventive measures and risk mitigation strategies?

- a) Risk management b) Risk transfer
- c) Risk sharing d) Risk acceptance

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44. What is the party that receives the insurance coverage called?

- a) Insurer
- b) Insured
- c) Broker
- d) Agent

45. Which type of insurance coverage provides protection against financial loss due to legal liability for injury or damage caused to others?

- a) Health insurance
- b) Life insurance
- c) Property insurance
- d) Liability insurance

46. What is the process of evaluating and classifying the risk of insuring a potential policyholder called?

- a) Underwriting
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47. What aspect of insurance involves assessing the potential for loss and taking steps to minimize the impact of that loss?

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- b) Health insurance
- c) Property insurance
- d) Liability insurance

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49. What is the process of determining the cost of insurance coverage based on the potential risk of the insured called?

- a) Underwriting b) Rating
- c) Premium calculation d) Policy issuance

50. What aspect of insurance involves accepting the risk of potential loss in exchange for the benefits of insurance coverage?

- a) Risk management b) Risk transfer
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62. What aspect of insurance involves assessing the potential for loss and taking steps to minimize the impact of that loss?

- a) Risk management
- b) Risk transfer
- c) Risk sharing
- d) Risk acceptance

63. What does the acronym "ERM" stand for in the context of insurance risk management?

- a) Effective Risk Management
- b) Enterprise Risk Management
- c) Exclusive Risk Monitoring
- d) Excessive Risk Mitigation

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64. Which of the following best describes operational risk in insurance?

- a) The risk of loss due to adverse movements in market factors
- b) The risk of loss stemming from inadequate or failed internal processes, systems, and external events
- c) The potential for loss due to devaluation of assets
- d) The risk of non-compliance with regulatory requirements

65. Which type of risk includes the potential for financial loss due to changes in interest rates, currency exchange rates, and commodity prices?

- a) Credit risk
- b) Market risk
- c) Liquidity risk
- d) Reputational risk

66. What type of risk is associated with the uncertainty of future financial loss arising from changes in laws and regulations?

- a) Compliance risk
- b) Legal risk
- c) Sovereign risk
- d) Policyholder risk

67. In insurance risk management, "catastrophe risk" refers to the risk of large and unexpected losses resulting from

- a) Natural disasters such as earthquakes and hurricanes
- b) Cybersecurity breaches

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- c) Policyholder defaults
- d) Investment market downturns

68. Which of the following risk control techniques involve the transfer of risk to a third party?

- a) Risk avoidance
- b) Risk retention
- c) Risk mitigation
- d) Risk transfer

69. Which insurance risk management principle emphasizes the need for diversifying investments to minimize overall risk?

- a) Principle of utmost good faith
- b) Principle of indemnity
- c) Principle of subrogation
- d) Principle of diversification

70. What is the primary goal of insurance risk management?

- a) Eliminate all risks
- b) Minimize the impact of potential risks
- c) Maximize profitability at all costs
- d) Transfer all risks to policyholders

71. Which of the following is a key consideration in underwriting risk in the insurance industry?

- a) The probability of policyholder claims
- b) Regulatory compliance
- c) Investment returns

d) Market penetration

72. The technique used to assess the potential impact of various risks on an insurance company's financial health is:

- a) Risk avoidance b) Risk capital allocation
- c) Risk transfer d) Risk assessment

73. What is the purpose of stress testing in insurance risk management?

- a) To assess the impact of adverse scenarios on an insurer's financial condition
- b) To test the reliability of insurance policies
- c) To determine the degree of policyholder satisfaction
- d) To evaluate the investment performance of the insurer

74. "Reinsurance" is a risk management strategy employed by insurers to:

- a) Reduce the premium charged to policyholders
- b) Transfer a portion of their underwriting risk to other insurers
- c) Avoid exposure to catastrophic risk events
- d) Expand their market share

75. Which of the following describes "adverse selection" in insurance risk management?

- a) The process of selecting high-risk policyholders
- b) The tendency for high-risk policyholders to be more

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likely to seek insurance

c) The deliberate submission of false claims by
policyholders

d) The practice of collusion between policyholders and
insurance agents

76. What type of risk arises from uncertainty about the
future value of investments held by an insurance
company?

a) Credit risk

b) Liquidity risk

c) Market risk

d) Investment risk

77. In insurance risk management, "reputational risk"
reflects the potential for:

a) Claims that may damage the insurer's financial
position

b) Negative public perception of the insurer

c) Inadequate underwriting practices

d) Inaccurate actuarial assumptions

78. The "principle of indemnity" in insurance risk
management is best described as:

a) The principle of treating customers with fairness and
transparency

b) The principle of compensating policyholders for their
actual losses

c) The principle of maximizing insurance profits

d) The principle of risk transfer to reinsurers

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79. What is the primary risk in insurance related to the potential for an insurer to become unable to fulfil its contractual obligations due to financial difficulties?

- a) Underwriting risk b) Credit risk
- c) Solvency risk d) Operational risk

80. Which of the following refers to the use of financial instruments to hedge against risks, such as fluctuations in interest rates or currency exchange rates?

- a) Risk retention b) Risk transfer
- c) Risk mitigation d) Derivatives

81. "Risk mitigation" in insurance involves:

- a) Identifying and avoiding risks altogether
- b) Minimizing the impact of potential risks
- c) Transferring risk to a third party
- d) Accepting all risks without any action

82. What risk management principle refers to the insurer's right to pursue a claim against a third party who caused a loss to the insured?

- a) Principle of utmost good faith
- b) Principle of indemnity
- c) Principle of subrogation
- d) Principle of contribution

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83. Which type of risk involves the potential for loss due to a policyholder's failure to meet their contractually agreed-upon obligations?

- a) Credit risk b) Market risk
- c) Compliance risk d) Operational risk

84. Regulatory risk" in insurance management pertains to:

- a) The potential for policyholder defaults
- b) Uncertainty about changes in laws and regulations affecting the industry
- c) The impact of market fluctuations on an insurer's financial position
- d) The risk of policyholder fraud

85. A common approach to managing investment risk in insurance involves:

- a) Investing in a single asset class to maximize returns
- b) Diversifying investment portfolios to minimize overall risk
- c) Speculating on high-risk assets to increase profitability
- d) Transferring all investment risk to policyholders

86. "Risk appetite" in insurance management refers to:

- a) The willingness of policyholders to accept certain risks
- b) The insurer's tolerance for taking on particular types

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and levels of risk

- c) The level of fraud and misconduct within an insurance company
- d) The demand for various insurance products in the market

87. The process of "underwriting" in insurance involves

- a) Evaluating and accepting risks on behalf of the insurer
- b) Transferring risks to reinsurers
- c) Identifying and avoiding risks altogether
- d) Settling insurance claims

88. Who assumes the risk in reinsurance?

- a) The insurance company b) The policyholder
- c) The reinsurer d) The insured

89. What is the purpose of a retrocession in reinsurance?

- a) To transfer the risk of large losses to other companies
- b) To set limits on the amount of reinsurance purchased
- c) To transfer part of the risk assumed by a reinsurer to another reinsurer
- d) To provide additional coverage to the primary insurance company

90. Which product offered by insurance companies that, unlike a pure insurance policy, gives investors both insurance and investment under a single integrated plan?

- a) Money Back Plan b) Endowment Plans

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- c) Term Insurance Plans d) Unit-linked insurance plan

91. What is the primary function of insurance?

- a) Risk transfer b) Profit maximization
c) Cost reduction d) Investment opportunity

92. Which of the following is not a characteristic of an insurable risk?

- a) Predictable b) Large no. of exposure units
c) Affordable premium d) Non-catastrophic

93. What does "risk transfer" mean in the context of insurance?

- a) Shifting the probability of loss to an insurer
b) Eliminating the possibility of loss
c) Assuming all the potential risk
d) Sharing the losses with others

94. Which of the following is not a characteristic of an insurable risk?

- a) Homogeneous b) Measurable
c) Catastrophic d) Accidental

95. What is the process in which an individual or entity pays a premium to an insurer in exchange for coverage against a potential loss called?

- a) Insurance b) Investment
c) Speculation d) Risk management

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96. Which characteristic of an insurable risk refers to the fact that it should not be subject to moral hazard?

- a) Affordable premium b) Measurable
- c) Non-catastrophic d) Non-malicious

97. In insurance, what is the term for a financial protection plan against the loss of property, life, or health?

- a) Indemnity b) Coverage
- c) Policy d) Protection

98. Which characteristic of an insurable risk ensures that it can be expressed in monetary terms?

- a) Accidental b) Affordable premium
- c) Measurable d) Non-catastrophic

99. Which of the following is not a type of insurance product?

- a) Annuities b) Retirement plans
- c) Mutual funds d) Health insurance

100. What is the term used to describe the party that agrees to pay in case of loss in an insurance contract?

- a) Insurer b) Policyholder
- c) Beneficiary d) Underwriter

101. In insurance, what is the term for the person or entity that purchases an insurance policy?

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- | | |
|----------------|-----------------|
| a) Insurer | b) Policyholder |
| c) Beneficiary | d) Underwriter |

102. Which of the following is not a characteristic of an insurable risk?

- a) Affordable premium
- b) Large number of exposure units
- c) Predictable
- d) Catastrophic

103. What does the term "insurable interest" mean in insurance?

- a) The policyholder's vested financial interest in the subject of the insurance
- b) The amount covered by the insurance policy
- c) The probability of a loss occurring
- d) The total number of policies sold

104. In insurance, what is the term for the specific term used to define the coverage period of an insurance policy?

- | | |
|-----------------------|--------------------|
| a) Policy term | b) Coverage period |
| c) Insurable interest | d) Premium period |

105. Which characteristic of an insurable risk ensures that it should not be subject to fraudulent claims?

- | | |
|-----------------------|---------------------|
| a) Affordable premium | b) Non-catastrophic |
| c) Predictable | d) Non-malicious |

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106. What is the term for the amount paid by the policyholder to the insurer in exchange for insurance coverage?

- a) Premium
- b) Deductible
- c) Coverage
- d) Indemnity

107. In insurance, what is the term for the entity that assesses and assumes the risk?

- a) Insurer
- b) Policyholder
- c) Beneficiary
- d) Underwriter

108. Which of the following is not a characteristic of an insurable risk?

- a) Diversifiable
- b) Transferable
- c) Homogeneous
- d) Adverse selection

109. What is the term used to describe the clause that specifies the circumstances under which the insurer will pay?

- a) Exclusion
- b) Deductible
- c) Clause
- d) Coverage

110. Which of the following is not a type of insurance?

- a) Life insurance
- b) Car insurance
- c) Movie insurance
- d) Stock insurance

111. What does the term "indemnity" mean in the context of insurance?

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- a) Compensation for damages or loss
- b) Coverage against specific risks
- c) The name of an insurance company
- d) The process of underwriting

112. Which of the following is a characteristic of an insurable risk?

- a) Predictable b) Non-measurable
- c) Uncontrollable d) Random

113. What is the term used to describe the process of evaluating an applicant's risk and deciding whether to issue insurance?

- a) Coverage analysis b) Underwriting
- c) Policyholder assessment d) Risk determination

114. In insurance, what is the term for the individual or entity named to receive the policy benefits upon the death of the insured?

- a) Insurer b) Policyholder
- c) Beneficiary d) Underwriter

115. What does the term "peril" refer to in insurance?

- a) The cause of potential loss
- b) The probability of an event occurring
- c) The financial value of the loss
- d) The process of underwriting a policy

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116. What is the term for the maximum amount the insurer is obligated to pay in the event of a loss?

- a) Premium
- b) Indemnity
- c) Limit of liability
- d) Deductible

117. Which of the following is not a type of insurance coverage?

- a) Collision
- b) Comprehensive
- c) Deductible
- d) Liability

118. What is the term for the amount the policyholder must pay out of pocket before the insurance company pays a claim?

- a) Premium
- b) Indemnity
- c) Deductible
- d) Limit of liability

119. Which of the following is a characteristic of an insurable risk?

- a) Random
- b) Non-measurable
- c) Subject to moral hazard
- d) Inexpensive premium

120. What does the term "subrogation" mean in the context of insurance?

- a) The process of transferring the risk to another party
- b) The right of the insurer to pursue legal action against a third party responsible for the loss
- c) The process of assessing a policyholder's risk
- d) The amount paid by the policyholder to the insurer

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121. What is the term for the specific list of perils or events covered by an insurance policy?

- a) Coverage
- b) Policy limits
- c) Peril list
- d) Inclusion list

122. In insurance, what is the term for the requirement for an insured to disclose all facts relevant to the risk being insured?

- a) Disclosure
- b) Utmost good faith
- c) Material fact
- d) Representations

123. What does the term "moral hazard" refer to in insurance?

- a) The intentional risk created by the policyholder
- b) The potential financial loss caused by immoral actions
- c) The unpredictable nature of certain risks
- d) The legal obligation to act in good faith

124. What is the term for the specific list of events or perils not covered by an insurance policy?

- a) Coverage
- b) Policy limits
- c) Exclusion
- d) Non-inclusion list

125. In insurance, what is the term for the cause of loss covered by an insurance policy?

- a) Hazard
- b) Peril
- c) Coverage
- d) Limit of liability

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126. Which of the following is not a characteristic of an insurable risk?

- a) Homogeneous
- b) Non-speculative
- c) Controllable
- d) Affordable premium

127. What is the term used to describe the circumstance under which the insured or the beneficiary is entitled to reimbursement from the insurer?

- a) Claim
- b) Liability
- c) Coverage
- d) Indemnity

128. In insurance, what is the term for the legally binding contract between the insurer and the policyholder?

- a) Agreement
- b) Coverage
- c) Policy
- d) Contract

129. Which of the following is not a characteristic of an insurable risk?

- a) Diversifiable
- b) Non-catastrophic
- c) Homogeneous
- d) Large number of exposure units

130. What is the term for the provision that specifies the amount the insured must pay for covered losses before the insurer pays a claim?

- a) Premium
- b) Deductible
- c) Indemnity
- d) Limit of liability

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131. In the context of insurance, what does the term "deductible" mean?

- a) The maximum coverage amount
- b) The premium payment
- c) The amount paid by the policyholder before the insurance company pays a claim
- d) The legal action taken by the insurer against a third party responsible for the loss

132. Which of the following is a characteristic of an insurable risk?

- a) Subject to moral hazard
- b) Speculative
- c) Non-measurable
- d) Predictable

133. What is the term for the process of examining, accepting, or rejecting insurance risks and classifying those selected, to charge an appropriate rate?

- a) Premium designation
- b) Risk determination
- c) Underwriting
- d) Policy analysis

134. In insurance, what is the term for the act of concealing or hiding information that affects an insurance decision?

- a) Disclosure
- b) Subrogation
- c) Material misrepresentation
- d) Representative action

135. What is the term for the event causing a loss or the risk not being transferred to the insurer?

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- | | |
|-------------|--------------|
| a) Hazard | b) Peril |
| c) Coverage | d) Exclusion |

136. In insurance, what is the term for a provision added to an insurance policy that alters the policy's coverage, terms, or conditions?

- | | |
|----------------|-----------------|
| a) Indemnity | b) Deductible |
| c) Endorsement | d) Policy limit |

137. What is the term for the provision stating the specific amount of money for which the policyholder is covered?

- | | |
|---------------|-----------------------|
| a) Premium | b) Limit of liability |
| c) Deductible | d) Indemnity |

138. In insurance, what is the term for the duty to act in good faith and to disclose all relevant information to the insurer?

- | | |
|--------------------|--------------------------|
| a) Material fact | b) Utmost good faith |
| c) Duty of honesty | d) Regulating obligation |

139. Which of the following is not a type of insurance policy?

- | | |
|------------------|---------------------|
| a) Whole life | b) Universal life |
| c) Participating | d) Speculative life |

140. What is the term for the process in which the

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insurance company assumes responsibility for a risk for a fee?

- a) Policy analysis
- b) Risk assumption
- c) Underwriting
- d) Reinsurance

141. What does the acronym "ERM" stand for in the context of insurance risk management?

- a) Effective Risk Management
- b) Enterprise Risk Management
- c) Exclusive Risk Monitoring
- d) Excessive Risk Mitigation

142. Which of the following best describes operational risk in insurance?

- a) The risk of loss due to adverse movements in market factors
- b) The risk of loss stemming from inadequate or failed internal processes, systems, and external events
- c) The potential for loss due to devaluation of assets
- d) The risk of non-compliance with regulatory requirements

143. Which type of risk includes the potential for financial loss due to changes in interest rates, currency exchange rates, and commodity prices?

- a) Credit risk
- b) Market risk
- c) Liquidity risk
- d) Reputational risk

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144. What type of risk is associated with the uncertainty of future financial loss arising from changes in laws and regulations?

- a) Compliance risk b) Legal risk
- c) Sovereign risk d) Policyholder risk

145. In insurance risk management, "catastrophe risk" refers to the risk of large and unexpected losses resulting from:

- a) Natural disasters such as earthquakes and hurricanes
- b) Cybersecurity breaches
- c) Policyholder defaults
- d) Investment market downturns

146. Which of the following risk control techniques involve the transfer of risk to a third party?

- a) Risk avoidance b) Risk retention
- c) Risk mitigation d) Risk transfer

147. Which insurance risk management principle emphasizes the need for diversifying investments to minimize overall risk?

- a) Principle of utmost good faith
- b) Principle of indemnity
- c) Principle of subrogation
- d) Principle of diversification

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148. What is the primary goal of insurance risk management?

- a) Eliminate all risks
- b) Minimize the impact of potential risks
- c) Maximize profitability at all costs
- d) Transfer all risks to policyholders

149. Which of the following is a key consideration in underwriting risk in the insurance industry?

- a) The probability of policyholder claims
- b) Regulatory compliance
- c) Investment returns
- d) Market penetration

150. The technique used to assess the potential impact of various risks on an insurance company's financial health is:

- a) Risk avoidance
- b) Risk capital allocation
- c) Risk transfer
- d) Risk assessment

Answers

1.c, 2.c, 3.b, 4.a, 5.c, 6.a, 7.a, 8.b, 9.c, 10.d, 11.b, 12.b, 13.b, 14.c, 15.a, 16.a, 17.a, 18.a, 19.c, 20.c, 21.d, 22.c, 23.d, 24.a, 25.c, 26.d, 27.d, 28.b, 29.b, 30.c, 31.b, 32.a, 33.a, 34.b, 35.d, 36.c, 37.c, 38.c, 39.b, 40.c, 41.d, 42.b, 43.a, 44.b, 45.d, 46.a, 47.a, 48.a, 49.b, 50.d, 51.c, 52.c, 53.c, 54.b, 55.c, 56.d, 57.b, 58.a, 59.b, 60.d, 61.a, 62.a,

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63.b, 64.b, 65.b, 66.a, 67.a, 68.d, 69.d, 70.b, 71.a, 72.b,
73.a, 74.b, 75.b, 76.c, 77.b, 78.b, 79.c, 80.d, 81.b, 82.c,
83.a, 84.b, 85.b, 86.b, 87.a, 88.c, 89.c, 90.d, 91.a, 92.d,
93.a, 94.c, 95.a, 96.d, 97.b, 98.c, 99.c, 100.a, 101.b,
102.d, 103.a, 104.a, 105.d, 106.a, 107.d, 108.d, 109.a,
110.d, 111.a, 112.a, 113.b, 114.c, 115.a, 116.c, 117.c,
118.c, 119.d, 120.b, 121.a, 122.b, 123.a, 124.c, 125.b,
126.c, 127.a, 128.c, 129.a, 130.b, 131.c, 132.d, 133.c,
134.c, 135.a, 136.c, 137.b, 138.b, 139.d, 140.b, 141.b,
142.b, 143.b, 144.a, 145.a, 146.d, 147.d, 148.b, 149.a,
150.b.



ABOUT THE AUTHOR

Dr.P. Maithili was born in 1983 in Vaniyambadi. She is currently working as an Assistant Professor in the Department of Commerce, St. Joseph's College of Arts and Science for Women, Hosur. She has completed M. Com in Thiruvalluvar University and M.Phil. and Ph.D. in Periyar University. She has multifaceted experience of 10 years. She has published numerous papers national and international journals. Her area of interest includes Income Tax, Marketing and finance. Received university first Rank gold medalist from Madras university and the Best Senior Faculty Award from Novel research Academy, Registered under the ministry of MSME, Government of India.

