UDHNA COLLEGE
FYBCOM SEM 1
SUB: ELEMENTS OF BANKING & INSURANCE -1
MCQ BANK

SR. NO.	Questions	Option 1	Option 2	Option 3	Option 4	Correct Answer
1	Insurance is a written contract in which the insurer agrees to compensate the financial loss of the insured against payment of:	Interest	Premium	Dividend	Rent	B. Premium
2	The company providing insurance coverage is called:	Insured	Policyholder	Insurer	Nominee	C. Insurer
3	The request made by the insured for compensation after the occurrence of an insured event is called:	Premium	Claim	Policy	Bonus	B. Claim
4	The principle which requires both insurer and insured to disclose all material facts honestly is:	Contribution	Subrogation	Utmost Good Faith	Indemnity	C. Utmost Good Faith
5	A fact that influences the decision of an insurer in accepting a risk and deciding the premium is known as:	Ordinary Fact	Material Fact	Personal Fact	Financial Fact	B. Material Fact
6	The Party Who agrees to pay money on the happening of a contingency is known as _______________.	Insurance	Insurer	Insured	Others	B. Insurer
7	Silently withholding important information is known as:	Misrepresentation	Contribution	Non-disclosure or Concealment	Subrogation	C. Non-disclosure or Concealment
8	Providing false or misleading information in a proposal form is called:	Indemnity	Misrepresentation	Mitigation	Contribution	B. Misrepresentation
9	Under the Principle of Subrogation, the insurer gets the legal right to recover the loss from:	The insured	The government	A responsible third party	The nominee	C. A responsible third party
10	The right of subrogation arises only after:	The premium is paid	The policy is issued	The insurer pays the claim	The insured changes the policy	C. The insurer pays the claim
11	The main objective of subrogation is to prevent:	Payment of premium	Double compensation	Insurance contracts	Risk assessment	B. Double compensation
12	The Principle of Subrogation mainly applies to:	Life insurance	Personal accident insurance	Contracts of indemnity	Health insurance only	C. Contracts of indemnity
13	The Principle of Contribution applies when:	There is only one insurance policy	The same risk is insured with more than one insurer	Premium is not paid	The insured dies	B. The same risk is insured with more than one insurer

14	Under the Principle of Contribution, the insured can recover:	More than the actual loss	Double the actual loss	Only the actual loss	Unlimited compensation	C. Only the actual loss
15	Which of the following is necessary for the Principle of Contribution?	Only one policy	Different subject matter	Same subject matter and risk	Different insured persons	C. Same subject matter and risk
16	Contribution is a direct extension of the Principle of:	Indemnity	Utmost Good Faith	Proximate Cause	Mitigation of Loss	A. Indemnity
17	Insurable interest means:	Interest earned on premium	A legitimate financial stake in the subject matter insured	High insurance premium	Right to receive a bonus	B. A legitimate financial stake in the subject matter insured
18	Without insurable interest, an insurance contract may be considered:	Valid	Profitable	Void from inception	Automatically renewed	C. Void from inception
19	Every individual has an unlimited insurable interest in:	A stranger's life	Their own life	Any public property	A neighbour's property	B. Their own life
20	The Principle of Indemnity aims to place the insured in:	A better financial position than before the loss	The same financial position as before the loss	A position of profit	A position without insurance	B. The same financial position as before the loss
21	The Principle of Indemnity ensures that insurance is:	A source of profit	A gambling arrangement	A tool for financial protection	A method of earning interest	C. A tool for financial protection
22	Which of the following is generally an exception to the Principle of Indemnity?	Fire Insurance	Marine Insurance	Life Insurance	Property Insurance	C. Life Insurance
23	The Principle of Proximate Cause considers:	The first cause only	The last cause only	The dominant and effective cause of loss	Every minor cause equally	C. The dominant and effective cause of loss
24	If the proximate cause of a loss is an insured peril, the insurer:	Must generally pay the claim	Automatically cancels the policy	Doubles the premium	Refuses every claim	A. Must generally pay the claim
25	The Principle of Mitigation of Loss requires the insured to:	Ignore further damage	Take reasonable steps to minimize the loss	Wait for the insurer before taking action	Increase the amount of loss	B. Take reasonable steps to minimize the loss

26	Under the Principle of Mitigation of Loss, the insured is expected to act:	Negligently	Carelessly	Reasonably and safely	Only after receiving compensation	C. Reasonably and safely
27	Insurance provides individuals with:	Financial security against unexpected risks	Guaranteed business profit	Freedom from paying premiums	Unlimited wealth	A. Financial security against unexpected risks
28	Insurance promotes business continuity by:	Increasing business losses	Protecting against financial losses	Eliminating all business risks	Stopping business operations	B. Protecting against financial losses
29	Premiums collected by insurance companies contribute to:	Capital formation	Gambling	Inflation only	Personal consumption only	A. Capital formation
30	Kidnap & Ransom Insurance protects against:	Only fire	Kidnapping, extortion and wrongful detention	Only road accidents	Only health expenses	B. Kidnapping, extortion and wrongful detention
31	A primary condition of Kidnap & Ransom Insurance is:	Public disclosure of the policy	Strict confidentiality	No premium payment	Unlimited compensation in every case	B. Strict confidentiality
32	Life insurance is a contract between:	Two insurance companies	Policyholder and insurer	Insurer and government	Nominee and agent	B. Policyholder and insurer
33	The person who buys a life insurance policy is called:	Insured	Nominee	Policyholder	Beneficiary	C. Policyholder
34	The person whose life is covered under a life insurance policy is called:	Insurer	Insured	Nominee	Agent	B. Insured
35	The amount regularly paid for a life insurance policy is called:	Sum assured	Claim	Premium	Bonus	C. Premium
36	The amount promised to be paid by the insurer is known as:	Premium	Sum assured	Loan	Commission	B. Sum assured
37	The nominee generally receives the insurance amount upon:	Payment of first premium	Death of the insured	Completion of proposal form	Medical examination	B. Death of the insured
38	Life insurance provides financial security mainly to:	Government	Insurance agents	Family or dependents of the insured	Banks	C. Family or dependents of the insured
39	According to IRDAI, life insurance involves payment of a sum of money on:	Only retirement	Death of the insured or	Only hospitalization	Only disability	B. Death of the insured or expiry of

			expiry of a fixed period			a fixed period
40	Life insurance provides the family with a:	Monthly salary	Lump sum amount in case of death	Bank loan	Tax penalty	B. Lump sum amount in case of death
41	Life insurance protects against the risk of:	Premature death	Inflation only	Business failure only	Unemployment only	A. Premature death
42	Endowment and money-back policies can also act as:	Loan policies	Savings plans	Motor policies	Mediclaim policies	B. Savings plans
43	Premiums paid for life insurance policies are eligible for deduction under:	Section 80C	Section 80D	Section 10(10D)	Section 44AD	A. Section 80C
44	Maturity proceeds of life insurance are usually tax-free under:	Section 80C	Section 80D	Section 10(10D)	Section 44AB	C. Section 10(10D)
45	Some life insurance policies provide the facility of:	Loan against the policy	Free vehicle	Free hospitalization	Unlimited withdrawal	A. Loan against the policy
46	Regular payment of premiums encourages:	Financial indiscipline	Systematic saving	Excessive borrowing	Speculation	B. Systematic saving
47	Pension and annuity plans help in:	Motor insurance	Retirement planning	Fire protection	Medical treatment	B. Retirement planning
48	ULIPs combine insurance with:	Banking	Investment opportunities	Motor insurance	Hospitalization	B. Investment opportunities
49	The first step in taking a life insurance policy is:	Medical examination	Assessing insurance needs	Issuing the policy	Paying the maturity amount	B. Assessing insurance needs
50	While selecting a life insurance policy, one should consider:	Premium amount	Policy term	Benefits and riders	All of the above	D. All of the above
51	The proposal form is:	An informal document	A legal document	A medical report	A bank statement	B. A legal document
52	The proposal form forms the basis of:	The insurance contract	The bank account	The tax return	The hospital record	A. The insurance contract
53	While filling the proposal form, the proposer should provide:	Accurate information	False information	Incomplete information	Only financial information	A. Accurate information
54	The principle that must be followed while making the declaration is:	Contribution	Utmost Good Faith	Indemnity	Subrogation	B. Utmost Good Faith

55	Which of the following can be used as proof of age?	SSC certificate	Passport	School Leaving Certificate	All of the above	D. All of the above
56	Medical examination, if required, is conducted to:	Calculate tax	Assess risk to the insurer	Select the nominee	Determine the policy number	B. Assess risk to the insurer
57	The medical report is submitted by:	Any person	An authorized medical practitioner	The nominee	The bank manager	B. An authorized medical practitioner
58	The agent's confidential report includes information about:	Health and habits	Previous illness	Financial status	All of the above	D. All of the above
59	The person specialized in the selection of risk is called:	Nominee	Underwriter	Policyholder	Consultant	B. Underwriter
60	After acceptance of the proposal, the proposal becomes:	A claim	A policy	A loan	A premium	B. A policy
61	The policy is prepared in:	One copy	Two copies	Three copies	Four copies	B. Two copies
62	Mediclaim is a type of:	Life insurance	Health insurance	Motor insurance	Fire insurance	B. Health insurance
63	Mediclaim provides financial coverage for:	Medical expenses	Vehicle damage	Business losses	Property theft	A. Medical expenses
64	A cashless facility allows the insured to receive treatment at:	Any shop	Network hospitals	Banks	Insurance offices	B. Network hospitals
65	A Family Floater Policy covers:	One individual only	All family members under one shared sum insured	Only employees	Only senior citizens	B. All family members under one shared sum insured
66	A Critical Illness Policy covers:	Specific major illnesses	Only minor injuries	Vehicle accidents	Dental treatment only	A. Specific major illnesses
67	Senior Citizen Mediclaim is specifically designed for people:	Below 18 years	Above 40 years	Above 60 years	Above 80 years	C. Above 60 years
68	Mediclaim is available for persons between:	1 and 60 years	5 and 80 years	18 and 65 years	21 and 70 years	B. 5 and 80 years
69	Medical expenses covered under Mediclaim before hospitalization are available for up to:	7 days	15 days	30 days	60 days	C. 30 days
70	Medical expenses covered after hospital discharge are available for up to:	15 days	30 days	45 days	60 days	D. 60 days
71	OPD stands for:	Online Patient Department	Outpatient Department	Official Patient Department	Outdoor Payment Department	B. Outpatient Department

72	Workmen's Compensation Insurance protects employers against:	Legal liability to pay compensation to employees	Vehicle theft	Life insurance claims	Property damage	A. Legal liability to pay compensation to employees
73	Workmen's Compensation Insurance covers injury, disability, disease or death arising:	During vacation	Out of and during the course of employment	Only at home	During foreign travel	B. Out of and during the course of employment
74	The Workmen's Compensation policy is based on the:	Companies Act, 2013	Employees' Compensation Act, 1923	Motor Vehicles Act, 1988	Income Tax Act	B. Employees' Compensation Act, 1923
75	Which of the following is covered under Workmen's Compensation Insurance?	Occupational diseases	Permanent disability	Workplace death	All of the above	D. All of the above
76	No-fault compensation means compensation may be payable even when:	The employee has no policy	The accident was not due to the employer's negligence	The employee was not working	The company has no employees	B. The accident was not due to the employer's negligence
77	Which of the following is an example of Permanent Total Disablement?	Loss of one eye	Loss of both limbs	Minor fever	Temporary headache	B. Loss of both limbs
78	Which of the following is an example of Permanent Partial Disablement?	Loss of one eye	Loss of both limbs	Common cold	Temporary fever	A. Loss of one eye
79	Which of the following is NOT covered under Workmen's Compensation Insurance?	Workplace injury	Occupational disease	Accident unrelated to employment	Permanent disability due to workplace accident	C. Accident unrelated to employment
80	Workmen's Compensation Insurance helps employers by:	Increasing compensation costs	Protecting them from huge compensation costs	Eliminating all employees	Reducing wages	B. Protecting them from huge compensation costs
81	Workmen's Compensation Insurance is described in the material as a:	Gambling tool	Social security tool	Banking tool	Investment-only tool	B. Social security tool
82	Motor Vehicle Insurance is generally referred to as:	Auto Insurance or Car Insurance	Life Insurance	Marine Insurance	Fire Insurance	A Auto Insurance or Car Insurance

83	Motor Vehicle Insurance provides financial protection against:	Accidents, damage, theft and other unforeseen events	Only theft	Only accidents	Only natural calamities	A Accidents, damage, theft and other unforeseen events
84	Motor Vehicle Insurance is mainly designed for:	Vehicle owners	House owners	Factory owners	Bank customers	A Vehicle owners
85	Which vehicles can be covered under motor vehicle insurance?	Cars, motorcycles, trucks and other road vehicles	Cars only	Motorcycle s only	Trucks only	A Cars, motorcycles, trucks and other road vehicles
86	How many types of motor vehicle insurance policies?	Four	Two	Three	Five	C Three
87	Which of the following is a type of motor vehicle insurance policy?	Own Damage Cover Insurance	Third-Party Insurance	Comprehen sive Insurance	All of the above	D All of the above
88	Third-Party Insurance mainly provides:	Liability cover for third-party damages	Own damage cover only	Life insurance cover	Health insurance cover	A Liability cover for third-party damages
89	Third-Party Insurance is mandatory in India under:	Motor Vehicles Act, 1988	Insurance Act, 1938	Companies Act, 2013	Banking Regulation Act, 1949	A Motor Vehicles Act, 1988
90	Driving without Third-Party Insurance is:	Illegal	Recommend ed	Optional	Free from penalty	A Illegal
91	Third-Party Insurance covers:	Injuries or damages caused to a third party	Damage to the insured's own vehicle	Theft of the insured vehicle	Engine repair only	A Injuries or damages caused to a third party
92	Which is NOT covered under Third-Party Insurance?	Theft of the insured vehicle	Damage caused to a third party	Injury caused to another person	Third-party property damage	A Theft of the insured vehicle
93	The premium for Third-Party Insurance is regulated by:	IRDAI	RBI	SEBI	NABARD	A IRDAI
94	Comprehensive Insurance provides:	Both own damage and third-party liability cover	Only third-party liability	Only own damage cover	Only personal accident cover	A Both own damage and third-party liability cover
95	Comprehensive Insurance covers damage caused due to:	Natural and man-made calamities	Accidents and fire	Theft	All of the above	D All of the above

96	Which is an example of a natural calamity covered under Comprehensive Insurance?	Flood	Riot	Terrorism	Theft	A Flood
97	Which is an example of a man-made calamity?	Riot	Earthquake	Flood	Storm	A Riot
98	Zero Depreciation Cover ensures:	Full claim without considering vehicle depreciation	No insurance premium	Free vehicle replacement every year	No third-party liability	A Full claim without considering vehicle depreciation
99	Engine Protect Cover provides protection against:	Damage to the engine due to non-accident causes	Only accident-related damage	Theft of the vehicle	Third-party liability	A Damage to the engine due to non-accident causes
100	Return to Invoice Cover provides:	Full invoice value of the car in case of total loss	Repair cost only	Third-party compensation only	Medical expenses only	A Full invoice value of the car in case of total loss
101	Roadside Assistance may provide:	Towing, repair or fuel delivery during breakdowns	Life insurance	Only theft protection	Only third-party liability	A Towing, repair or fuel delivery during breakdowns
102	The premium of Comprehensive Insurance is generally:	Higher than Third-Party Insurance	Lower than Third-Party Insurance	Equal to Third-Party Insurance	Free	A Higher than Third-Party Insurance
103	Own Damage Cover Insurance was introduced by IRDAI in:	2019	2015	2017	2021	A 2019
104	Own Damage Cover Insurance covers:	Damages to the insured's own vehicle	Only third-party liability	Only medical expenses	Only personal accidents	A Damages to the insured's own vehicle
105	For Own Damage Cover Insurance to be valid, the vehicle owner must already have:	Third-Party Insurance	Life Insurance	Health Insurance	Marine Insurance	A Third-Party Insurance
106	The premium of Own Damage Cover Insurance is generally:	Lower than comprehensive insurance but higher than third-party policies	Higher than comprehensive insurance	Lower than third-party insurance	Not charged	A Lower than comprehensive insurance but higher than third-party policies

107	Personal Accident (PA) Cover provides protection in case of:	Death or permanent disability resulting from an accident	Theft of the vehicle	Fire damage only	Third-party property damage only	A Death or permanent disability resulting from an accident
108	The standard coverage amount under Personal Accident Cover is:	₹15 lakh	₹5 lakh	₹10 lakh	₹20 lakh	A ₹15 lakh
109	Personal Accident Cover does NOT cover:	Hospitalization or medical expenses due to minor injuries	Death due to an accident	Permanent disability	Financial protection for owner-driver	A Hospitalization or medical expenses due to minor injuries
110	Which type of insurance is recommended for broader coverage?	Comprehensive Insurance	Third-Party Insurance	Own Damage Cover only	Personal Accident Cover only	A Comprehensive Insurance
111	What does Third-Party Insurance mainly provide?	Own damage cover only	Liability cover for third-party damages	Life insurance cover	Health insurance cover	B Liability cover for third-party damages
112	Which policy covers third-party liability as well as damage to the insured's own vehicle?	Comprehensive Insurance	Third-Party Insurance	Personal Accident Cover	Own Damage Cover Insurance	A Comprehensive Insurance