



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
1	When the risk of losses in on- or off-balance sheet positions arising from movement in market prices, it is called as _____.	Operational Risk	Market Risk	Liquidity Risk	Account Risk
2	The risk that arises from the possibility of non-payment of loans by the borrowers is known as-	Credit Risks	Market Risks	Moral Hazard	Business Risk
3	The major component of Market risk is _____.	Interest rate risk	Equity risk	Commodity risk	All of the above
4	When a bank's image and public standing is in doubt and leads to the public's loss of confidence in a bank, it is called as _____.	Reputational risk	Moral Hazard	Operational risk	None of the above
5	Legal Risk is known as _____.	When the actions can lead to the entire financial system coming to a standstill.	When there is a financial loss to the bank arising from legal suits filed against the bank or by a bank for applying a law wrongly.	When a bank chooses the wrong strategy or follows a long-term business strategy which might lead to its failure.	All of the above
6	Bonds Are _____.	Fixed Income Securities.	Permanent Income Securities.	Fluctuating Income Securities.	Matured Income Securities
7	Zero Coupon Bond Makes:	No Coupon Payment	Interest Payment Every Month	Is Not Traded	Has No Maturity Date
8	YTM stands for:	Yield To Maturity	Yield To Money	Yield To Market	Yield To Motive
9	Normal Yield Curve is:	Upward Sloping	Downward Sloping	Straight Line	All of the above
10	Swaptions are:	Options On Swaps	Options And Futures	Options On Forwards	Options On MIBOR
11	Price Sensitivities are:	Lower For Longer Tenor Bonds	Same For All Tenor Bonds	Higher For Longer Tenor Bonds	Higher For Shorter Tenor Bonds
12	A Safe Haven for investors money is:	Equity Market	Debt Market	Speculative Market	All of the above
13	A fall in interest rates will make prices of Government Securities:	Go Down	Go Up	Remain Unchanged	None of these
14	IRF Stands For:	Interest Rate Futures	Interest Rate Forwards	Interest Rate Fixed	Interest Rate Fluctuating
15	To hedge the interest rate risk on \$4 million of Treasury bonds with \$100,000 futures contracts, you would need to purchase:	4 contracts.	20 contracts.	25 contracts.	40 contracts.
16	2. Rise in interest rates _____ the market value of that asset or liability. Conversely falling interest rates _____ the market value of assets or liabilities.	Increases, Decreases.	Decreases, Increases.	Both Ways.	None of the above.
17	The economic value of a bank can be viewed as the present value of the bank's expected _____.	Cash Flows.	Net Cash Flows.	Gross Cash Flows.	None of the above.
18	Proliferation of NPA results in increasing _____.	It is not a maturity mismatch.	Maturity mismatch.	Sometimes it is a mismatch.	None of the above.
19	The risk arises when the technology system may got malfunction is classified as _____.	System Risk.	Technology Risk.	Operational Risk.	Support Risk.
20	The risk which arises from insufficient Capital available to balance the sudden decrease in assets value is classified as _____.	Insolvency Risk.	Solvency Risk.	Balanced Risk.	Unbalanced Risk.
21	Which of the following is not a type of credit risk?	Default risk.	Credit spread risk.	Intrinsic risk.	Basis risk.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
22	Risk of a portfolio with overexposure in the steel sector will be _____.	More than systematic risk.	Equal to intrinsic risk.	Less than intrinsic risk.	None of these.
23	The risk that arises due to worsening of credit quality is:	Intrinsic risk.	Credit spread risk.	Portfolio risk.	Counterparty risk.
24	The model that combines five financial ratios using reported accounting information and equity values to produce an objective measure of borrower's financial health is_____.	Altman's Z Score.	'Credit Metrics'.	Credit Risk+.	None of the above.
25	A transaction where financial securities are issued against the cash flow generated from a pool of assets is called_____.	Securitization.	Credit Default Swaps.	Credit Linked Notes.	Total Return Swaps.
26	The objective of liquidity management is to _____.	Ensure profitability.	Ensure liquidity.	Either of two.	Both.
27	Banks need liquidity to _____.	Meet deposit withdrawal.	Fund loan demands.	Both of them.	None of them.
28	Who formulates BASEL guidelines?	World Bank	IMF	G20 group of governors	BCBS
29	When did India started implementing BASEL-I guidelines?	1988	1990	1991	1992
30	Which of the following is the correct definition of Probability of default (PD)?	It measures the remaining economic maturity of the exposure	It is the estimated amount outstanding in a loan commitment if default occurs	It measures the proportion of the exposure that will be lost if Default occurs	It measures the likelihood that the borrower will default over a given time horizon
31	Which of the following is the correct definition of Loss Given Default (LGD)?	It measures the remaining economic maturity of the exposure	It is the estimated amount outstanding in a loan commitment if default occurs	It measures the proportion of the exposure that will be lost if Default occurs	It measures the likelihood that the borrower will default over a given time horizon
32	Which of the following is the correct definition of Exposure at Default (EAD)?	It measures the remaining economic maturity of the exposure	It is estimated amount outstanding in a loan commitment if default occurs	It measures the proportion of the exposure that will be lost if Default occurs	It measures the likelihood that the borrower will default over a given time horizon
33	In line with BASEL-II guidelines, what was the minimum percentage CRAR prescribed by Reserve Bank of India?	9%	8%	7%	6%
34	Which of the following is/are risks face by the bank?	Credit Risk	Market Risk	Income Risk	(a) and (b)
35	What is the effect on the capital requirement of a bank if it takes exposure to riskier assets?	More capital is required	Less capital is required	No change in capital requirement	None of these
36	A sovereign credit rating is the credit rating of a, _____ i.e., a national government.	Sovereign entity.	Multinational company.	Banks.	Firm.
37	The risk that a government may default on its debt obligation _____.	Political risk.	Sovereign risk.	Transfer risk.	Transaction risk.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
38	A floating exchange rate _____.	Is determined by the national governments involved.	Remains extremely stable over a long period.	Is determined by the actions of central banks.	Is allowed to vary accordingly to market forces.
39	In India, settlement risk is largely mitigated by settlements through _____.	Clearing Corporation of India (CCIL).	FIMMDA.	Both of the above.	None of the above.
40	_____ risk arises if a country suddenly suspends or imposes a moratorium on foreign payments because of Balance of payments or other problems.	Mismatch risk	Transaction risk	Open position risk	Sovereign risk
41	If a firm has a stock-based insolvency in both book and market value terms and liquidates:	The payoff will not be 100% to all investors.	The unsecured creditors are likely to get less than full value.	The equity holders typically should receive nothing.	All of the above.
42	Bankruptcy reorganizations are used by management to:	Forestall the inevitable liquidation in all cases	Provide time to turn the business around.	Allow the courts time to set up an administrative structure.	All of the above.
43	Financial distress can be best described by which of the following situations in which the firm is forced to take corrective action.	Cash payments are delayed to creditors.	The market value of the stock declines by 10%.	The firm's operating cash flow are insufficient to pay current obligations.	Cash distributions are eliminated because the board of directors considers the surplus account to be low.
44	Which of the following is not a type of risk in the Banking Sector?	Credit Risk	Operational Risk	Market Risk	Account Risk
45	Operational Risk is the risk of -----.	When borrowers or counterparties fail to meet contractual obligations.	The unpredictability of equity markets, commodity prices, interest rates, and credit spreads.	Loss due to errors, interruptions, or damages caused by people, systems, or processes.	All of the above
46	When the risk of losses in on- or off-balance sheet positions arising from movement in market prices, it is called as -----.	Operational Risk	Market Risk	Liquidity Risk	Account Risk
47	"Payments credited to the wrong account" is an example of which Risk?	Credit Risk	Operational Risk	Market Risk	Liquidity Risk
48	_____ risk arises because the financial system is one intricate and connected network.	Credit	Operational	Market Risk	Systemic
49	The major component of Market risk is-----.	Interest rate risk	Equity risk	Commodity risk	All of the above
50	_____ risk is the potential loss due to changes in the value of a bank's assets or liabilities resulting from exchange rate fluctuations.	Interest rate.	Equity	Foreign exchange.	Commodity
51	_____ is the oldest form of off balance sheet financing.	leasing	hire purchasing	Joint venture	none of these
52	In the mid-2000s, a number of banks lost billions of dollars on failing mortgage loans. The risk of such occurrences would be categorized as:	off balance sheet risk	operational risk	credit risk	technology risk
53	The risk of "insolvency" is basically the risk of:	borrowers not paying off lenders in a timely fashion.	machinery breakdowns	not being able to find a buyer for an asset	asset value falling below liability value



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
54	Credit risk that is related to pervasive, economy-wide factors, would be termed:	off balance sheet risk	country risk	systematic risk	firm specific risk
55	Deposit insurance shifts most of the financial risk of bank failures from depositors to	Borrowers	The bank's creditors	The bank's stockholders	The federal government
56	The payoffs for financial derivatives are linked to:	securities that will be issued in the future.	the volatility of interest rates	previously issued securities.	government regulations specifying allowable rates of return.
57	Financial derivatives include:	stocks	bonds	futures	none of the above.
58	A Letter of Undertaking is an instrument, which allows customers of a bank, to raise:	short-term foreign currency	long-term foreign currency	both	none of these
59	One very basic example of an unsecured open-end loan commitment:	Credit card	debit card	cash credit	overdraft facility
60	A bank assesses its operations and activities against a menu of potential operational risk vulnerabilities is called :	Self-Risk Assessment	Risk Mapping	Key Risk Indicators	none of these
61	A nomination can be made only in favour of:	Parents	Spouse and children	Spouse	Any individual
62	Select the expanded form of SA as commonly used in life insurance.	Sum Assured	Surrender of Assurance	Supplementary Assurance	Stamp Act
63	Which product offered by insurance companies that, unlike a pure insurance policy, gives investors both insurance and investment under a single integrated plan?	Money Back Plan	Endowment Plans	Term Insurance Plans	Unit-linked insurance plan
64	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?	Money Back Plan	Endowment Plans	Term Insurance Plans	Unit-linked insurance plan
65	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?	Money Back Plan	Endowment Plans	Term Insurance Plans	Unit-linked insurance plan
66	As per the Insurance Act, every insurer has to prepare at the end of financial year:	Balance Sheet	Profit and Loss Account	Revenue Account for each class of Insurance business	All of the above
67	_____are agents but they can sell policies of several life and non-life insurance companies at a time.	Loss assessors	Brokers	Insure	Insured Insurance Awareness MCQs LIC Assistant Exam 2019
68	_____ is a voluntary termination of the contract by the policy holders.	Report	Surrender	Prospectus	Cover note
69	Which of the following is contract between two insures i.e. original insurer and another insurer?	Premium	Cover note	Reinsurance	Co-insurance
70	Which of the following involves proportionate sharing of the insurance among more than one insurer?	Premium	Cover note	Reinsurance	Co-insurance
71	When the amount for which a subject matter is insured is more than its actual value, it is called_____	Premium	Cover note	Reinsurance	Double Insurance
72	A person whose risk is insured is called.....	Insured	merchandiser	marketer	Agents
73	When was life insurance sector nationalized?	1952	1956	1986	1984



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
74	Risk retention means-----	Saving money to pay for the losses	Accepting and agreeing to finance the loss oneself	Not taking up any activity which is risky	Insuring the risk
75	Pure risk was grouped:	Property Risk	Personal Risk	Liability risk	All the above
76	The risk which arises because of change in major economic, social, cultural and political factors are	Particular Risk	Fundamental Risk	Speculative Risk	Dynamic Risk
77	Insurance covers.....	Protect assets	Prevents loss	Reduces the impact of loss	Insurances immortality
78	Choose the correct Option: Statement A: Commercial contracts are subject to the principle of "Caveat Emptor" Statement B: Insurance contracts are also subject to the principle of "Caveat Emptor"	Both statements are correct	Both statements are wrong	Statement A is correct	Statement B is correct
79	Insurable interest means: Statement A: Legal right to insure. Statement B: Have suffered financial loss.	Both statements are correct	Both statements are wrong	Statement A is correct	Statement B is correct
80	One of the fundamental principles of life insurance is:	There is an insurer & policyholder	Utmost good faith	Insurable interest	Both b & c
81	Facts which need to be disclosed:	Facts of common knowledge	Facts which lessen the risks	Facts which everyone is supposed to know in general	Family History
82	The duty of disclosure of material facts arises in life insurance:	only during the proposal stage	Only during the policy period if there is a change in risk	Only at the time of renewal	All of the above
83	_____ increases the frequency of loss.	Peril	Subjective risk	Hazard	Objective risk
84	_____ hazard increases the probability of loss due to dishonesty or character defects of an insured person.	Moral	Morale	Legal	Physical
85	Master policy is issued for _____.	Term insurance schemes	permanent insurance	individual insurance	group insurance schemes
86	Subrogation means _____.	something of monetary value	to make good loss	payment of premium	transfer of rights of an insured to another person
87	_____ risks happen within a stable environment and are constant over an observed period of time.	Speculative	Pure	Dynamic	Static
88	Which among the following is not a pure risk?	Personal risk	Property risk	Loss of income risk	Strategic risk
89	Which of the following method reduces the chance of loss to zero?	Risk Transferring	Risk avoidance	Risk retention	Risk reduction
90	_____ refers to the manner in which the risk control measures that have been implemented shall be financed.	Risk financing	Risk retention	Risk transfer	Risk sharing
91	_____ is the most famous tool of risk management.	Certainty risk	Insurance	Loss prevention	Uncertainty risk
92	_____ is still the most leading channel in India for distributing insurance products.	Brokers	Agency power	Insurance market	National market



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
93	An insurance agent represents the _____.	Insured	Insurer	Government	Adjustment bureau
94	_____ is a whole life policy that insures two lives with the proceeds payable on the second (later) death.	Survivorship life insurance policy	Group life insurance	Joint life insurance	Prepaid insurance
95	The _____ is formed with four subsidiary companies.	Life Insurance Corporation of India	ICICI Prudential Life Insurance Company	General Insurance Corporation of India	Bajaj Allianz General Insurance Company
96	Which of the following is not a concern of the insurance regulatory framework?	It has to safeguard the interests of the customers.	It has to safeguard the interests of the stakeholders.	It has to ensure the financial soundness of the insurance industry.	It has to help in the healthy growth of the insurance market.
97	Which of these is not an element of life insurance?	Grace period	Nomination and assignment	Policyholder	Paid-up value Answers:
98	Interest rate risk is a type of -----.	Credit risk	Market risk	Operational risk	All the above
99	Management process of shifting or transferring the risk is known as:	Risk Management	Hedging	Arbitrage	Arbitration
100	A statistical technique or module used to evaluate market risk is known as:	Risk Reward equation module	Credit Risk Rating Module	Value At Risk Module	Retail portfolio module
101	It is a financial instrument whose value is derived from the value of one or more underlying financial asset and used as hedging instrument:	Credit Default Swap	Derivative instrument	Money market instrument	Preventive instrument
102	What is known as the sum of the credit, market and operational risk capital charge----	Regulatory capital	Viability capital	Feasibility capital	None of the above
103	In June 1999 Basle Committee on Banking Supervision issued proposals for reform of its 1988 Capital Accord (the Basle II Proposals). These proposals contained MAINLY. (Choose the correct options: I)Settlement risk management, II)Capital requirements, III)Supervisory review, IV)The handling of hedge funds, V)Contingency plans, VI)Market discipline)	I, III and VI	II, IV and V	I, IV and V	II, III and VI
104	A bank suffers loss due to adverse market movement of a security. The security was however held beyond the defeasance period. What is the type of the risk that the bank has suffered?	Market Risk	Operational Risk	Market Liquidation Risk	Credit Risk
105	When interest rates go up, prices of fixed interest bonds –	Go up	Go down	Remain unchanged	Sometimes go haywire
106	Which of the following is not a source of Interest Rate Risk?	Basis Risk	Yield Risk	Options Risk	Credit Risk
107	In finance, it is the risk of collapse of an entire financial system or entire market, as opposed to risk associated with any one individual entity, group or component of a system that can be contained therein without harming the entire system.	Credit Risk	Market risk	Systemic risk	Operational risk
108	Arbitrage is	Buying and selling in two markets simultaneously	A rate of interest	A Fee	Arbitrage is a dispute
109	Loan or Advance account which does not disclose any problem & does not carry more than normal business risk is referred as:	Standard Asset	Sub-standard Asset	Doubtful Asset	Loss Asset
110	The Asset which has remained NPA for a period less than or equal to 12 months is known as:	Standard Asset	Sub-standard Asset	Doubtful Asset	Loss Asset



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
111	An account is considered special mention account if it is irregular/ weak for the following period:	Account shows signs of incipient stress	Principal or interest overdue between 31 to 60 days	Principal or interest payment overdue between 61 to 90 days	All of the above
112	Which one of the following will be the best strategy for maintaining better asset quality?	Pre-Sanction Appraisal techniques	Post sanction monitoring	Loan Review Mechanism	All of the above
113	The provisioning requirement for Standard direct advances to agriculture & SME Sectors is:	0.25%	1.00%	0.40%	15%
114	Which of the following is Not a type of risk in Banking Sector?	Credit Risk.	Operational Risk.	Market Risk.	Account Risk.
115	When the risk of losses in on- or off-balance sheet positions arise from movement in market prices, it is called as-----.	Credit Risk.	Operational Risk.	Market Risk.	Liquidity Risk.
116	“Payments credited to the wrong account” is an example of which Risk?	Credit Risk.	Operational Risk.	Market Risk.	Liquidity Risk.
117	The risk that arises from the possibility of non-payment of loans by the borrowers is known as-----.	Credit Risk.	Market Risk.	Moral Hazard.	Liquidity Risk.
118	_____ risk arises because of the fact that the financial system is one intricate and connected network.	Credit.	Operational.	Market Risk.	Systemic.
119	When bank’s image and public standing is in doubt and leads to public’s loss of confidence in a bank, it is called as -----.	Reputational Risk.	Moral Hazard.	Operational Risk.	Market Risk.
120	Legal Risk is known as -----.	When the actions can lead to the entire financial system coming to a standstill.	When there is a financial loss to bank arising from legal suits filed against the bank or by a bank for applying a law wrongly.	When a bank chooses the wrong strategy or follow a long-term business strategy which might lead to its failure.	When bank’s image and public standing is in doubt and leads to public’s loss of confidence in a bank.
121	_____ Risk is the potential loss due to changes in the value of a bank’s assets or liabilities resulting from exchange rate fluctuations.	Interest Rate.	Equity.	Foreign Exchange.	Commodity.
122	Which of the following is known as the third pillar of Basel-II accord?	Minimum capital requirement.	Supervisory review process.	Standard approach.	Market Discipline.
123	The minimum total capital ratio under Basel-III is % of RWA. That is:	2.5%.	3.5%.	9%.	10.5%.
124	With reference to Basel III how much capital conservation buffer are bank required to maintain?	3.5%.	2.5%.	7.5%.	1.5%.
125	Which one is not under the three pillars of BASEL III norms in banking industry?	Market Discipline.	Minimum Capital Requirement.	Risk oriented Supervision.	Supervisory Review Process.
126	To calculate capital adequacy ratio, the banks are required to take into account which of the following risks?	Credit risk and operational risk.	Credit risk and market risk.	Market risk and operational risk.	Credit risk, Market Risk, Operational Risk.
127	What is the full form of NSFR?	Net stable fund ratio.	Net sustainable funding ratio.	Net stable funding ratio.	Net stable fundable ratio.
128	Losses arising due to a risk exposure retained or assured is known as _____.	Risk Reduction	Risk Financing	Risk Retention	Risk Sharing
129	Insurance is best suited to risk with _____.	High frequency and low loss severity.	Low frequency and high loss severity.	Minimum frequency and no loss severity.	High frequency and high loss severity.
130	The risk manager may be able to identify the new ventures involved in _____.	Pure risk.	Group Risk.	Speculative risk.	Particular risk.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
131	That which is designed to improve the information on which decisions are to take to reduce risk is _____.	Transfer	Research.	Costs.	Deflation.
132	Uncertain events are broadly classified as _____.	Predictable and Unpredictable.	Possible and Impossible	Natural and Artificial.	Rare and Continuous
133	The possibility that actual results may differ from predicted results is known as _____.	Risk.	Uncertainty.	Peril.	Hazards.
134	The success of whole process of risk management depends on its _____.	Identification	Risk analysis	Assessment of risk	Evaluation of risk
135	The risk management can be done by _____.	Insurance	Hedging	Derivatives	All of the above
136	The first step in risk management process is _____.	Risk avoidance	Risk Identification	Insurance	Risk Evaluation
137	Risk retention means _____	Saving money to pay for the losses	Accepting and agreeing to finance the loss oneself	Not taking up any activity which is risky	Insuring the risk
138	The risk which has the outcomes with possibility of gain is _____	Pure	Speculative	Static	Dynamic
139	Pure Risk was grouped _____.	Property Risk	Personal Risk	Liability risk	All the above
140	_____ refers to distribution of insurance products through Bank	Bank	Company	Co-operatives	Sole trader
141	Risk Management process includes _____	Risk Analysis	Risk Control	Risk Analysis and Control	Risk Reduction
142	The foundation for Risk Management is provided by _____	Risk Control	Risk Analysis	Risk Identification	Risk Retention
143	Insurance is a Risk management technique involving _____	Risk Retention	Risk Avoidance	Loss Control	Risk Transfer
144	_____ are the Risk management methods	Insurance	Hedging	Derivatives	All the above
145	The strategy pursued by the business firms to tackle risk by spreading into a number of businesses is _____.	Diversification	Centralisation	Risk Retention	Financing
146	A firm may seek to minimize marketing risks by undertaking _____.	Credit Facilities	Training Salesmen	Market Research	Branch Expansion
147	Who is protected under the In-Contestability Clause included under a Life Assurance Policy?	Insurer	Insured	Insurance Agent	Insurance Broker
148	Section 45 (Indisputability Clause) of Insurance Act, protects the Insured, from Rejection of Claim, by the Insurer; provided the Policy has completed -. Choose the Most Appropriate Option.	One Year	Three Years	Five Years	Seven Years
149	As per the Suicide Clause, if the Life-Assured Dies, as a Result of Suicide, after 3 Years of the Issue of Policy, What Does the Beneficiary Receive as the Claim?	Nothing	Premium, Paid by the Life-Assured.	(2 × Premium), Paid by the Life-Assured.	Full Face-Amount of the Policy.
150	What Does, First Premium Receipt (F.P.R.), signify?	Free-Look Period has ended.	It is the Evidence, that the Policy-Contract has begun.	Policy cannot be cancelled, now.	Policy has acquired a Certain Cash-Value.
151	Identify the Document, that evidences a Contract, between the Insurer and the Insured.	Proposal-Form	Claim-Form	Nomination-Form	Policy-Document



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
152	If Complex Language is used to word a Certain Policy-Document, and it has given Rise to an Ambiguity, How Will it generally be construed?	In Favour of the Insured.	In Favour of the Insurer.	The Policy will be declared as Void, and the Insurer will be asked to Return the Premium, With Interest, to the Insured.	The Policy will be declared as Void, and the Insurer will be asked to Return the Premium, to the Insured, Without Any Interest.
153	With Regards to Mis-Statement of Age, Select the Valid Option: I: An Under-Statement of Age, will result in the Original Policy being re-issued, for a Reduced Amount. II: An Over-Statement of Age, will, usually, result in a Refund of Premium-Payment.	I, only.	II, only.	I and II.	Neither I, Nor II.
154	Which of the Following, is Not a Part of a Standard Policy-Document?	Policy Schedule	Standard Provisions	Policy-Specific Provisions	Policy Forfeiture Provisions
155	Give us, the Proof of Contract between the Insurer and the Insured.	Proposal-Form	Claim-Form	Nomination-Form	Policy Document
156	Gives us, an Example of a Standard Policy-Provision.	A Clause, Precluding the Death Due to Pregnancy, for a Lady, who is Expecting at the Time of Writing the Contract.	Suicide Clause	A Clause, Precluding Certain Illnesses.	A Clause, Granting Certain Privileges to the Policy-Holder.
157	Gives us, an Example of a Policy-Specific Provision.	Premium-Payment	Mis-Statement of Age	Claim-Provision	A Clause, Precluding the Death Due to Pregnancy, for a Lady, who is Expecting, at the Time of Writing the Contract.
158	Which One of the Following, forms the First Part of a Standard Insurance Policy-Document?	Policy-Schedule	Standard Provisions	Specific-Policy Provisions	Claim-Procedure
159	Select the Correct Statement.	The Policy Document has to be signed by a Competent Authority, but need not be compulsorily stamped according to Indian Stamp Act.	The Policy Document has to be signed by a Competent Authority, and should be stamped according to Indian Stamp Act.	The Policy Document need not be signed by a Competent Authority, but should be stamped according to Indian Stamp Act.	The Policy Document neither needs to be signed by a Competent Authority, nor it needs to be compulsorily stamped according to Indian Stamp Act.
160	What Will Happen, if the Insured-Person loses the Original Life Assurance Policy-Document?	The Insurance Company will issue a Duplicate Policy, Without Making Any Changes to the Contract.	The Insurance Contract Will Come to an End.	The Insurance Company will issue a Duplicate Policy, with the Renewed Terms and Conditions, Based on the Current Health-Declarations of the Life-Assured.	The Insurance Company will issue a Duplicate Policy, Without Making Any Changes to the Contract; But, Only After a Court-Order.
161	Which One of the Following Documents, will be issued by the Insurance Company, on Receipt of Subsequent Premiums, After the First Premium?	Revival Premium Receipt	Restoration Premium Receipt	Reinstatement Premium Receipt	Renewal Premium Receipt



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
162	In Order for the Policy to acquire a Guaranteed Surrender-Value (G.S.V.), For How Long, must, the Premiums be Paid, as per the Regulations?	2 Consecutive Years	4 Consecutive Years	3 Consecutive Years	5 Consecutive Years
163	For a Life Assurance Policy, Nomination is allowed Under --- of Insurance Act, 1938.	Section 10	Section 38	Section 39	Section 45
164	Identify the Circumstances, under which, the Policy-Holder would need to appoint an Appointee.	Insured is a Minor	Nominee is a Minor	Policy-Holder is Not of Sound Mind	Policy-Holder is Not Married
165	Illustrate the Purpose of Grace-Period.	It is a Period, within which, Policy-Holder may cancel the Policy, if He or She Does Not Like the Same.	It grants the Policy-Holder, An Additional Time, to Pay His or Her Premium.	It provides a Period, within which, Policy-Holder must raise a Complaint, in Case of Any Grievance.	It provides a Period, after which, Policy-Holder must Pay His or Her Over-Due Premium.
166	All of the Following Statements, are True, with Regard to Nomination, Except --.	Policy-Nomination is Not Cancelled, if the Policy is assigned to the Insurer, in Return for a Loan.	Nomination can be Done, at the Time of Policy-Purchase or Subsequently.	Nomination can be Changed, by Making an Endorsement in the Policy.	A Nominee has Full Rights on the Whole of the Claim.
167	When is a Policy, deemed to be Lapsed?	If the Premiums are Not Paid on the Due-Date.	If the Premiums are Not paid, Before the Due-Date.	If the Premium has Not been paid, even After Expiry of Grace-Period.	If the Policy is surrendered.
168	Construct a Situation, that would require Evidence of Insurability, at Revival.	It has been a Week, since the Policy has been Lapsed.	Policy has been Lapsed, for More Than a Year.	Policy has been In-Force, for a Year.	Loan against Policy has been sought.
169	Construct a Valid Argument in Favour of Policy-Loans.	A Loan of Any Amount, can be obtained, easily.	Insured can decide the Terms and Conditions of the Loan.	There is No Legal Obligation to Re-Pay the Loan.	No Collateral is required.
170	Select the Correct Statement, with Regard to Grace-Period. Choose the Most Appropriate Option.	The Standard Length of the Grace-Period is 1 Month or 31 Days.	The Standard Length of the Grace-Period is One Quarter.	The Standard Length of the Grace-Period is One Week.	The Standard Length of the Grace-Period is One Fort-Night.
171	Which One of the Following Alterations, will be permitted, by an Insurance Company?	Splitting-Up of the Policy into Two or More Policies.	Extension of the Premium-Paying-Term.	Change of the Policy from "With-Profits" Policy to "Without-Profits" Policy.	Increase in the Sum-Assured.
172	Explain the Concept of Surrender-Value.	Maximum Compensation, Available Under Policy.	Cash-Value, associated with the Policy, in Case, the Premiums have been Paid, for 3 Years, at least.	Minimum Compensation, Available Under the Policy.	Compensation, Available Under the Policy, At Any Given Point of Time.
173	How Many Persons, can be nominated under a Policy? Choose the Most Appropriate Option.	Exactly One	Exactly Two	Exactly Three	One or More Than One



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

MCQ BANK

SL NO	QUESTIONS	OPTION 1	OPTION 2	OPTION 3	OPTION 4
174	Describe the Purpose of Nomination.	To Transfer the Rights of the Policy.	To Appoint a Person, to Receive the Policy-Monies, in the Event of the Life-Assured's Death.	To Surrender the Policy.	To Create an Estate.
175	Describe the Purpose of Assignment.	To Transfer the Rights of the Policy.	To Appoint a Person, to Receive the Policy-Monies, in the Event of the Life-Assured's Death.	To Surrender the Policy.	To Create an Estate.
176	Illustrate the Process involved in Ordinary Revival of Policy.	Write a New Policy, whose Date-of-Commencement is Within Two Years of the Original Date-of-Commencement of the Lapsed Policy.	Payment of Arrears, With Interest.	Get a Loan on the Lapsed Policy, as a Consideration for Revival-Purposes.	Pay the Premium-Arrears, in Instalments.
177	Non-Life Insurers must ensure that, they do not insure the Assets, that are --	Bought, Out of Public Money	Bought, Using the Bank-Loans	Bought, Out of Illegal Funding	Bought, By Mortgaging the Property
178	How is the Claim calculated, in Case of Fire Insurance?	Percentage of Loss, caused by Fire.	Purchase-Value of the Damages, caused by Fire.	Current Value of Assets.	Depreciated Value of Assets.
179	Subrogation follows from the principle of --.	Indemnity	Insurance	Risk-Coverage	Risk-Mitigation
180	--- is the Process, an Insurance Company uses, to recover the Claim-Amounts, paid to a Policy-Holder, from a Negligent Third-Party.	Underwriting	Nomination	Subrogation	Contract
181	--- can also be defined as Surrender of Rights, by the Insured, to an Insurance Company, that has paid a Claim against the Third-Party.	Subrogation	Contract	Nomination	Underwriting
182	--- Risks cannot be insured.	Speculative	Dynamic	Static	Fundamental



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER
1	When the risk of losses in on- or off-balance sheet positions arising from movement in market prices, it is called as _____.	Market Risk
2	The risk that arises from the possibility of non-payment of loans by the borrowers is known as-	Credit Risks
3	The major component of Market risk is _____.	All of the above
4	When a bank's image and public standing is in doubt and leads to the public's loss of confidence in a bank, it is called as _____.	Reputational risk
5	Legal Risk is known as _____.	When there is a financial loss to the bank arising from legal suits filed against the bank or by a bank for applying
6	Bonds Are _____.	Fixed Income Securities.
7	Zero Coupon Bond Makes:	No Coupon Payment
8	YTM stands for:	Yield To Maturity
9	Normal Yield Curve is:	Upward Sloping
10	Swaptions are:	Options On Swaps
11	Price Sensitivities are:	Higher For Longer Tenor Bonds
12	A Safe Haven for investors money is:	Debt Market
13	A fall in interest rates will make prices of Government Securities:	Go Up
14	IRF Stands For:	Interest Rate Futures
15	To hedge the interest rate risk on \$4 million of Treasury bonds with \$100,000 futures contracts, you would need to purchase:	40 contracts.
16	Rise in interest rates _____ the market value of that asset or liability. Conversely falling interest rates _____ the market value of assets or liabilities.	Decreases, Increases.
17	The economic value of a bank can be viewed as the present value of the bank's expected _____.	Net Cash Flows.
18	Proliferation of NPA results in increasing _____.	Maturity mismatch.
19	The risk arises when the technology system may get malfunction is classified as _____.	Operational Risk.
20	The risk which arises from insufficient Capital available to balance the sudden decrease in assets value is classified as _____.	Insolvency Risk.
21	Which of the following is not a type of credit risk?	Basis risk.
22	Risk of a portfolio with overexposure in the steel sector will be _____.	More than systematic risk.
23	The risk that arises due to worsening of credit quality is:	Credit spread risk.
24	The model that combines five financial ratios using reported accounting information and equity values to produce an objective measure of borrower's financial health is _____.	Altman's Z Score.
25	A transaction where financial securities are issued against the cash flow generated from a pool of assets is called _____.	Securitization.
26	The objective of liquidity management is to _____.	Both.
27	Banks need liquidity to _____.	Both of them.
28	Who formulates BASEL guidelines?	BCBS
29	When did India started implementing BASEL-I guidelines?	1992
30	Which of the following is the correct definition of Probability of default (PD)?	It measures the likelihood that the borrower will default over a given time horizon
31	Which of the following is the correct definition of Loss Given Default (LGD)?	It measures the proportion of the exposure that will be lost if Default occurs
32	Which of the following is the correct definition of Exposure at Default (EAD)?	It is estimated amount outstanding in a loan commitment if default occurs
33	In line with BASEL-II guidelines, what was the minimum percentage CRAR prescribed by Reserve Bank of India?	9%
34	Which of the following is/are risks face by the bank?	(a) and (b)
35	What is the effect on the capital requirement of a bank if it takes exposure to riskier assets?	More capital is required
36	A sovereign credit rating is the credit rating of a _____ i.e., a national government.	Sovereign entity.
37	The risk that a government may default on its debt obligation _____.	Sovereign risk.
38	A floating exchange rate _____.	Is allowed to vary accordingly to market forces.
39	In India, settlement risk is largely mitigated by settlements through _____.	Clearing Corporation of India (CCIL).
40	_____ risk arises if a country suddenly suspends or imposes a moratorium on foreign payments because of Balance of payments or other problems.	Sovereign risk
41	If a firm has a stock-based insolvency in both book and market value terms and liquidates:	All of the above.
42	Bankruptcy reorganizations are used by management to:	Provide time to turn the business around.
43	Financial distress can be best described by which of the following situations in which the firm is forced to take corrective action.	The firm's operating cash flow are insufficient to pay current obligations.
44	Which of the following is not a type of risk in the Banking Sector?	Account Risk
45	Operational Risk is the risk of -----.	Loss due to errors, interruptions, or damages caused by people, systems, or processes.
46	When the risk of losses in on- or off-balance sheet positions arising from movement in market prices, it is called as -----.	Liquidity Risk
47	"Payments credited to the wrong account" is an example of which Risk?	Operational Risk
48	_____ risk arises because the financial system is one intricate and connected network.	Systemic
49	The major component of Market risk is-----.	All of the above
50	_____ risk is the potential loss due to changes in the value of a bank's assets or liabilities resulting from exchange rate fluctuations.	Foreign exchange.
51	_____ is the oldest form of off balance sheet financing.	leasing
52	In the mid-2000s, a number of banks lost billions of dollars on failing mortgage loans. The risk of such occurrences would be categorized as:	off balance sheet risk
53	The risk of "insolvency" is basically the risk of:	asset value falling below liability value
54	Credit risk that is related to pervasive, economy-wide factors, would be termed:	systematic risk
55	Deposit insurance shifts most of the financial risk of bank failures from depositors to	The federal government
56	The payoffs for financial derivatives are linked to:	previously issued securities.
57	Financial derivatives include:	futures.
58	A Letter of Undertaking is an instrument, which allows customers of a bank, to raise:	short-term foreign currency
59	One very basic example of an unsecured open-end loan commitment:	Credit card
60	A bank assesses its operations and activities against a menu of potential operational risk vulnerabilities is called :	Self-Risk Assessment
61	A nomination can be made only in favour of:	Any individual
62	Select the expanded form of SA as commonly used in life insurance.	Sum Assured



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER
63	Which product offered by insurance companies that, unlike a pure insurance policy, gives investors both insurance and investment under a single integrated plan?	Unit-linked insurance plan
64	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?	Term Insurance Plans
65	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?	Endowment Plans
66	As per the Insurance Act, every insurer has to prepare at the end of financial year:	All of the above
67	_____ are agents but they can sell policies of several life and non-life insurance companies at a time.	Brokers
68	_____ is a voluntary termination of the contract by the policy holders.	Surrender
69	Which of the following is contract between two insures i.e. original insurer and another insurer?	Reinsurance
70	Which of the following involves proportionate sharing of the insurance among more than one insurer?	Co-insurance
71	When the amount for which a subject matter is insured is more than its actual value, it is called _____	Double Insurance
72	A person whose risk is insured is called.....	Insured
73	When was life insurance sector nationalized?	1956
74	Risk retention means-----	Accepting and agreeing to finance the loss oneself
75	Pure risk was grouped:	All the above
76	The risk which arises because of change in major economic. Social, cultural and political factors are	Fundamental Risk
77	Insurance covers.....	Reduces the impact of loss
78	Choose the correct Option: Statement A: Commercial contracts are subject to the principle of "Caveat Emptor" Statement B: Insurance contracts are also subject to the principle of "Caveat Emptor"	Statement A is correct
79	Insurable interest means: Statement A: Legal right to insure. Statement B: Have suffered financial loss.	Both statements are correct
80	One of the fundamental principles of life insurance is:	Both b & c
81	Facts which need to be disclosed:	Family History
82	The duty of disclosure of material facts arises in life insurance:	All of the above
83	_____ increases the frequency of loss.	Hazard
84	_____ hazard increases the probability of loss due to dishonesty or character defects of an insured person.	Moral
85	Master policy is issued for _____.	group insurance schemes
86	Subrogation means _____.	transfer of rights of an insured to another person
87	_____ risks happen within a stable environment and are constant over an observed period of time.	Static
88	Which among the following is not a pure risk?	Strategic risk
89	Which of the following method reduces the chance of loss to zero?	Risk avoidance
90	_____ refers to the manner in which the risk control measures that have been implemented shall be financed.	Risk financing
91	_____ is the most famous tool of risk management.	Insurance
92	_____ is still the most leading channel in India for distributing insurance products.	Agency power
93	An insurance agent represents the _____.	Insurer
94	_____ is a whole life policy that insures two lives with the proceeds payable on the second (later) death.	Survivorship life insurance policy
95	The _____ is formed with four subsidiary companies.	General Insurance Corporation of India
96	Which of the following is not a concern of the insurance regulatory framework?	It has to safeguard the interests of the stakeholders.
97	Which of these is not an element of life insurance?	Policyholder
98	Interest rate risk is a type of -----.	Market risk
99	Management process of shifting or transferring the risk is known as:	Hedging
100	A statistical technique or module used to evaluate market risk is known as:	Value At Risk Module
101	It is a financial instrument whose value is derived from the value of one or more underlying financial asset and used as hedging instrument:	Derivative instrument
102	What is known as the sum of the credit, market and operational risk capital charge-----.	Regulatory capital
103	In June 1999 Basle Committee on Banking Supervision issued proposals for reform of its 1988 Capital Accord (the Basle II Proposals). These proposals contained MAINLY. (Choose the correct options: I)Settlement risk management, II)Capital requirements, III)Supervisory review, IV)The handling of hedge funds, V)Contingency plans, VI)Market discipline)	II, III and VI
104	A bank suffers loss due to adverse market movement of a security. The security was however held beyond the defeasance period. What is the type of the risk that the bank has suffered?	Market Risk
105	When interest rates go up, prices of fixed interest bonds –	Go down
106	Which of the following is not a source of Interest Rate Risk?	Credit Risk
107	In finance, it is the risk of collapse of an entire financial system or entire market, as opposed to risk associated with any one individual entity, group or component of a system that can be contained therein without harming the entire system.	Systemic risk
108	Arbitrage is	Buying and selling in two markets simultaneously
109	Loan or Advance account which does not disclose any problem & does not carry more than normal business risk is referred as:	Standard Asset
110	The Asset which has remained NPA for a period less than or equal to 12 months is known as:	Sub-standard Asset
111	An account is considered special mention account if it is irregular/ weak for the following period:	All of the above
112	Which one of the following will be the best strategy for maintaining better asset quality?	All of the above
113	The provisioning requirement for Standard direct advances to agriculture & SME Sectors is:	0.25%
114	Which of the following is Not a type of risk in Banking Sector?	Account Risk.
115	When the risk of losses in on- or off-balance sheet positions arise from movement in market prices, it is called as-----.	Market Risk.
116	"Payments credited to the wrong account" is an example of which Risk?	Operational Risk.
117	The risk that arises from the possibility of non-payment of loans by the borrowers is known as-----.	Credit Risk.
118	_____ risk arises because of the fact that the financial system is one intricate and connected network.	Systemic.
119	When bank's image and public standing is in doubt and leads to public's loss of confidence in a bank, it is called as -----.	Reputational Risk.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

RISK MANAGEMENT IN BANKING AND INSURANCE (PAPER - 20B)

ANSWERS TO MCQ BANK

SL NO	QUESTIONS	CORRECT ANSWER
120	Legal Risk is known as -----.	When there is a financial loss to bank arising from legal suits filed against the bank or by a bank for applying a law
121	_____ Risk is the potential loss due to changes in the value of a bank's assets or liabilities resulting from exchange rate fluctuations.	Foreign Exchange.
122	Which of the following is known as the third pillar of Basel-II accord?	Market Discipline.
123	The minimum total capital ratio under Basel-III is % of RWA. That is:	9%.
124	With reference to Basel III how much capital conservation buffer are bank required to maintain?	2.5%.
125	Which one is not under the three pillars of BASEL III norms in banking industry?	Risk oriented Supervision.
126	To calculate capital adequacy ratio, the banks are required to take into account which of the following risks?	Credit risk, Market Risk, Operational Risk.
127	What is the full form of NSFR?	Net stable funding ratio.
128	Losses arising due to a risk exposure retained or assured is known as _____	Risk Retention
129	Insurance is best suited to risk with _____.	Low frequency and high loss severity.
130	The risk manager may be able to identify the new ventures involved in _____.	Speculative risk.
131	That which is designed to improve the information on which decisions are to take to reduce risk is _____.	Research.
132	Uncertain events are broadly classified as _____.	Predictable and Unpredictable.
133	The possibility that actual results may differ from predicted results is known as _____.	Risk.
134	The success of whole process of risk management depends on its _____.	Identification
135	The risk management can be done by _____.	All of the above
136	The first step in risk management process is _____.	Risk Identification
137	Risk retention means _____.	Accepting and agreeing to finance the loss oneself
138	The risk which has the outcomes with possibility of gain is _____.	Speculative
139	Pure Risk was grouped _____.	All the above
140	_____ refers to distribution of insurance products through Bank	Bank
141	Risk Management process includes _____.	Risk Analysis and Control
142	The foundation for Risk Management is provided by _____.	Risk Identification
143	Insurance is a Risk management technique involving _____.	Risk Transfer
144	_____ are the Risk management methods	All the above
145	The strategy pursued by the business firms to tackle risk by spreading into a number of businesses is _____.	Diversification
146	A firm may seek to minimize marketing risks by undertaking _____.	Market Research
147	Who is protected under the In-Contestability Clause included under a Life Assurance Policy?	Insured
148	Section 45 (Indisputability Clause) of Insurance Act, protects the Insured, from Rejection of Claim, by the Insurer; provided the Policy has completed ---. Choose the Most Appropriate Option.	Three Years
149	As per the Suicide Clause, if the Life-Assured Dies, as a Result of Suicide, after 3 Years of the Issue of Policy, What Does the Beneficiary Receive as the Claim?	Full Face-Amount of the Policy.
150	What Does, First Premium Receipt (F.P.R.), signify?	It is the Evidence, that the Policy-Contract has begun.
151	Identify the Document, that evidences a Contract, between the Insurer and the Insured.	Policy-Document
152	If Complex Language is used to word a Certain Policy-Document, and it has given Rise to an Ambiguity, How Will it generally be construed?	In Favour of the Insured.
153	With Regards to Mis-Statement of Age, Select the Valid Option: I: An Under-Statement of Age, will result in the Original Policy being re-issued, for a Reduced Amount. II: An Over-Statement of Age, will, usually, result in a Refund of Premium-Payment.	I and II.
154	Which of the Following, is Not a Part of a Standard Policy-Document?	Policy Forfeiture Provisions
155	Give us, the Proof of Contract between the Insurer and the Insured.	Policy Document
156	Gives us, an Example of a Standard Policy-Provision.	Suicide Clause
157	Gives us, an Example of a Policy-Specific Provision.	A Clause, Precluding the Death Due to Pregnancy, for a Lady, who is Expecting, at the Time of Writing the
158	Which One of the Following, forms the First Part of a Standard Insurance Policy-Document?	Policy-Schedule
159	Select the Correct Statement.	The Policy Document has to be signed by a Competent Authority, and should be stamped according to Indian
160	What Will Happen, if the Insured-Person loses the Original Life Assurance Policy-Document?	The Insurance Company will issue a Duplicate Policy, Without Making Any Changes to the Contract.
161	Which One of the Following Documents, will be issued by the Insurance Company, on Receipt of Subsequent Premiums, After the First Premium?	Renewal Premium Receipt
162	In Order for the Policy to acquire a Guaranteed Surrender-Value (G.S.V.), For How Long, must, the Premiums be Paid, as per the Regulations?	2 Consecutive Years
163	For a Life Assurance Policy, Nomination is allowed Under --- of Insurance Act, 1938.	Section 39
164	Identify the Circumstances, under which, the Policy-Holder would need to appoint an Appointee.	Nominee is a Minor
165	Illustrate the Purpose of Grace-Period.	It grants the Policy-Holder, An Additional Time, to Pay His or Her Premium.
166	All of the Following Statements, are True, with Regard to Nomination, Except --.	A Nominee has Full Rights on the Whole of the Claim.
167	When is a Policy, deemed to be Lapsed?	If the Premium has Not been paid, even After Expiry of Grace-Period.
168	Construct a Situation, that would require Evidence of Insurability, at Revival.	Policy has been Lapsed, for More Than a Year.
169	Construct a Valid Argument in Favour of Policy-Loans.	There is No Legal Obligation to Re-Pay the Loan.
170	Select the Correct Statement, with Regard to Grace-Period. Choose the Most Appropriate Option.	The Standard Length of the Grace-Period is 1 Month or
171	Which One of the Following Alterations, will be permitted, by an Insurance Company?	Splitting-Up of the Policy into Two or More Policies.
172	Explain the Concept of Surrender-Value.	Cash-Value, associated with the Policy, in Case, the Premiums have been Paid, for 3 Years, at least.
173	How Many Persons, can be nominated under a Policy? Choose the Most Appropriate Option.	One or More Than One
174	Describe the Purpose of Nomination.	To Appoint a Person, to Receive the Policy-Monies, in the Event of the Life-Assured's Death.
175	Describe the Purpose of Assignment.	To Transfer the Rights of the Policy.
176	Illustrate the Process involved in Ordinary Revival of Policy.	Payment of Arrears, With Interest.
177	Non-Life Insurers must ensure that, they do not insure the Assets, that are --.	Bought, Out of Public Money
178	How is the Claim calculated, in Case of Fire Insurance?	Depreciated Value of Assets.
179	Subrogation follows from the principle of --.	Indemnity
180	--- is the Process, an Insurance Company uses, to recover the Claim-Amounts, paid to a Policy-Holder, from a Negligent Third-Party.	Subrogation
181	--- can also be defined as Surrender of Rights, by the Insured, to an Insurance Company, that has paid a Claim against the Third-Party.	Subrogation
182	--- Risks cannot be insured.	Speculative