

## IC 14 – Regulation of Insurance Business – Model Questions

### I. Select the appropriate answer to complete the sentence (Checking learning - Direct)

*i. Insurance business is transacted in India primarily as per the provisions of:*

- a. Insurance Regulatory and Development Authority Act, 1999
- b. Insurance Act, 1938
- c. Life Insurance Corporation Act, 1956
- d. Employees State Insurance Act, 1948
- e. Motor Vehicles Act 1938

*Ans: b. Insurance Act, 1938.*

*ii. Section 64 C of the Insurance Act, 1938 contains provisions relating to:*

- a. Insurance Regulatory and Development Authority
- b. Life Insurance Corporation of India
- c. The Life Insurance Council
- d. General Insurance Corporation of India
- e. Tariff Advisory Committee

*Ans: c. The Life Insurance Council*

### II. State which of the statements is/are correct (Checking learning - Direct)

*i. Functions of the Executive Committee of the General Insurance Council includes:*

- a. To advise and assist general insurers
- b. To underwrite general insurance business
- c. To advise and assist life insurance companies
- d. To settle all complicated general insurance claims
- e. To audit all general insurance companies

*Ans: a. To advise and assist general insurers*

*ii. As per IRDA Regulations, insurers should ensure that their advertisements present a correct picture. This provision is most important in the case of:*

- a. The Government
- b. Insurance Regulatory and Development Authority
- c. Auditors
- d. Policyholders
- e. Shareholders

*Ans: d. Policyholders*

### III. Answer the questions below by selecting the correct answer: (Checking learning - Direct)

*i. Which provision of the Insurance Act 1938 specifies about nomination by policyholder?*

- a. Section 38
- b. Section 39
- c. Section 40
- d. Section 41
- e. Section 45

*Ans: b. Section 39*

*ii. Which Regulation of IRDA provides for a Grievance Redressal Procedure?*

- a. IRDA (Policyholders' Interests) Regulations, 2002
- b. IRDA (Meetings) Regulations, 2000
- c. IRDA (Regulation of Indian Insurance Companies) Regulations, 2000
- d. IRDA (Reinsurance Advisory Committee) Regulations, 2001
- e. IRDA (Micro-insurance) Regulations, 2005

*Ans: a. IRDA (Policyholders' Interests) Regulations, 2002*

**IV. Fill in the Blanks using the appropriate word(s) (Checking understanding - Indirect)**

***i. Redressal of Public Grievances Rules, 1998 created the system of \_\_\_\_\_***

- a. Insurance Agency
- b. Insurance Surveyors
- c. Insurance Ombudsman
- d. State Commission
- e. Consumer Forum

*Ans: c. Insurance Ombudsman*

***ii. The technique of making small deposits in various financial institutions so that they do not attract the attention of legal/ enforcement authorities is called \_\_\_\_\_***

- a. Phishing
- b. Smurfing
- c. Internet surfing
- d. Know Your Customer
- e. Subrogation

*Ans: b. Smurfing*

**V. Select the expanded form of the abbreviation given (Checking understanding - Indirect)**

***i. Select the expanded form of AML as used in insurance***

- a. Anti-Money Laundering
- b. Anti-Money Lending
- c. Adjuster of Monetary Losses
- d. Averages of Marine Losses
- e. Adjustment of Motor Losses

*Ans: a. Anti-Money Laundering*

***ii. Select the expanded form of ULIP used in insurance***

- a. Unit Linked Investment Policy
- b. Universal Life Insurance Policy
- c. Umbrella Life Insurance Policy
- d. Unit Linked Insurance Policy
- e. Underwriting Linked Insurance Policy

*Ans: d. Unit Linked Insurance Policy*

**VI. Select the word(s) that most closely matches the given term. (Checking understanding - Indirect)**

***i. Which of the following terms matches closest with 'Rebates'?***

- a. Financial Inducement
- b. Investment Planning
- c. Infrastructure Bonds
- d. Assignment of Policy
- e. Transfer of Policy

*Ans: a. Financial Inducement*

***ii. Which of the following terms matches closest with 'Nomination'?***

- a. Loss of Property Documents
- b. Loss of Merchandise
- c. Loss of Life
- d. Loss of Baggage
- e. Loss of Passport

*Ans: c. Loss of Life*

**VII. Which of the following terms is dissimilar to the other four options? (Find the odd-man out?)  
(Checking application of learning)**

*i. Which of the following authorities is dissimilar to the other four?*

- a. District Forum
- b. State Commission
- c. National Commission
- d. Law Commission
- e. Ombudsman

*Ans: d. Law Commission*

*ii. Which of the following types of nominations is dissimilar to the other four?*

- a. In favour of spouse
- b. In favour of minor child
- c. In favour of major child
- d. In favour of adopted child
- e. In favour of insurance agent

*Ans: e. In favour of insurance agent.*