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

   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.