

ACCOUNTS AND INVESTMENT

Q.1. The statutory requirement of solvency ratio for Non-life Ins. Companies is-

- a. 1.75
- b. 1.25
- c. 1.50**
- d. 1.40

Q.2. Solvency Ratio means

- a. ratio of the amount of required solvency margin to the amount of available solvency margin
- b. ratio between the amount of Available Solvency margin to the amount of required solvency margin**
- c. Excess of assets over liabilities multiplied by hundred
- d. Excess of liabilities over assets multiplied by hundred

Q.3. Which one of following forms part of Policy holders' fund –

- a. Share Capital

- b. Reserve and Surplus
- c. *Provision for outstanding claims***
- d. Investment Reserve

Q.4. Which statement is correct in relation to Investment guidelines of IRDA for General Insurance Companies-

- a. Investment in Central Government securities can not be less than 20% of total assets.
- b. Investment in Central Government securities can not be less than 20% of total Premium for the year.
- c. *Investment in Central Government securities can not be less than 20% of total Investments***
- d. Investment in Central Government securities can not be less than 20% of total Share Capital

Q.5. As per IRDA Regulations on Investment which of the following area for investment has not been prescribed –

- a. Central Government Securities
- b. State Government Securities
- c. Investment in Infrastructure and Social Sector
- d. Investment in Pension Funds**

Q.6. ~~For calculating 'combined ratio' following heads of expenditure are taken in to account-~~

- a. Management Expenses
- b. Incurred claims
- c. Procurement Cost
- d. **All of above**

Q.7. Which one of the following is correct way of calculating 'Incurred Claims'

- a. Out standing claims at the beginning of the year plus Claims paid during the year minus claims outstanding at the end of the year
- b. ***Out standing claims at the end of the year plus Claims paid during the year minus claims outstanding at the beginning of the year***
- c. Out standing claims at the end of the year plus outstanding claims at the beginning of the year minus claims paid during the year
- d. None of the above

Q.8. An insurance premium paid in the year 2006-07 for covering Company's assets for the period commencing from 1st April 2007 will be reflected in which of the following schedules attached to the Balance Sheet-

- a. Outstanding Expenses
- b. IBNR Statement
- c. *Prepaid Expenses***
- d. Premium received in advance Schedule

Q.9. ~~Any item purchased will be considered as capital item if its life is likely to beyond~~

- a. three years
- b. five years
- c. seven years
- d. all of the above**

Q.10. Company purchased a Water Cooler for Rs. 4,550/-. What will be rate of depreciation for this Water Cooler –

- a. 16%
- b. 25.89%
- c. 15%
- d. 100%**

Q.11 Which of the following is not prepared at BO/DO level

- a. Trial Balance
- b. Bank Reconciliation statement
- c. Fund flow statement

d. Revenue accounts

Q.12 Section 40(C) of the Insurance Act deals with

a. Expenses of management

b. Solvency margin

c. Incurred claims

d. General Reserve

Q.13 Following is not deducted from current assets to arrive at Quick assets

a. Income accrued on investment

b. Deposits with ceding companies

c. Short term deposits with banks

d. Prepayments

Q.14 Which of the following is not the utilization of funds but is a source of fund as per fund flow statement

a. Addition to Gross Block

b. Addition to Reserves and Surplus

c. Addition to Investment

d. Increase/Decrease in working capital

Q.15 Operating expenses relating to insurance business are

a. Shown in the Balance Sheet

b. Shown in the Profit & Loss account

c. Apportioned to the Revenue Accounts

d. None of the above

Q.16 Reserve for unexpired risk is made at

a. 50% of net premium for marine and 100% of net premium for other classes of business

b. As per share of each department in total business

c. 100% of net premium for marine and 50% of net premium for other classes of business

d. None of the above

Q.17 Investment income is apportioned between shareholders fund and policyholder fund

a. Equally

b. In proportion to the closing balance of these funds at the end of the year

c. Not apportioned at all

d. In proportion to the opening balance of these funds at the beginning of the year