

## Insurance MCQ's

1. Which of the following is not insured under slandered fire and special perils policy?

**GOOD IN TRANSIT BY RAIL/ ROAD**

2. The term fire under the fire policy means

**ACCIDENTAL IGNITION**

3. Which of the following are covered in fire insurance?

- RAW MATERIAL
- SEMI FINISHED GOODS
- PACKING MATERIALS
- ALL THE ABOVE

4. Which of the following statement is true?

- a) Explosion is covered under standard fire and special perils policy.
- b) Implosion is covered under standard fire and special perils policy.

- **BOTH ARE TRUE**

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5. Which of the following meanings of aircraft damage is not correct?

**DAMAGE BY PRESSURE WAVES**

6. Which of the following statements is true?

- a) Terrorism is included in Riot, strike and malicious damage.
- b) Terrorism is a separate cover at extra premium without Riot, strike and Malicious damage.

**BOTH ARE FALSE**

7. Terrorism cover for industrial risks is subject to a deductible of

**0.5% OF TOTAL SUM INSURED**

8. Which of the following is not impact damage covered under standard fire and special perils?

Visible physical damage by direct contact with

**INSURED'S OWN FORKLIFT ON THE PREMISES**

9. Which of the following is not covered under standard fire and special perils policy?

**EARTHQUAKE**

10. Subsidence covered under standard fire and special perils policy means

**SUBSIDENCE OF PART OF THE SITE ON WHICH THE PROPERTY STANDS**

11. The deductible of act of God perils under standard fire and special perils policy is

**5% OF EACH AND EVERY LOSS**

12. The deductible for perils other than act of God perils under standard fire and special perils policy is

**RS. 10,000/- FOR EACH AND EVERY LOSS**

13. Which of the following is true under standard fire and special perils policy?

a) Pollution which itself results from an insured perils is covered

b) Insured perils itself results from pollution is covered

**BOTH ARE TRUE**

14. The standard fire and special perils policy automatically covers works of art for an almost not exceeding

**RS. 10,000/-**

15. Which of the following statements is true?

a) All disputes regarding claim under the fire policy are to be referred to a civil court.

b) Disputes regarding the amount of claim payable are to be reoffered to arbitration.

**SECOND IS TRUE**

16. The maximum limit ( of the adjusted loss) of cover under Architects fees 'add on' cover is

\_\_\_\_\_%

**7.5%**

17. The sum insured under Debris removal add-on cover cannot exceed \_\_\_\_\_% of total sum insured under the fire policy.

**10%**

18. Which of the following is paid under debris removal add-on cover?

- COSTS OF REMOVAL OF DEBRIS
- COSTS OF DISMANTLING
- COSTS OF DEMOLISHING
- ALL THE ABOVE

19. Which of the following peril is covered under fire policy at extra premium?

**FOREST FIRE**

20. According to policy condition the fire policy ceases cover if the building insured becomes unoccupied for more than

**30 DAYS**

21. Under the policy pro-rata average applies when there is

**UNDER INSURANCE**

22. Which of the following property is covered under the fire policy if expressly stated in the policy?

a) BOOK OF ACCOUNTS

b) BUSINESS BOOKS

c) COMPUTER SYSTEM RECORDS

d) ALL THE ABOVE

23. If liability for a claim under the fire policy is disclaimed by the insurer, the insured has to file a suit in a court of law within how many months of the date of disclaimer.

**12 MONTHS**

24. Which of the following is excluded under deterioration of stocks add-on COVER TO THE FIRE POLICY?

- ACT OF GOVERNMENT
- ACT OF MUNICIPAL AUTHORITY
- RATIONING ETC. OF THE POWER SUPPLY
- NONE OF THE ABOVE

25. Which of the following perils can be an add-on cover at extra premium under the standard fire and special perils policy?

**EARTHQUAKE**

26. Which of the following peril is not cover under the standard fire and special perils policy?

**FOREST FIRE**

27. Debris removal expenses are covered up to what % of the claim amount under standard fire and special perils policy.

**1%**

28. Architect's fees are covered up to what % of the claim amount under standard fire and special perils policy

**3%**

29. Which of the following statements is true?

As per fire policy condition on the happening of the loss

a) The insurers have the right to take possession of the premises where the loss has occurred.

b) The insured can abandon the damaged property to the insurers.

**1ST IS TRUE**

30. Under fire policy sum insured is Rs, 1,00,000/- loss is Rs. 60,000/- value of property at the time of proposal Rs. 1,50,000/- value of property at the time of loss Rs. 2,00,000/- what is the amount of loss payable?

**Rs. 30,000/-**



31. Which of the following commodities are susceptible to spontaneous combustion?

- GROUNDNUTS
- COPRA CAKE
- DYES AND CHEMICALS
- ALL THE ABOVE

32. Under earthquake add-on cover excess is what % of each and every claim?

**5%**

33. Which of the following is not covered under spoilage material damage extension?

**LOSS OF STOCK IN GODOWNS**

34. Escalation clause added to the fire policy allows automatic regular increase not exceeding what % in sum insured throughout the period of the policy?

**25%**

35. Which of the following statement is true or false under the fire insurance?

- a) Escalation clause applies to buildings and machinery only
- b) Escalation clause applies to fluctuating stocks.

**STATEMENT 1 IS TRUE.**

36. Which of the following is not covered under floating policy?

**STOCKS IN TRANSIT**

37. Where there is frequent fluctuation in stocks values which of the following provides suitable cover?

**FIRE DECLARATION POLICY**

38. The minimum retention of premium under the declaration policy is what % of the annual premium?

**50%**

39. Sum insured (provisional) under the declaration policy is Rs. 100,00,000/- Rate of premium is Rs. 1/- per mile. Average sum insured is Rs. 50,00,000/- What is the refund premium?

**RS. 5,000/-**

40. Fire reinstatement value policy is not issued in respect of \_\_\_\_\_.

**PLANT**

41. Under which of the following circumstances market value only is payable under fire reinstatement value policy?

**INSURED IS UNWILLING TO REINSTATE**

42. Under which of the following circumstances reinstatement basis of settlement will not apply under fire reinstatement value policy?

- INSURED FAILS TO INTIMATE TO THE INSURER WITHIN 6 MONTHS OF ANY EXTENDED TIME TO REPLACE THE DAMAGED PROPERTY
- INSURED IS UNABLE TO REPLACE THE DAMAGED PROPERTY.
- INSURED IS UNWILLING TO REPLACE THE DAMAGED PROPERTY.
- ALL THE ABOVE

43. Which of the following is correct in relation to fire reinstatement value policy?

**PRO-RATA AVERAGE APPLIES**

44. Which statement is correct?

- Fire reinstatement value policy is granted by
  - a) Building and machinery only
  - b) Stock only

**1st IS COREECT**

45. Which of the following is optional cover under industrial all risks policy?

**BUINESS INTERRUPTION**

46. Fire consequential loss policy pays the insured

- NET PROFIT
- STANDING CHARGES
- INCREASED COST OF WORKING
- ALL THE ABOVE

47. The turnover of a business consist of

**VARIABLE CHANGES , STANDING CHANGES AND NET PROFIT**

48. Gross profit in the context of consequential loss policy means:

**NET PROFIT AND STANDING CHARGES**

49. Which of the following is true?

- a) The sum insured under consequential loss policy is to be fixed by the insured.
- b) The sum insured is to be computed from the insured's accounts

**BOTH ARE TRUE**

50. Turnover is Rs. 20 lacs. Cost of production Rs. 14 lacs. Fix overheads Rs. 4 lacs. Net profit Rs. Lacs. Which is the correct sum insured for a consequential loss?

**RS. 6 LAC**

51. Turnover is Rs. 10 lacs. Cost of production Rs. 7 lacs. Fix overheads Rs. 2 lacs. Net profit Rs. Lacs. What is the net profit for a consequential loss?

**RS. 1 LAC**

52. Which of the following is true?

- a) The indemnity period is to be selected by the insured
- b) The period of indemnity may vary form 3 months to 3 years

**BOTH ARE TRUE**

53. Which of the following is true?

- a) The sum insured under consequential loss policy should be equal to gross profit of the indemnity period selected.
- b) The sum insured should be equal to the net profit of the indemnity period selected.

**1ST IS TRUE.**

54. Annual amount of the gross profit is Rs. 1,20,000/- what should be the sum insured under consequential loss policy for an indemnity period of 24 months

**RS. 2,40,000/-**

55. Which of the following is not a standing charge under consequential loss policy.

**COST OF RAW MATERIAL**

56. Which of the following are standing charges?

- INSURANCE PREMIUM
- RENT
- INTEREST ON LOANS FROM BANK
- ALL THE ABOVE

57. Annual gross profit is Rs. 1,20,000/- what should be the sum insured under consequential loss policy for a period of 9 months

**RS. 1,20,000/-**

58. Which of the following must occur before a loss under consequential loss policy becomes payable?

- INSURED PERILS MUST OCCUR
- PROPERTY IS DAMAGED BY THE INSURED PERILS
- INSURED'S BUSINESS IS INTERRUPTED/ AFFECTED
- ALL THE ABOVE

59. Which of the following is true

- a) Consequential loss policy must be taken in conjunction with material damage policy
- b) Payment of loss under consequential loss policy is subject to payment of loss under fire material damage.

**BOTH ARE TRUE**

60. Who is not a special purchaser of property among the following

- a) Foreign purchaser
- b) Relative of the seller
- c) Owner of the adjoining plot
- d) Director of the company