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Important Insurance and Financial Market Awareness Questions for LIC AAO 2019 Exam.

Insurance and FMA Quiz 9

Direction: Study the following questions carefully and choose the right answer.

1. The Government of India started publishing the returns of the insurance companies in India from the year -

- A. 1914 B. 1915 C. 1916 D. 1917 E. 1918

2. Which among the following enabled the government to collect statistical information regarding insurance companies in India?

- A. Indian Life Assurance Companies Act 1912 B. Indian Insurance Companies Act 1928
C. Insurance Act 1938 D. British Insurance Act 1870
E. None of the above

3. The Life Insurance Corporation was formed in 1956 merging _____ Indian insurers and _____ on-Indian insurance companies.

- A. 152, 85 B. 189, 78 C. 154, 16 D. 145, 26 E. 155, 38

4. The Triton Insurance Company was established in 1850 in which among the following cities in India?

- A. Bombay B. Calcutta C. Madras D. Allahabad E. None of the above

5. Which among the following was formed in order to ensure fair business practices in the general insurance industry, in 1957?

- A. Insurance Association of India B. Insurance Institute of India
C. National Insurance Academy D. General Insurance Council
E. None of the above

6. The Insurance Act 1938 was amended in the year 1968 for which among the following purposes?

- A. To understand the basics of marine and fire business
B. To regulate the tariffs of motor insurance business
C. To regulate the investment and set minimum solvency margins
D. To regulate the insurance intermediaries
E. None of the above

7. The General Insurance Business was nationalized in the year _____ by merging 107 general insurance companies into four public sector companies.

- A. 1972 B. 1978 C. 1973 D. 1974 E. 1975

8. The General Insurance Corporation of India was made the national reinsurer in the year _____.

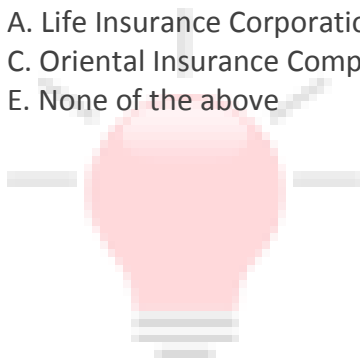
- A. 1978 B. 1975 C. 1973 D. 200 E. 2002

9. The Insurance Regulatory and Development Authority of India opened the Indian market for foreign players in the year -

- A. 2000 B. 2005 C. 2010 D. 2015 E. 2002

10. Which among the following is the oldest public sector insurance company in India that is still in business?

- A. Life Insurance Corporation of India B. National Insurance Company Limited
C. Oriental Insurance Company Limited D. New India Assurance Company Limited
E. None of the above



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Correct Answers:

1	2	3	4	5	6	7	8	9	10
A	B	C	B	D	C	A	D	A	B

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Explanations:

1. In 1912, The Indian Life Assurance Companies Act was passed in order to regulate the life insurance business in India. It was the first ever such legislation in the country. The government started publishing the returns of the insurance companies officially from the year 1914. This brought more clarity regarding the business of such companies in the country.

Hence, option A is correct.

2. The Indian Insurance Companies Act was passed in the year 1928. It enabled the government to collect statistical information regarding all the life and non-life companies transacting business in India. It also included all the provident insurance societies operating in India. This ensured more compliance regarding the insurance industry in India.

Hence, option B is correct.

3. The Life Insurance Corporation of India was established in the year 1956 with the enactment of the LIC Act 1956. It was formed merging 154 Indian, 16 non-Indian and 75 provident societies then operating in India. In total, 245 Indian and foreign insurance companies were merged to form LIC. It is the only public sector life insurance company in India and is based in Mumbai, Maharashtra.

Hence, option C is correct.

4. The general insurance business mainly had its roots in the industrialization in the western countries that had given rise to the marine insurance business. The first ever general insurance company in India was established in 1850 by the name of Triton Insurance Company Ltd. It was based in Calcutta and was established by the British. Indian Mercantile Insurance Limited, started in 1907, became the first ever general insurance company in India to conduct all classes of general insurance business.

Hence, option B is correct.

5. General Insurance Council was set up in 1957, as a part of the Insurance Association of India, in order to make sure that fair business practices are being followed in the general insurance industry in India.

Similarly, Life Insurance Council is also there to oversee the life insurance industry in India.

National Insurance Academy was established in 1982 in Pune to make sure that the training and education purposes for the insurance industry are met properly.

Insurance Institute of India was set up in 1955 in Mumbai for imparting insurance training in India.

Hence, option D is correct.

- 6.** The Insurance Act 1938 is the oldest insurance legislation in India that is still in force. It was amended in the year 1968 to regulate the investment of the insurance companies and also to set minimum solvency margin for the operating companies.

Hence, option C is correct.

- 7.** The General Insurance Business (Nationalization) Act 1972 was passed in India in order to nationalize all the general insurance business in India. In this, 107 general insurance companies have been merged into four companies – United India Insurance Company Limited, National Insurance Company Limited, Oriental Insurance Company Limited and New India Assurance Company Limited. General Insurance Corporation of India was made the holding company for all these four companies.

Hence, option A is correct.

- 8.** The General Insurance Corporation of India was the holding company for all the four public sector general insurance companies in India. In 2000, these subsidiaries of the GIC were made into independent entities and GIC was made the national re-insurer. The Parliament passed a bill de-linking the four subsidiaries of the GIC in 2002.

Hence, option D is correct.

- 9.** The FDI in the insurance sector was implemented in the year 2000 as the Indian insurance market was opened for the foreign players by IRDAI that year. The maximum shareholding permissible was 26% stake in any Indian insurance company. Later the government amended it to allow 49% FDI in the insurance sector in 2014.

Hence, option A is correct.

- 10.** National Insurance Company Limited is the oldest public sector insurance company in India. It was established in 1906 and is still in business. It is based in Kolkata.

Life Insurance Corporation of India came into being in 1956. It is based in Mumbai.

Oriental Insurance Company Limited came into existence in 1947. It is based in New Delhi.

New India Assurance Company Limited was set up in 1919. It is based in Mumbai.

Hence, option B is correct.

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