

G L Bajaj Institute of Management and Research

PGDM Batch 2020-22

Academic Session 2021-22

Mid Term Quiz

Batch 2020-22

Subject Name Management of Banking and Financial Services - MBFS

Subject Code PGF-03

Name of Student

Maximum Marks: 40

Marks Obtained

Note:

1. Writing anything except Roll Number on Quiz paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.
2. There is no negative marking for wrong answer.
3. Tick mark the correct answer.

- Q1 Role of Insurance Regulatory and Development Authority (IRDA) includes:
- A To encourage and ensure the systematic growth of the insurance industry
 - B To ensure clarity, preciseness, transparency while dealing with the insurance policy holder.
 - C To provide dispute resolution mechanism
 - D All of the above

Answer Key :d

- Q2 A mutual insurance company is an insurance company that is:
- A Publically traded
 - B Listed on Stock Exchange
 - C Not Publically Traded
 - D None of the above

Answer Key :c

- Q3 Who is considered to be the first or primary underwriter
- A Client
 - B Agent
 - C Manager
 - D Medical Test Center

Answer Key :b

- Q4 The document that embodies the insurance contract is known as:
- A Security
 - B Certificate
 - C Policy
 - D None of the above

Answer Key :c

- Q5 What do "for-profit" policies entail?
A Insurance policies, which can be sold at a profit.
B Policies that can be pledged to avail the loan.
C Money-back plans.
D Policies under which bonus is paid.

Answer Key :d

- Q6 The amount paid by the company, if the policy holder who has already paid for the minimum number of years do not want to continue with the policy is known as:
A Premium
B Surrender Value
C Consideration
D Commision

Answer Key :b

- Q7 The period of time for which the policy will normally remain in existence is known as:
A Policy Term
B Policy Note
C Grace Time
D Surrender Time

Answer Key :a

- Q8 Which of the following is not the principle of Insurance:
A Utmost Good Faith
B Principle of Contribution
C Maximization of Profit
D Causa Proxima

Answer Key :c

- Q9 In which Policy, if the policyholder survives till the end of this period, the risk cover lapses, and no insurance benefit payment is made to him/her?
A Money-Back Plan
B Endowment Plans
C Unit-linked insurance plan
D Term Insurance Plans

Answer Key :d

- Q10 In which Policy, the insurer agrees to pay the assured or his nominees a specified sum of money on his death or on the maturity of the policy whichever is earlier?
A Money-Back Plan
B Endowment Plans

- C Unit-linked insurance plan
- D Term Insurance Plans

Answer Key :b

- Q11 Which of the following is a contract between two insurers i.e. the original insurer and another insurer?
- A Reinsurance
 - B Mutual Insurance
 - C Term Insurance
 - D None of the above

Answer Key :a

- Q12 Who of the following is the regulatory authority for insurance?
- A GIC
 - B IRDA
 - C RBI
 - D SEBI

Answer Key :b

- Q13 Which of the following concepts best describes the term "Family Floater"?
- A Health insurance
 - B Property Insurance
 - C Riders
 - D Car Insurance

Answer Key :a

- Q14: What does the top up of RTI in new car insurance stands for?
- A Return to insurance
 - B Return to Invoice
 - C Remit to insurance
 - D Remit to invoice

Answer Key :b

- Q15: The main underwriting in life insurance includes:
- A Medical Underwriting
 - B Financial Underwriting
 - C Both (a) and (b)
 - D None of the above

Answer Key :c

- Q16 India allowed private companies in insurance sector in 2000, setting a limit on FDI to 26%, which was increased to 49% in 2014, and further increased to _____ in May 2021.
- A 100%
 - B 74%
 - C 65%
 - D 72%

Answer Key : b

- Q17 _____ refers to a scenario where a risk that is insured is more likely than its overall group to experience a loss, as a result of information asymmetry between the proposer and insurer.
- A Moral Hazards
 - B Adverse Selection
 - C Both (a) and (b)
 - D None of the above

Answer Key :b

- Q18 Which of the following is not one of the challenges of Insurance Marketing?
- A Reaching the Consumer
 - B Meeting the compliance requirement for marketing material
 - C Changing the perception of the consumer
 - D All of the above are challenges

Answer Key :d

- Q19 A guarantee to restore the insured to the position he or she was in before the uncertain incident that caused a loss for the insured is covered by which principle of insurance?
- A Principle of Indemnity
 - B Principle of Utmost Good Faith
 - C Principle of Proximate Cause
 - D Principle of Loss Minimization

Answer Key :a

- Q20 Broadly insurance can be classified under:
- A Health Insurance
 - B Life Insurance
 - C General Insurance
 - D Both (c) and (d)

Answer Key :d

- Q21 _____ are financial contracts whose values are obtained from the values of underlying assets.
- A Bonds
 - B Mortgages
 - C Derivatives
 - D Stocks

Answer Key :d C

Q22 _____ are not considered capital market securities

- A Bonds
- B Mortgages
- C Retail CDs
- D Stocks

Answer Key :d C

Q23 Financial markets that facilitate the flow of long-term funds with maturities of more than one year are known as _____.

- A money markets
- B capital markets
- C primary markets
- D secondary markets

Answer Key :d B

Q24 The interest rate charged by banks on loans to their most creditworthy customers is known as the _____ rate

- A federal funds
- B prime
- C Discountt
- D none of the above

Answer Key :d B

Q25 The _____ the demand by banks to borrow federal funds relative to a small supply of excess funds available at other banks, the _____ the federal funds rate

- A higher; higher
- B lower; higher
- C higher; lower
- D none of the above

Answer Key :d A

Q26 A bank's _____ quote is slightly higher than its _____ quote

- A ask; bid
- B bid; ask
- C ask; transaction
- D transaction; bid

Answer Key :d B

Q27 One job of the Federal Reserve is

- A withholding social security
- B holding of reserves
- C loaning individuals money
- D collecting outstanding loans.

Answer Key :d B

Q28 Which deposit institution provides savings accounts, make loans to individuals and businesses and offer other services?

- A Credit Unions
- B Mutual Savings Banks
- C Savings and Loan Association
- D Commercial Bank

Answer Key :d D

Q29 People buy _____ to provide financial stability for their dependents.

- A Homes
- B Car Loans
- C Life Insurance
- D Deposits

Answer Key :d C

Q30 Banks make loans because they make most of their income from the _____ they charge borrowers

- A services
- B Fee
- C Interest
- D classes

Answer Key :d C

Q31 A \$5 million deposit outflow from a bank has the immediate effect of

- A reducing deposits and reserves by \$5 million
- B reducing deposits and loans by \$5 million
- C reducing deposits and securities by \$5 million
- D reducing deposits and capital by \$5 million

Answer Key :d A

Q32 Bank capital has both benefits and costs for the bank owners. Higher bank capital _____ the likelihood of bankruptcy, but higher bank capital _____ the return on equity for a given return on assets:

- A reduces; reduces
- B increases; increases
- C reduces; increases
- D increases; reduces

Answer Key :d A

Q33 What is the Gap analysis formula

- A $(rsl - rsa) \Delta r$.
- B $(rsa - rsl) \Delta r$.
- C $(rsa \Delta r) - (rsl \Delta r)$
- D $(rsl \Delta r) - (rsa \Delta r)$

Answer Key :d B

Q34 Which of the following is not capital market instruments?

- A Commercial paper
- B Stocks

- C Corporate bonds
- D Mortgage

Answer Key :d A

- Q35 If a bank has \$100,000 of checkable deposits, a required reserve ratio of 20 percent, and it holds \$40,000 in reserves, then the maximum deposit outflow it can sustain without altering its balance sheet is
- A \$30,000
 - B \$25,000
 - C \$20,000
 - D \$10,000

Answer Key :d B

- Q36 If a bank has \$50 million in rate-sensitive assets and \$20 million in rate-sensitive liabilities then
- A an increase in interest rates will reduce bank profits
 - B a decrease in interest rates will reduce bank profits
 - C interest rate changes will not impact bank profits
 - D a decrease in interest rates will increase bank profits

Answer Key :d B

- Q37 A certificate of deposit (CD) has a fixed term and is usually held to maturity. A CD is also known as a(n)
- A Checking account
 - B Time deposit
 - C Mutual fund
 - D Insurance

Answer Key :d B

- Q38 The main characteristics of money market transactions which enables it to have active secondary market are
- A Securities that trade in one year or less
 - B Securities that are of large denomination
 - C Securities that are very liquid
 - D All above

Answer Key :d D

- Q39 A person who buys or sells equities for his or her clients is a
- A Insurance agent
 - B financial advisor
 - C stockbroker
 - D accountant

Answer Key :d C

- Q40 _____ a market in which all financial assets can be sold to someone other than the original issuer
- A primary market
 - B secondary market
 - C financial system
 - D capital market

Answer Key :d B

