

Risk Management

1. The Insurance is a _____

1. Contract
2. Uncertainty
3. Peril
4. Hazard

Answer: A

2. Losses arising due to a risk exposure retained or assured is known as _____

1. Risk Reduction
2. Risk Financing
3. Risk Retention
4. Risk Sharing

Answer: C

3. An alternative approach to the check list is _____

1. Threat Analysis
2. Event Analysis
3. Operability Study
4. Minimum Level Analysis

Answer: A

4. The measures aimed at avoiding, eliminating or reducing the chances of loss production is covered by _____

1. Risk Control
2. Risk Retention
3. Risk Avoidance
4. Risk Financing

Answer: A

5. Insurance is best suited to risk with _____.

1. high frequency and low loss severity.
2. low frequency and high loss severity.
3. minimum frequency and no loss severity.
4. high frequency and high loss severity.

Answer: B

6. The risk manager maybe able to identify the new ventures involved in _____.

1. Pure risk.
2. Group Risk.
3. Speculative risk.
4. Particular risk.

Answer: A

7. An instrument by which a pure risk is transferred by a party other than insurer is _____.

1. Insurance
2. Retention.
3. Non Insurance Transfer.
4. Reinsurance.

Answer: C

8. The Person whose risk is insured is called _____.

1. Insured
2. merchandiser
3. marketer
4. Agents

Answer: A

9. That which is designed to improve the information on which decisions are take to reduce risk is _____.

1. Transfer
2. Research.
3. Costs.
4. Deflation.

Answer: B

10. Uncertain events are broadly classified as _____.

1. Predictable and Unpredictable.
2. Possible and Impossible
3. Natural and Artificial.
4. Rare and Continuous

Answer: A

11. The possibility that actual results may differ from predicted results is known as _____.

1. Risk.
2. Uncertainty.
3. Peril.
4. Hazards.

Answer: A

12. The success of whole process of risk management depends on its _____.

1. Identification
2. Risk analysis
3. Assessment of risk
4. Evaluation of risk

Answer: A

13. That which covers the cost of self insurance, loading in insurance premiums and enforcing hedging arrangements is _____.

1. Cost of Loss Financing
2. Cost of Control of loss
3. Cost of Residual Uncertainty
4. Cost of Internal Risk Reduction

Answer: A

14. If RMIS has poor system documentation then the remedy is to provide _____.

1. solid vendor account team
2. internal access to system expert
3. assessment in proper manner
4. clear and comprehensive specifications

Answer: C

15. The risk management can be done by _____.

1. Insurance
2. Hedging
3. Derivatives
4. All of the above

Answer: D

16. The installation of heat or smoke activated sprinkler systems that are designed to minimize fire damage in the outbreak of a fire is an example of _____.

1. Loss prevention
2. Loss reduction
3. Hedging

4. Insurance

Answer: B

17. _____ is the extra payment done for administrative and capital cost.

1. Premium
2. Premium loading
3. Interest
4. Contingency

Answer: B

18. Transfer of rights and remedies of the insured to the insurer after indemnity has been effected is called _____.

1. Insurable interest
2. Subrogation
3. Proximate clause
4. Money back policy

Answer: B

19. The principle of indemnity is applicable to _____ only.

1. Life Insurance
2. Personal accident insurance
3. Proximate Cause
4. Property insurance

Answer: D

20. _____ is those terms, which are implied in every contract of marine insurance unless they are expressly excluded.

1. Guarantee
2. Express Warranties
3. Implied Warranties
4. Waiver Clause

Answer: C

 Search

21. Risk Management is a subject which falls under _____.

1. production
2. HR
3. marketing
4. finance

Answer: D

22. A person employed to do any act for another or to represent another in dealing with a third person refers to _____.

1. Principal
2. Employee
3. Agent
4. Development Officer

Answer: C

23. Insurance contract is sort of contract which is approved by _____.

1. The Indian Contract Act
2. Indian Factory Act
3. Indian Companies Act
4. The Indian finance Act

Answer: A

24. The term Assurance refers to _____.

1. Life Insurance Business
2. Marine Insurance Business
3. Fire Insurance Business
4. Motor Vehicle Business

Answer: A

25. The first step in risk management process is _____.

1. Riskavoidance
2. RiskIdentification
3. Insurance
4. RiskEvaluation

Answer: B

26. Which of the following is the last step in the risk management process?

1. Insurance
2. Review
3. Risk evaluation
4. Loss prevention

Answer: A

27. Risk retention means _____.

1. Saving money to pay for the losses
2. Accepting and agreeing to finance the loss oneself
3. Not taking up any activity which is risky
4. Insuring the risk

Answer: B

28. The risk which has three outcomes with possibility of gain is _____.

1. Pure
2. Speculative
3. Static
4. Dynamic

Answer: B

29. The company doing the insurance business is called _____.

1. Mutual funds
2. Non-banking firm
3. An insurance company
4. Banking company

Answer: C

30. The medias used for direct marketing are

1. Direct Mail
2. Telephone Contacts
3. Kiosks
4. All the above

Answer: D

31. Pure Risk was grouped _____.

1. Property Risk
2. Personal Risk
3. Liability risk
4. All the above

Answer: D

32. A bancassurance started in India was _____.

1. 2002
2. 2003
3. 2001

4. 2000

Answer: A

33. _____ refers to distribution of insurance products through

1. Bank
2. Company
3. Co-operatives
4. Sole trader

Answer: A

34. Risk Management process includes _____

1. Risk Analysis
2. Risk Control
3. Risk Analysis and Control
4. Risk Reduction

Answer: C

35. The foundation for risk Management is provided by _____

1. Risk Control
2. Risk Analysis
3. Risk Identification
4. Risk Retention

Answer: C

36. Insurance is a risk management technique involving

1. Risk Retention
2. Risk Avoidance
3. Loss Control
4. Risk Transfer

Answer: D

37. Restoring a policy holder to his pre-loss financial position means _____.

1. Contribution
2. Indemnity
3. Goodwill
4. LiquidAsset

Answer: B

38. _____ are the risk management methods

1. Insurance
2. Hedging
3. Derivatives
4. All the above

Answer: D

39. The strategy pursued by the business firms to tackle risk by spreading into a number of business is _____.

1. Diversification
2. Centralisation
3. Risk Retention
4. Financing

Answer: A

40. A firm may seek to minimize marketing risks by undertaking _____.

1. Credit Facilities
2. Training Salesmen
3. Market Research
4. Branch Expansion

Answer: C

41. The principles of indemnity does not apply to _____.

1. Burglary insurance
2. Fire insurance
3. Marine insurance
4. Life and Personal Accident insurance

Answer: D

42. The risk that arises because of magnitude of cash flow due to change in output and input prices is known as _____.

1. Credit risk
2. Particular risk
3. Business risk
4. Price risk

Answer: D

43. Cost of risk has the following components _____.

1. Cost of Expected Losses and Cost of Control of Loss
2. Cost of Expected Losses and Cost of Loss Financing

3. Cost of Control of Loss and Cost of Loss Financing
4. Cost of Expected Loss, Cost of Control of Loss Cost of Financing, Cost of Residual Uncertainty

Answer: D

44. If RMIS has the problem of incompatibility of software then the remedy is to provide _____.

1. solid vendor account team
2. internal access to system expert
3. clear and comprehensive specifications
4. financial check

Answer: C

45. To avoid RMIS being obsolete provide _____.

1. solid vendor account team
2. internal access to system expert
3. standard software configuration
4. clear and comprehensive specifications

Answer: C

46. The process of reducing the level of risky activities firstly affect the frequency of losses is the strategy of _____.

1. Risk avoidance
2. Retention
3. Hedging
4. Other contractual risk transfer

Answer: A

47. Which of the statements is correct? a. Insurance is a transfer of risk mechanism. b. Insurance gives physical protection to assets.

1. Statement A
2. Statement B
3. Both the statements
4. Neither of the statements

Answer: A

48. A complete proposal form contains information about _____.

1. Moral hazard
2. Physical hazard
3. Personal history of proposer and identify of the property insurance
4. All of the above

Answer: B

49. This policy covers all risks to the ship and its cargo while the ship is at a particular port _____.

1. Voyage policy
2. Floating policy
3. Time policy
4. Portrisk Policy

Answer: D

50. _____ policy matures on the assured death or on his attainment of a particular age whichever occurs earlier.

1. Endowment
2. Money back
3. Joint life
4. Single premium

Answer: A

51. Disclosure made by a person that's from inside the company _____

- a. Hard whistle blowing
- b. Whistle blowing
- c. Whistle & Hard Whistle Blowing
- d. **Soft whistle blowing (ans)**

52. When the labors become more expansive due to increase in government mandated minimum wage. Which type of risk will be face by the companies?

- a. Production Risk
- b. Market Risk
- c. **Price Risk (ans)**
- d. Economic Condition risk

53. In the process of the risk management what should be consider before talking the decision of risk?

- a. Risk assessment
- b. **Risk identification (ans)**
- c. Risk retention
- d. Risk transfer

54. When the transport company is insured only third party risk technique is using.

- a. Loss prevention
- b. Retention by default
- c. **Retention by choice (ans)**
- d. Risk transfer

55. On which base company selected the risk technique?

- a. **Minimization the cost (ans)**
- b. Maximization of profit
- c. To secure the company
- d. Return on investment

56. When companies eliminate the potential loss due to increase the price to the input, that is.....
- Options
 - Diversifying
 - Hedging (ans)**
 - Alpha
57. Holding comparable amounts of many risky assets instead of concentrating all of your investment in only one asset.
- Hedging
 - Options
 - Diversification (ans)**
 - Beta
58. Risk assessment will involve finding answers to the following Question?
- How likely is it for any of these risks to happen?
 - What the will be the profit?
 - What would be the cost of eliminating or transferring this risk to someone else?
 - What is the maximum possible financial loss that you will suffer in each of the listed situations?
- I and II
 - I, II and III
 - II, III, ad IV
 - I, III, and IV (ans)**
59. have the ultimately responsible for managing the risk.
- Executive director
 - Board of Director (ans)**
 - Management
 - Shareholder
60. The people are taking the risk because
- Reward
 - Inevitability
 - Reward and inevitability (ans)**
 - Evitability
61. All of the following are included in the risk identification process except
- Customers
 - Subcontractors
 - Competitors (ans)**
 - Vendors,
62. The scope of corporate social responsibility is
- Philanthropy
 - Doing business responsibly
 - Being a good citizen
 - Doing Business, Philanthropy**
63. Philanthropy is associated with giving To needy people.
- Cash
 - Clothes

- c. **Alms (ans)**
d. Food
64. Examples of fairness is (are) :
a. nepotism
b. discrimination
c. **No favoritism (ans)**
d. Feminism
65. Tanneries around Have virtually killed the rivers through dumping their wastes into it.
a. Peshawar
b. Tokyo
c. **Lahore (ans)**
d. Japan
66. The concept of CSR in Pakistan is still in its
a. Way
b. **Infancy (ans)**
c. Edge
d. Deficiency
67. What are the positive effects of CSR Reporting on the company .
a. Honor its commitments
b. Build positive image
c. Better applicants for employment
d. **Employment, Honour & positive image**
68. In Pakistan, CSR is frequently equated with
a. **Corporate philanthropy (ans)**
b. Zero
c. Communication
d. Investment
69. There are a number of ways looking after the environment
a. Maintaining eco-balance
b. Avoiding pollution
c. All true except (b)
d. **Avoiding & Maintaining**
70. The person who attend board meetings as observer but is not formally elected is _____
a. Executive Director
b. Shadow Director
c. **De facto Director (ans)**
d. Alternative Director
71. The person who is not formally elected and does not attend board meeting but has great influence on BoD meetings is _____
a. Executive Director
b. **Shadow Director (ans)**
c. De facto Director
d. Alternative Director

72. A is a Director but is in foreign, He authorize B to attend meeting on A's behalf, in here B is _____
- Shadow
 - De Facto
 - Alternative (ans)**
 - Executive
73. The use of price sensitive information by individual due to his position in company is _____
- Market Abuse
 - Insider trading (ans)**
 - outsider trading
 - Marketings
74. The phenomenon of spreading rumors or misleading information to distort share prices is called _____
- Market Abuse (ans)**
 - Insider trading
 - outsider trading
 - Investment
75. A director can be disqualified for all the following reasons except _____
- Becomes insane
 - Declared bankrupt
 - Convicted of criminal offence
 - suitable for job (ans)**
76. Except for _____ companies the law does not restrict on number of tenures a director can serve
- Textile
 - Banking (ans)**
 - Chemical
 - Insurance
77. The remuneration of INEDs include
- Bonds
 - Shares
 - Attending fee (ans)**
 - Bonds & Shares
78. If an executive director is declared bankrupt by the company he can still become an INED director of a company.
- Yes
 - No (ans)**
 - More
 - Same
79. _____ Directors are not willing to devote enough time to company affairs _____ because of low remuneration
- Executive directors
 - INEDs (ans)**
 - De facto
 - Shadow

80. _____ is a very effective tool of internal control that is available only to large scale companies.
- Internal audit (ans)**
 - Internal check
 - External audit
 - External Check
81. If _____ is effective, it can cut down the detailed worked to be done by the _____.
- Internal control, external audit (ans)**
 - External control, external audit
 - Internal control, internal audit
 - Externa Control , Internal audit
82. Drawing up internal control policy, is a stage of _____
- Setting Internal Controls (ans)**
 - Types of Reports
 - Monitoring Internal Controls
 - Reports & monitoring
83. Essential elements of Jubb's definition are
- Non deliberate and both obligatory
 - Made by a person who has no access to information
 - Made to an inside party that has the potential to rectify
 - Critical intelligence information required by intelligence consumer to perform their mission.**
84. _____ is a person who formally supplies information under an oath.
- Witness (ans)**
 - Squealer
 - Tipster
 - Risk
85. Which type of risks are characterised by a perceived lack of control and catastrophic potential?
- Delay risks.
 - Dread risks.**
 - Man-made risks.
 - Unknown risks.
- 86.** What could a financial organisation make **primary** use of, to assess whether its risk management systems are **likely** to fail?
- Key control indicators.
 - Key risk indicators.
 - Silo-based risk management.
 - Physical inspections.
 -
87. For what **primary** reason could enterprise risk management (ERM) systems fail?
- ERM decisions are always ignored across a business when a top-down approach is used.
 - Financial constraints could compromise the implementation of ERM systems.**
 - Management can never override ERM decisions.
 - The use of ERM systems do not give the required assistance to risk managers.

88. A large manufacturing organisation has renewed an insurance policy and has accepted a significant increase in the policy deductible. What is this **most likely** to indicate?

- E. Decreased risk avoidance.
- F. Decreased risk tolerance.
- G. Increased risk elimination.
- H. **Increased risk retention.**

89. A broker is undertaking a business interruption review on behalf of a client. This would **most commonly** include an evaluation of the

- a) effectiveness of a business continuity plan.
- b) effectiveness of risk reserving.
- c) level of risk tolerance.
- d) level of self insurance.

90. Insurance policies issued by a commercial insurer operating solely in the UK are directly governed under which Act?

- a) Consumer Insurance (Disclosure and Representations) Act 2012.
- b) Financial Services Act 2012.
- c) **Insurance Act 2015.**
- d) Sarbanes-Oxley Act 2002.

91. How did the large fluctuations in prices of many raw materials and commodities in the 1970's influence the evolution of risk management?

- I. An increase in the use of captive insurers.
- J. **Derivatives being used as a risk management tool.**
- K. Financial institutions increasing their market and credit risk management services.
- L. The development of business continuity planning.

92. A **key** influence on the evolution of risk management theory in the 19th Century was based on

- M. calculating the standard deviation of a distribution around a mean.
- N. economists analysing the relationship between unemployment and interest rates.
- O. **mathematicians collecting measurements to provide statistical data.**
- P. placing a greater emphasis on the human element of decision making.

93. When considering risk management within a manufacturing organisation, what is a **key** benefit of conducting a detailed structured analysis of the entire organisation?

- Q. It would allow the organisation to develop silo-based risk management techniques.
- R. It would identify all counterparty risks that affect financial stability.
- S. It would identify alternative production methods and remove all risks.
- T. It would uncover weaknesses and provide valuable information that can be used to improve processes.**

94. Why is it important that an organisation attempts to measure the benefits of risk management in financial terms?

- U. It will improve the delivery of services to customers.
- V. It will ensure faster recovery from emergency incidents.
- W. It will quantify the level of internal and external resources that are required.**
- X. It will record all electronic interventions to provide an audit trail.

95. Within a large global organisation, who has the **primary** responsibility of identifying individual risk owners and making sure appropriate risk control activities are carried out?

- Y. Board of Directors.
- Z. Chief Risk Officer.**
- AA. Risk Committee.
- BB. Risk Manager.

96. In relation to a large organisation's risk management process, what does the internal audit function

typically have responsibility for?

- CC. Helping to evaluate existing risk controls in specified areas of the business only.
- DD. Preparing designated parts of an up-to-date risk register.
- EE. Providing detailed assurance that risk management processes are effective.**
- FF. Setting detailed targets and objectives within the Board remit.

97. Within a large global organisation, the compliance function is **normally**

- GG. autonomous and reports directly to the board.
- HH. a part of the audit function only.
- II. a part of both the risk management and audit functions.**
- JJ. a part of the risk management function only.

98. An organisation operates with separate and independent risk management, compliance and audit functions. The organisation's board of directors should be aware that

- KK. all costs will be reduced and more risks will be eliminated.
- LL. holistic risk management processes will be more effective across the organisation.
- MM. this is likely to create a more robust approach to managing risk.**

NN. work will often be duplicated and costs will usually be increased.

99. A risk register has been produced for a large engineering company. What is a **key** difficulty of such a register?

OO. It is impossible to update it on a regular basis.

PP. It is likely to list only a very small number of risks.

QQ. It may fail to take account of correlations between risks.

RR. Stakeholders must be consulted upon all risk management decisions.

100. What is a **key** consideration when designing an organisational risk register?

SS. All staff can update and accept new risks.

TT. All staff receive training on updating the register.

UU. It is always installed on a web-based system.

VV. The organisation's risk profile is captured.

101. The ISO 31000 standard separates risk management areas into

WW. frameworks, processes and audit.

XX. principles, frameworks and compliance.

YY. principles, frameworks and processes.

ZZ. principles, processes and compliance.