

Questions Bank	a.	b.	c.	d.	Answer	Solution
RE represents what	Risk Exposure	Related Expenses	Risk Expense	Risk Evaluation	a	Risk Exposure
Which of the following technique will ensure that impact of risk will be less?	Risk contingency technique	Risk avoidance technique	Risk Mitigation technique	Risk Evaluation Technique	a	Risk Contingency Techniques
Risk management is responsibility of the	Project Team	Customer	Creditor	Production Team	a	Project Team
IRDA stands for	Regulatory and Development Authority	Regulatory and Development Authority	Role and Development Authority	Related and Development Authority	a	Regulatory and Development Authority
_____ is a business professional who deals with the measurement and management of risk and uncertainty	Actuary	Accountant	Insurer	Insured	a	Actuary
_____ is an arrangement in which a bank and an insurance company form a partnership so that the insurance company can sell products to the bank's client base	Bancassurance	Insurance	Accountant	Insurer	a	Bancassurance

_____ is defined as the portion of the insurance market that allows companies to purchase coverage and transfer risk without having to use traditional commercial insurance.	Alternative Risk Transfer	Arrangement Risk Transfer	Alternative Risk Transaction	Alternative Risk Regulation	a	Alternative Risk Transfer
_____ can be defined as the transferring of underwriting risks to the capital markets through the creation and issuance of financial services	Insurance Securitization	Insurance Transfer	Insurance Regulatory	Insurance underwriting	a	Insurance Securitization
_____ is a measure of the volatility, or systematic risk of a security or a portfolio in comparison to the market as a whole	Beta	Alpha	Insurance	Banks	a	Beta
CAPM stands for	Capital Asset Pricing Model	Capital Asset Period Model	Capital Assurance Pricing Model	Capital Asset Pricing Method	a	Capital Asset Pricing Model
_____ measure of performance on a risk adjusted basis	Alpha	Beta	CAPM	Insurance	a	Alpha
Losses arising due to a risk exposure retained or assured is known as _____	Risk Retention	Risk Reduction	Risk Financing	Risk Sharing	a	Risk Retention

The measures aimed at avoiding, eliminating or reducing the chances of loss production is covered by _____	Risk Control	Risk	Alpha	Beta	a	Risk Control
ERM represents _____	Enterprise Risk Management	Entire Risk Manager	Enterprise Resource Management	Entire Risk Management	a	Enterprise Risk Management
_____ is risk is concerned with a decline in a price of a bonds due to an increase in market rates.	Interest Risk	Credit Risk	Currency Risk	Equity Risk	a	Interest Risk
_____ is the possibility for an investor to experience losses due to factors that affect the overall performance of the financial markets he is involved.	Market Risk	Interest Risk	Currency Risk	Equity Risk	a	Market Risk
_____ are the business process risks failing due to human errors	Operational Risk	Interest Risk	Currency Risk	Equity Risk	a	Operational Risk
_____ = Actual Return - Return under CAPM	Jensen's Alpha	Beta	Standard Deviation	Insurance	a	Jensen's Alpha
_____ is a measure of the dispersion of a set of data from its mean	Standard Deviation	Jensen's Alpha	Beta	X-cube	a	Standard Deviation

___ is an agreement between two parties- a buyer and aseller to purchase or sell something at a future date at a price agreed upon today	Forward Contract	Options	Swap	Futures	a	Forward Contract
___ gives the buyer the right but not the obligation to buy a given quantity of the underlying asset, at a price on or before a given future date	Calls	Puts	Swap	Futures	a	Calls
___ are private agreements between two parties to exchange cash flows in the future according to a prearranged formula	Swap	Forward Contract	Options	Futures	a	Swap
___ involves swapping only the interest related cash flows between the parties in the same currency.	Interest Swap	Forward Contract	Options	Futures	a	Interest Swap
___ entail swapping both principal and interest between parties with the cash flows in one direction being in adifferent currency than those in the opposite direction.	Currency Swaps	Forward Contract	Options	Futures	a	Currency Swaps

OTC represents ____	Over the Counter	Over the Centre	Over the Country	Over the Currency	a	Over the Counter
Strong _____ for reporting, monitoring and controlling risks is required for effective risk management.	NIS	MIS	ERM	SHRM	b	MIS
_____ risk is the risk of losses due to changes in financial market prices and rates that will reduce the value of a security or a portfolio.	Market	Curve	Operational	Demand	a	Market
_____ risk can arise in portfolios in which long and short positions are taken	Curve	Curve	Operational	Market	b	Curve
Credit risk is the risk of an economic loss	Independent	Dependent	Counterparty	Trade	c	Counterparty
_____ liquidity risk relates to a firm's ability to raise the cash needed to meet its obligations	Funding	Risk	Market	Management	a	Funding
_____ risk is also often taken to include the risk of operational loss	Operational	Curve	Market	Funding	a	Operational
Strategic risk refers to the risk of significant loss to the firm	Low	Medium	High	Zero	c	High
_____ is a deliberate attempt to break through the tendency of a firm to remain in its comfort zone	ERM	MIS	NIS	ARM	a	ERM
The Credit Crisis of 1772 originated in _____ and _____	America	London	France	India	b	London
The collapse of _____, a sprawling global bank, in 1929	Bruzelius and W. Rothengat	Lehman Brothers	J.R. Bailey	J. D Rallie	b	Lehman Brothers
The BSE has been in existence since _____.	1785	1875	1845	1885	b	1875

Equity spot markets follow a _____ rolling settlement.	T+2	T+3	T+5	T + 1	a	T+2
Sensex is the oldest _____ for equities; it includes shares of 30 firms listed on the BSE.	Market index	Community	Government	Commodity	a	Market index
FII's can also invest in unlisted securities outside stock exchanges, subject to approval of the price by the _____.	SBI	RBI	SEC	SEBI	b	RBI
ADRs are denominated in _____ and subject to the regulations of the U.S. Securities and Exchange Commission (SEC).	Pound	Dollars	Euro	Rupees	b	Dollars
When money is branded it is called _____.	Cash	Notes	Currency	Commodity	c	Currency
During 1944-1971, countries adopted a system called _____ which was a blend of gold standard system and floating rate system.	Risk Management	Risk Aversion	Bretton Woods System	J.D Bailey	c	Bretton Woods System
When you buy derivative, you buy a _____.	Right	Left	Both	Down	a	Right

A _____ contract allows its buyer to lock in today the future price of an asset such as an interest-rate-linked security, a currency, a stock, or a commodity.	Backward	Forward	Both	Upward	b	Forward
Treasury Bills are short-term money market instruments that finance the short term requirements of the _____.	Market index	Private	Government	Public	c	Government
_____ risk is both the oldest and the newest threat faced by financial and nonfinancial institutions.	Exceed	Operational	Intrinsic	Extrinsic	b	Operational
_____ is the value that any given option would have if it were exercised today.	Intrinsic	Credit Insurance	operational risk	Commodity	a	Intrinsic
The _____ of options is the amount by which the price of any option exceeds the intrinsic value.	pricing	valuation	Time value	Operational	c	Time value
RAROC equation is really a formalization of the _____ between risk and reward.	operational risk	risk and reward	Trade off	Trade In	c	Trade off
_____ analysis is defined as the average life of a financial instrument.	Duration	Liquidity Statement	Static Ratio	Valuation	a	Duration

A negative or liability-sensitive gap occurs when liabilities _____ assets in a given time band.	technique	Exceed	rate sensitive	Less	b	Exceed
_____ is payment protection so that if you take out a loan and the fall sick or lose your job, your monthly loan repayments will be covered.	insurance premium	Credit Insurance	Insurance entities	Liquidity	b	Credit Insurance
The LIBOR rates are set each day at _____ by lending banks but rates fluctuate throughout the trading session according to sentiment about the outlook for base interest rates.	11:00 AM	#####	#####	12.00 P.M	a	#####
The largest and most experienced bond rating service is _____.	Moody's Corporation	Risk Management	RAROC	RAC	a	Moody's Corporation
An _____ option is one whose expiration value depends on the average value of an underlier over a specific period.	Asian	Intrinsic Value	Option Price	Hedge	a	Asian
The Insurance is a _____	Contract	Uncertainty	Peril	Hazard	a	Contract
Uncertain events are broadly classified as _____.	Predictable and Unpredictable	Possible and Impossible	Natural and Artificial	Rare and Continuous	a	Predictable and Unpredictable

_____ is a means of protection from financial losses	Insurance	Banks	Risk	Mangers	a	Insurance
The risk manager maybe able to identify the new ventures involved in _____	Pure Risk	Group Risk	Speculative Risk	Particulars	a	Pure Risk
The Person whose risk is insured is called _____.	Insured	merchandise	marketer	Agents	a	Insured

