

IRDAI 2025

What is Mission Insurance for all by 2047? Discuss it's

a. Objectives

b. Pillars

c. Interventions

Mission: Insurance for All by 2047



- ❖ **Launched by IRDAI**
- ❖ **Vision timeline: By 2047**
- ❖ **Announced in 2023-24, aligned with India@100** (100 years of independence)

OBJECTIVE



To ensure that:

1. **Every citizen** has **appropriate life, health, and property insurance coverage**.
2. **Every enterprise** is protected with suitable insurance.
3. The **insurance sector becomes robust, customer-centric, and inclusive**.

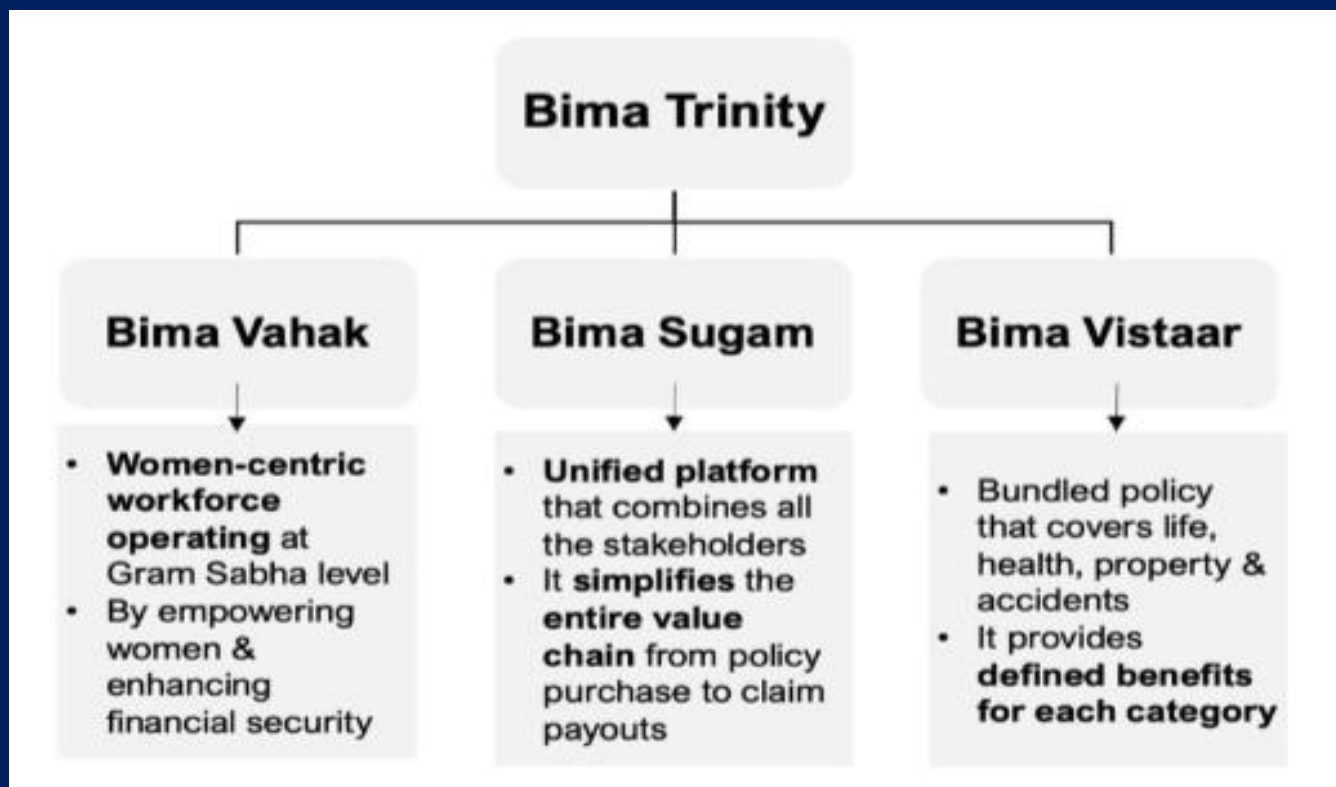
KEY PILLARS / COMPONENTS

<u>Pillar</u>	<u>Description</u>
1. Universal Access	Ensure 100% insurance coverage for individuals and businesses by 2047.

2. Simplified Products	Promote easy-to-understand, bundled, and low-cost products (like Bima Vistar).
3. Tech-Driven Inclusion	Use platforms like Bima Sugam for seamless access and service delivery.
4. Local Distribution Models	Build rural reach through Bima Vahaks and women-led insurance agents.
5. State Insurance Plans (SIP)	Custom insurance strategies for each state , developed jointly with state govts.
6. Financial Literacy & Awareness	Pan-India campaigns for insurance education , especially in Tier 2/3 cities and rural areas.
7. Grievance Redressal Mechanism	Strengthen policyholder protection , fast claims resolution & dispute management.

STRATEGIC INITIATIVES UNDER THE MISSION

<u>Initiative</u>	<u>Role in Mission</u>
Bima Sugam	Digital public infrastructure for buying, servicing, and claiming insurance
Bima Vahak	Last-mile women-led distribution in rural India
Bima Vistar	Composite bundled product to cover life, health, personal accident & property
Regulatory Sandbox 2.0	Foster innovation and Insur Tech solutions
Ease of Doing Business (EoDB)	Promote more players, reduce regulatory hurdles
Digital Policies	All insurance policies to be issued and serviced digitally



TARGETS SET BY IRDAI

Area	2024 Status	Target by 2047
Life insurance penetration	~4.2%	100% household coverage
Health insurance penetration	~37% population	100% population
Property insurance (home, crop)	<10%	Universal risk coverage
Claim turnaround time	Varies	Standardized & tech-based claims within days
Customer awareness	Low in rural/low-income groups	Universal insurance literacy

PFRDA 2025
Pension sector



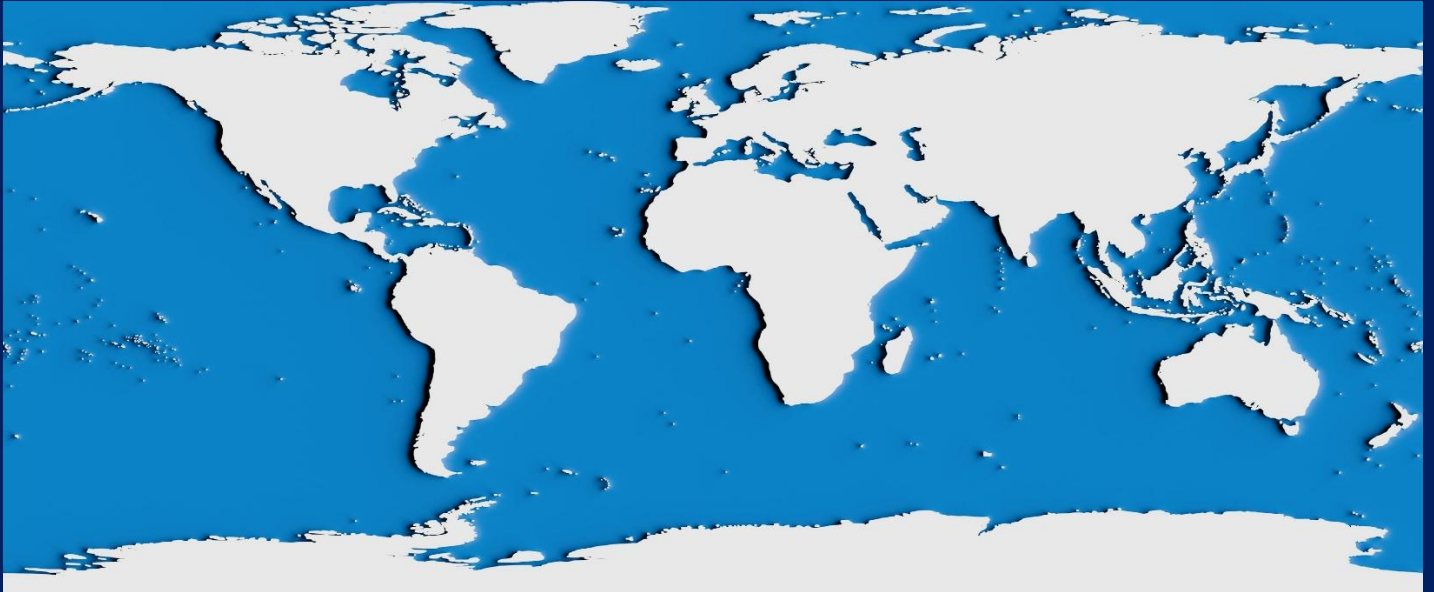
Mercer CFA Institute Global Pension Index 2024

Feature chapter:
Helping DC members get the best retirement outcome



Mercer is headquartered in New York City with offices in 43 countries and operations in 130 countries. The company primarily provides human resources and financial services consulting services to its clients. Mercer. Company type.

Top-Ranked Pension Systems of World



Netherlands leads with an index score of 84.8 (Grade A)

Grade	Index value	Systems		
A	>80	Netherlands Iceland Denmark Israel		
B+	75–80	Singapore Australia Finland Norway		
B	65–75	Chile Sweden UK Switzerland Uruguay	New Zealand Belgium Mexico Canada Ireland	France Germany Croatia Portugal
C+	60–65	UAE Kazakhstan Hong Kong SAR Spain	Colombia Saudi Arabia USA	
C	50–60	Poland China* Malaysia Brazil Botswana	Italy Japan Peru Vietnam Taiwan	Austria Korea (South) Indonesia Thailand
D	35–50	South Africa Türkiye Philippines	Argentina India	
E	<35	Nil		

Scoring Framework

Three weighted sub-indices form the overall score:

- **Adequacy** (40%) – current benefit levels and private savings.
- **Sustainability** (35%) – demographic resilience, long-term viability, coverage.
- **Integrity** (25%) – governance, transparency, regulation
- Overall Index average: **63.4**

Regional Performance

- **Asia:**
 - **Singapore:** 78.7
 - **China:** 56.5
 - **India:** lowest score at **44.0**
 - **Vietnam** (new entrant): 54.5
-

Global Challenges & Trends

- **Declining fertility & rising life expectancy** are creating sustainability pressures on pension systems globally
 - Ongoing **shift from Defined Benefit (DB) to Defined Contribution (DC)** plans increases complexity for retirees, who must make long-term financial choices independently
-

Key Reform Recommendations

Common reforms suggested include:

- **Expand pension coverage** to informal, gig, and self-employed workers via **automatic or compulsory enrolment**.
 - **Raise retirement and pension eligibility ages** to align with longer life spans.
 - **Encourage older workers to remain in the workforce longer**, boosting savings and reducing retirement duration.
 - **Promote private savings** and reduce dependence on public pensions.
 - **Close gender and minority pension gaps**.
 - **Limit pre-retirement fund withdrawals** to preserve savings for retirement.
 - **Strengthen governance, transparency, and integrity** of pension systems to boost confidence
-

Summary Table

<u>Country / Region</u>	<u>Score Range</u>	<u>Grade</u>	<u>Strengths</u>	<u>Key Weaknesses</u>
Netherlands, Iceland, Denmark, Israel	>80	A	Excellent adequacy, integrity	Needs long-term sustainability enhancements
Singapore	~78.7	A- / B+	Balanced system	Sustainability areas need monitoring
United States	~60.4	C+	Private pensions & savings culture	Low sustainability & integrity
India	~44.0	D	Minimal pension infrastructure	Very low adequacy and coverage

Insurance Sector Reforms in India: An Overview

India's insurance sector has undergone several waves of reforms to promote financial inclusion, strengthen regulation, attract private investment, and ensure customer protection.

I. Pre-Reform Era (Before 1991)

- **Life Insurance** was nationalized in **1956** → Creation of **LIC**.
 - **General Insurance** nationalized in **1972** → Formation of **GIC** and its four subsidiaries.
 - Monopoly of public sector insurers; limited product innovation, low insurance penetration.
-

II. Liberalization and Reforms (1991 Onwards)

◆ 1. Malhotra Committee (1993)

 *Landmark report that laid the foundation for sectoral reforms.*

Key Recommendations:

- Open sector to **private and foreign players**.
 - Create a **regulatory body (IRDA)**.
 - Improve efficiency and customer service.
 - Allow up to **26% FDI** in insurance.
- ◆ 2. Establishment of IRDA (1999)
- **IRDA Act passed in 1999**, operational in 2000.
 - Autonomous regulator for insurance.
 - Mandate: licensing, solvency monitoring, consumer protection, product approval.
-

III. Post-2000 Reforms

3. Entry of Private Insurers (2000–)

- LIC/GIC monopoly broken.
- Joint ventures allowed between Indian firms and foreign insurers.
- Enhanced **competition, product diversity, distribution innovation.**

4. FDI Limit Revisions

Year FDI Limit in Insurance

2000 26%

2015 49%

2021 **74%** (*current limit*)

Impact:

- Boosted capital flow, international expertise.
- Expansion into Tier 2/3 cities.

IV. Regulatory & Structural Reforms

◆ 5. IRDAI Reforms

- "Use and File" regime for faster product launches.
- Emphasis on **customer grievance redressal**, claim settlement ratios.
- Introduction of **Regulatory Sandbox** for innovation testing.
- Push for **digital policies** and **electronic KYC**.

◆ 6. Health Insurance Regulation (2020–)

- Standardization of exclusions, waiting periods.
- IRDAI mandated coverage of mental illness, pandemics, telemedicine.

◆ 7. Consolidation in Public Sector

- Government initiated merger of 3 general insurance PSUs (Oriental, United, National) – delayed.
- Proposed **IPO of LIC** to improve transparency and governance.

V. New-Age & Inclusion-Oriented Reforms (2023–2025)

◆ 8. Bima Trinity Initiatives by IRDAI (2023–24)

Initiative Aim

Bima Sugam Digital insurance marketplace for buying, servicing, claims

Bima Vahak Rural women-led distribution channel

Bima Vistar Bundled product covering life, health, accident, property

◆ 9. "Insurance for All by 2047" Mission

- Every citizen and enterprise to have insurance protection.
- State-specific insurance strategies + tech integration.

◆ 10. Focus on ESG, InsurTech, and Climate Risk

- IRDAI encouraging insurers to adopt ESG norms.
- InsurTech collaborations via sandbox and partnerships.
- Push for **catastrophe insurance, crop/weather-linked insurance**.

Outcomes of Reforms

Area

Result

Insurance penetration (2022)

~4.2% of GDP

Increased private participation

Over 60 private insurers

Better claim ratios and grievance redressal

Product innovation, online sales, mobile insurance

Challenges Ahead

- Low penetration in rural & informal sectors.
- Low awareness and insurance literacy.
- High out-of-pocket health expenses.
- Climate risk and disaster coverage gaps.
- Mis-selling, fraud, and weak enforcement in some areas.

Descriptive Answer Closure (for exams)

“The Indian insurance sector has witnessed a transformative journey from state monopoly to a competitive, tech-driven, and inclusive ecosystem. Continuous regulatory reforms, rising FDI, and digital innovation are shaping the sector’s future. However, achieving universal coverage by 2047 requires collaborative efforts, product simplification, and deeper rural outreach.”

IRDAI EXAM

Important Insurance Committees in India

Committee	Head/Chairperson	Year	Key Purpose / Recommendations
1. Malhotra Committee	R.N. Malhotra (Former RBI Governor)	1993	❖ Recommended liberalization of insurance sector ❖ Set up IRDA as regulator ❖ Allowed private and foreign participation
2. Insurance Regulatory and Development Authority (IRDA) Act Review Committee	Government-constituted panel	2013	❖ Reviewed IRDA Act for modernization ❖ Suggested strengthening regulatory powers
3. Committee on Reforms in Insurance Sector (FSLRC)	Justice B.N. Srikrishna	2013	❖ Recommended unified Financial Sector Law ❖ Suggested improved consumer protection and regulatory clarity
4. Narasimham Committee II (related mention)	M. Narasimham	1998	❖ Suggested deeper financial reforms ❖ Recommended greater autonomy and opening of financial services including insurance
5. Sumit Bose Committee on Mis-selling of Financial Products	Sumit Bose (Former Finance Secretary)	2015	❖ Studied mis-selling of insurance & financial products ❖ Proposed tighter regulations and customer disclosures

6. T.S. Vijayan-led Committee on Microinsurance	T.S. Vijayan (Former IRDAI Chairman)	2017	❖ Promoted microinsurance for rural and informal workers ❖ Recommended simpler products & local distribution
7. IRDAI Working Group on Bima Vahak/Bima Vistar	IRDAI-constituted	2022–2023	❖ Developed framework for rural insurance outreach ❖ Part of IRDAI's "Insurance for All by 2047" mission
8. Shyamala Gopinath Committee (GIC Re Disinvestment)	Shyamala Gopinath (Ex-RBI Dy. Governor)	2011	❖ Reviewed disinvestment and IPO options for GIC Re ❖ Recommended increased transparency
9. IRDAI Committee on Standardization of Health Insurance Products	IRDAI Internal	2020	❖ Recommended common definitions, exclusions, and standard health plans (e.g. Arogya Sanjeevani)
10. Working Group on Index-Linked Insurance Products	Suresh Mathur (IRDAI ED)	2021	❖ Studied feasibility of reintroducing index-linked insurance plans
11. Pension Reforms Committee (also related to insurance)	OASIS Committee (Old Age Social & Income Security)	2000	❖ Laid foundation for NPS and insurance-linked retirement products

Most Frequently Asked in Exams:

- Malhotra Committee – 1993
 - FSLRC – Justice B.N. Srikrishna
 - Sumit Bose Committee – Mis-selling
 - T.S. Vijayan Committee – Microinsurance
-

 **Exam Tip:**

Use this mnemonic to remember key committees:

 **"MINSFT-GOHP"**

(Malhotra, IRDA Act, Narasimham, Sumit Bose, FSLRC, TS Vijayan, Gopinath, OASIS, Health Products, Pension)

IRDAI 2025

What is Micro Insurance?



Micro Insurance refers to insurance products designed specifically for **low-income individuals and families** who are typically excluded from the traditional insurance market due to affordability and accessibility issues.

Definition (IRDAI)

According to the **IRDAI (Micro Insurance) Regulations, 2015**:

Micro insurance is a general or life insurance policy with low premiums and low coverage, tailored to meet the needs of economically vulnerable sections, especially in rural and semi-urban areas.

Key Features of Micro Insurance

Feature	Description
Target Segment	Low-income households, rural population, informal workers

Premium	Very low (affordable monthly or yearly payments)
Sum Assured (Coverage)	Capped limits (e.g., ₹50,000 for life insurance as per IRDAI guidelines)
Distribution	Through Micro Insurance Agents (e.g., NGOs, SHGs, MFIs, BCs, individuals)
Simplified Products	Easy to understand, minimal paperwork
Regulator	IRDAI (Insurance Regulatory and Development Authority of India)

Types of Micro Insurance Products

1. Life Insurance:

- Term insurance
- Endowment plans (with or without return)

2. Non-Life Insurance:

- Health insurance
 - Livestock insurance
 - Crop insurance
 - Asset protection (house, tools, etc.)
 - Personal accident insurance
-

Purpose / Importance

- **Social Security:** Provides risk cover to the vulnerable
 - **Poverty Alleviation:** Reduces impact of unforeseen events (death, illness, crop failure)
 - **Financial Inclusion:** Brings insurance within reach of the informal sector
 - **Resilience:** Helps families recover from economic shocks
-

Government/Regulatory Support

- **IRDAI Regulations** promote micro-insurance
- Supported through schemes like:

- Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)
- Pradhan Mantri Suraksha Bima Yojana (PMSBY)
- Rashtriya Swasthya Bima Yojana (RSBY) (earlier)

Who is a Micro Insurance Agent?

A **Micro Insurance Agent** is an individual or institution authorized by an insurer (usually a life or general insurance company) to distribute **micro insurance products**—small-ticket insurance policies tailored to low-income groups.

Regulatory Framework

Governing Authority: IRDAI (Insurance Regulatory and Development Authority of India)

Relevant Regulation: IRDAI (Micro Insurance) Regulations, 2015

Who Can Be Appointed as a Micro Insurance Agent?

As per IRDAI guidelines, the following entities can be appointed:

1. **Non-Governmental Organizations (NGOs)**
 2. **Self-Help Groups (SHGs)**
 3. **Micro-Finance Institutions (MFIs)**
 4. **Co-operative Societies**
 5. **Regional Rural Banks (RRBs)**
 6. **Scheduled Commercial Banks**
 7. **Primary Agricultural Cooperative Societies (PACS)**
 8. **Grameen Banks**
 9. **Business Correspondents**
 10. **Individuals (subject to training & qualification norms)**
-

Eligibility Criteria

- Minimum **18 years** of age

- Should have completed **IRDAI-mandated training** (typically 25 hours)
 - Must pass the **micro-insurance agent certification examination**
 - Must not be a disqualified person under Section 42 of the Insurance Act, 1938
-

Role & Functions

- **Distribute micro-insurance products** (life, health, asset, livestock, etc.)
 - **Collect premium** on behalf of insurers
 - **Assist in claim documentation** and settlement
 - **Create awareness and educate rural customers**
 - **Policy servicing** and grievance support
-

Remuneration/Commission

- Capped by IRDAI:
 - Life Insurance: Max **10%** of premium
 - Health or General: Up to **15%** depending on product
-

Products Offered

Micro insurance agents typically offer:

- **Life micro-insurance policies:** Term cover, endowment plans
 - **Non-life micro insurance:** Health, accident, livestock, asset insurance, etc.
-

Appointment & Renewal Process

- Agreement signed between the **insurer and the agent**
 - Validity of license: **3 years**, renewable
 - Regular monitoring & reporting obligations by the insurer
-

Restrictions

- A micro-insurance agent can tie up with **only one life insurer and one general insurer**
 - Must not operate outside the jurisdiction defined in the agreement
 - Cannot sell non-micro products
-

Importance in Financial Inclusion

- Acts as a **bridge** between insurance companies and rural populations
 - Supports **financial resilience** in low-income households
 - Encourages **risk mitigation** for small businesses and farmers
-

Notable Micro Insurance Examples

1. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

- **Type:** Life Insurance
 - **Premium:** ₹330 per annum
 - **Coverage:** ₹2 lakh (on death)
 - **Eligibility:** 18–50 years with a bank account
 - **Launched:** 2015
- Most successful life micro insurance scheme in India**
-

2. Pradhan Mantri Suraksha Bima Yojana (PMSBY)

- **Type:** Accident Insurance
 - **Premium:** ₹20 per annum
 - **Coverage:**
 - ₹2 lakh (accidental death or full disability)
 - ₹1 lakh (partial disability)
- Covers over 25 crore people** in rural/urban low-income groups
-

3. Yeshasvini Cooperative Farmers Health Scheme (Karnataka)

- **Type:** Health Micro Insurance
 - **Target:** Farmers & cooperative members
 - **Premium:** ₹250–₹1,000 per annum
 - **Coverage:** Surgical & hospitalization benefits
Pioneer in community-based health micro insurance
-

4. RSBY – Rashtriya Swasthya Bima Yojana (Now merged with Ayushman Bharat)

- **Type:** Health Insurance
 - **Target:** BPL families
 - **Coverage:** ₹30,000 per family
Reached over **3.6 crore families**
-

5. LIC's Jeevan Mangal

- **Type:** Term Life Micro Insurance
 - **Premium:** Flexible (single or regular)
 - **Sum Assured:** Up to ₹50,000
Popular LIC product tailored for the unorganised sector
-

Global Famous Examples

1. CARD MBA (Philippines)

- **Type:** Mutual Life Micro Insurance
 - **Run by:** CARD NGO network
 - Covers 20+ million lives
Self-sustainable & award-winning model for community insurance
-

2. MicroEnsure (Africa, Asia)

- Provides low-cost health, life, and crop insurance
- Works with telecoms like **Telenor**, **Airtel**, and **MTN**
Used mobile platforms to insure millions

3. Kilimo Salama (Kenya – now ACRE Africa)

- **Type:** Weather-Indexed Crop Insurance
- Uses satellite & rainfall data to compensate farmers
Pioneered **parametric insurance** for African smallholders

SIDBI 2025

MCQ

NUMERICAL ON NAYAK COMMITTEE

NAYAK COMMITTEE

MSME

Annual Turnover



TURNOVER



PROMOTER



BANK



WORKING CAPITAL

(1/5th WC)

Financed

4/5th WC

25% of Annual Turnover

WC = 25% of Turnover

4/5th financed by bank

1/5th Self Financed

Let's Solve some Numerical to understand the topic Properly

Q1. An MSME projects an annual turnover of ₹5 crore. As per Nayak Committee norms, what is the minimum working capital limit the bank can sanction?

- A. ₹1.25 crore
- B. ₹1 crore
- C. ₹75 lakh

D. ₹1.5 crore

E. ₹80 lakh

Answer: B. ₹1 crore

Explanation:

Working capital = 25% of projected turnover

= 25% of ₹5 crore = ₹1.25 crore

Bank finances 80% ($4/5^{\text{th}}$) = ₹1 crore

Q2. A bank has already sanctioned ₹90 lakh working capital to an MSME. What should be the minimum projected turnover of the unit as per Nayak Committee norms?

A. ₹3.6 crore

B. ₹4 crore

C. ₹4.5 crore

D. ₹5 crore

E. ₹6 crore

Answer: C. ₹4.5 crore

Explanation:

Bank finance = 80% of working capital

So, working capital = ₹90 lakh ÷ 80% = ₹1.125 crore

Turnover = Working Capital ÷ 25% = ₹1.125 crore ÷ 0.25 = ₹4.5 crore

Q3. A micro unit wants a bank loan under the Nayak Committee method. It estimates turnover at ₹3.2 crore. It is willing to bring 10% margin instead of 5%. How much bank finance will be sanctioned?

A. ₹72 lakh

B. ₹80 lakh

- C. ₹88 lakh
- D. ₹64 lakh
- E. ₹96 lakh

Answer: C. ₹88 lakh

Explanation:

Working Capital = 25% of ₹3.2 crore = ₹80 lakh

Promoter margin = 10% of ₹80 lakh = ₹8 lakh

Bank Finance = ₹80 lakh – ₹8 lakh = ₹72 lakh

Q4. Q. A small enterprise is sanctioned a working capital limit of ₹90 lakh under the Nayak Committee's turnover method. The bank has followed diluted stats as suggested by Nayak Committee.

If the borrower's contribution (margin) is ₹18 lakh, determine:

- 1. What is the working capital requirement?**
- 2. What is the projected turnover of the enterprise?**

Solution:

Margin = ₹18 lakh

Bank Finance = ₹90 lakh

→ Total Working Capital = ₹90 lakh + ₹18 lakh = ₹108 lakh

As per Nayak Committee: WC = 25% of Turnover

→ Turnover = ₹108 lakh × 100 / 25 = ₹432 lakh = ₹4.32 crore

Q5. Under the Nayak Committee recommendation for turnover-based working capital, what is the ratio of Bank Finance to Promoter Contribution?

- A. 4:1
- B. 5:1
- C. 3:1
- D. 80:20
- E. 20:5



The banner features the SIDBI logo on the left, which consists of a stylized 'S' made of two overlapping curved lines in blue and green. To the right of the logo is the word 'sidbi' in a bold, lowercase, sans-serif font. Further right, the word 'Achievers' is written in a purple, serif font inside a white rectangular box. Below these elements, the text 'CRASH COURSE 2025 &' is written in a large, bold, black, sans-serif font, underlined. Below that, 'TEST SERIES' is written in the same style, also underlined. At the bottom of the banner, the text 'SIDBI Grade A & B 2025' is written in a smaller, black, sans-serif font.

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IRDAI EXAM

Principles of Insurance – Shortcut to remember it

"Uncle Ian Is Cooking Spicy Potato Masala"

U → Utmost Good Faith

I → Insurable Interest

I → Indemnity

C → Contribution

S → Subrogation

P → Proximate Cause

M → Mitigation of Loss



MCQs

1. Which principle of insurance states that both the insurer and insured must disclose all material facts truthfully?

- A) Indemnity
- B) Contribution
- C) Utmost Good Faith
- D) Subrogation
- E) Proximate Cause

2. You can insure your own house but not your neighbour's house. This reflects which insurance principle?

- A) Mitigation of Loss
- B) Insurable Interest
- C) Indemnity
- D) Contribution
- E) Uberrimae Fidei

Answer: B) Insurable Interest

3. If an insured car worth ₹6 lakh is stolen, the insurer pays only ₹6 lakh to restore the owner's financial position. Which principle applies?

- A) Indemnity
- B) Proximate Cause
- C) Contribution
- D) Subrogation
- E) Utmost Good Faith

4. If two insurance companies cover the same property, they share the loss proportionately to prevent double recovery. This is based on which principle?

- A) Indemnity
- B) Subrogation
- C) Contribution
- D) Mitigation of Loss
- E) Proximate Cause

5. After paying a fire claim caused by a tenant's negligence, the insurer recovers the amount from the tenant. This is an example of:

- A) Contribution
- B) Mitigation of Loss
- C) Proximate Cause
- D) Subrogation
- E) Utmost Good Faith

LET'S DISCUSS

Principle	Meaning	Key Point	Example
Utmost Good Faith (<i>Uberrimae Fidei</i>)	Both parties must disclose all material facts truthfully.	Non-disclosure or misrepresentation can void the contract.	Applicant hides a pre-existing heart disease in health insurance proposal.
Insurable Interest	The insured must have a financial or legal stake in the subject matter.	Without insurable interest, contract is void.	You can insure your own car but not a stranger's car.
Indemnity	Insured is compensated to restore financial position before loss.	No profit from insurance.	Car worth ₹5 lakh stolen → insurer pays ₹5 lakh only.
Contribution	If multiple insurers cover the same risk, they share loss proportionately.	Prevents double recovery.	Two policies cover same property → both share claim payment.
Subrogation	After paying claim, insurer gets rights to recover from third parties.	Applies mainly to non-life insurance.	Insurer pays for fire damage caused by tenant → recovers cost from tenant.
Proximate Cause	Nearest cause of loss must be covered under policy for claim to be valid.	Used when multiple causes exist.	Flood damages goods, followed by fire → claim depends on covered cause.
Mitigation of Loss	Insured must take reasonable steps to minimize loss/damage.	Applies after event occurs.	In fire, insured should try to put out flames or call fire brigade.



IRDA 2025 MENTORSHIP

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SIDBI

GRADE A/B-EXAM

TOP 10 MCQ ON CREDIT RISK ASSESSMENT

Details of Stream Specific Test: -

Sr No	Stream	Name of the Test
1	General, (Grade 'A' and 'B')	MSME financing (Due Diligence/ KYC, Financial ratios, Assessment of Term Loan / Working Capital, Documentary credit etc.), NPA and recovery including IRAC norms, NBFC Financing, Credit risk assessment etc.

MCQs – Credit Risk Assessment

1. Which of the following is NOT considered an off-balance sheet exposure (OBSE)?

- A) Bank guarantee
- B) Letter of credit
- C) Undrawn loan commitment
- D) Term loan
- E) Derivative contract

2. In the Standardised Approach under Basel norms, an unrated corporate exposure typically attracts a risk weight of:

- A) 25%
- B) 50%
- C) 75%
- D) 100%
- E) 150%

3. Which parameter in the 7C framework assesses internal controls, governance, and compliance risk of the borrower?

- A) Capital
- B) Conditions
- C) Collateral
- D) Control
- E) Character

4. The formula for Expected Loss (EL) in credit risk is:

- A) $PD \times EAD \times \text{Collateral Value}$
- B) $LGD \times M \times PD$
- C) $PD \times LGD \times EAD$
- D) $PD + LGD + EAD$
- E) $PD \times LGD \div EAD$

5. In RBI's Special Mention Accounts (SMA) classification, an account overdue for 61–90 days is tagged as:

- A) SMA-0
- B) SMA-1
- C) SMA-2
- D) NPA
- E) Special Category Asset

6. Which SIDBI-developed tool is an IT-based framework for rating exposures up to ₹200 lakh?

- A) RAM
- B) SMART
- C) FIT Rank
- D) CART
- E) SMERA

7. Under Basel III Net Stable Funding Ratio (NSFR), loans past due for more than 90 days require an ASF factor of:

- A) 0%
- B) 50%
- C) 85%
- D) 100%
- E) 15%

8. Which document in MSME credit appraisal projects cash inflows, outflows, and working capital requirements?

- A) GST return
- B) CMA report
- C) Udyam certificate
- D) Bank statement
- E) Balance sheet

9. Under Credit Risk Mitigation (CRM), "haircuts" are applied to:

- A) Collateral value
- B) Interest rate spreads
- C) PD estimates

- D) Loan tenure
- E) Capital adequacy ratios

10. The main purpose of credit risk grading in MSME lending is to:

- A) Decide audit frequency only
- B) Determine tax liability
- C) Set loan eligibility, pricing, and monitoring frequency
- D) Track GST filing dates
- E) Approve collateral valuation

Answer Key with Explanations

- 1 — D) Term loan → Term loans are on-balance sheet, unlike guarantees, LCs, undrawn commitments, and derivatives.
- 2 — D) 100% → RBI assigns 100% risk weight to unrated corporate exposures under SA-CR.

2. Approaches to Measure Credit Risk Under Basel II & III

<u>Approach</u>	<u>Description</u>
Standardised Approach (SA)	Banks use external credit ratings to assign risk weights to assets.
Foundation Internal Ratings-Based Approach (F-IRB)	Banks estimate Probability of Default (PD); other inputs are provided by RBI.
Advanced Internal Ratings-Based Approach (A-IRB)	Banks estimate PD, Loss Given Default (LGD), Exposure at Default (EAD), and Maturity (M).
Output Floor	Minimum Cushion Rule

3 — D) Control → “Control” in 7C covers governance and compliance strength.

4 — C) $PD \times LGD \times EAD \rightarrow \text{Expected Loss} = \text{Probability of Default} \times \text{Loss Given Default} \times \text{Exposure at Default}$.

5 — C) SMA classifications categorize loan accounts that show signs of potential non-performing assets. The classification is based on how long the principal or interest payments are overdue.

- SMA-0: Overdue for 1-30 days.
- SMA-1: Overdue for 31-60 days.
- SMA-2: Overdue for 61-90 days.

6 — D) CART → CART stands for Credit Appraisal and Rating Tool. It is a computer software that analyzes the creditworthiness of loan applicants and suggests interest rates according to

risk ratings. This reduces turnaround time for processing loan proposals and ensures faster approval.

7 — D) 100% → Past-due loans require full stable funding in NSFR calculation.

The Net Stable Funding Ratio (NSFR) is a banking regulation designed to ensure banks maintain a stable funding profile over a longer time horizon. It requires banks to hold a minimum amount of stable funding to cover their long-term assets, preventing excessive reliance on short-term funding that could lead to liquidity crises.

8 — B) Credit Monitoring Arrangement report → It contains structure set of financial statements and projections submitted by the MSME borrower to the bank.

9 — A) Collateral value → Haircuts discount collateral for market volatility risk.

10 — C) Set loan eligibility, pricing, and monitoring frequency → Risk grading impacts all three.



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IRDAI Exam MCQs



**INSURANCE
REGULATORY
AND
DEVELOPMENT
AUTHORITY**

Q1. As per IRDAI guidelines, the minimum paid-up capital required to start a life or general insurance company in India is:

- A. ₹25 crore**
- B. ₹50 crore**
- C. ₹75 crore**
- D. ₹100 crore**
- E. ₹150 crore**

Q2. The current solvency margin ratio mandated by IRDAI for insurers in India is:

- A. 100% of liabilities or ₹50 crore, whichever is higher**
- B. 120% of liabilities or ₹100 crore, whichever is higher**
- C. 150% of liabilities or ₹100 crore, whichever is higher**
- D. 200% of liabilities or ₹150 crore, whichever is higher**
- E. 250% of liabilities or ₹200 crore, whichever is higher**

Q3. In 2023, IRDAI introduced the concept of “Insurance Regulatory Sandbox.” Its purpose is to:

- A. Allow insurers to evade regulatory compliance for 5 years**
- B. Promote short-term reinsurance products**
- C. Enable insurers to test innovative products under relaxed regulations**
- D. Provide a digital marketplace for buying policies**
- E. Replace FDI rules with flexible regulations**

Q4. Under IRDAI’s “Protection of Policyholders’ Interests Regulations, 2017,” insurers must settle death claims within:

- A. 7 days from intimation**
- B. 15 days from intimation**
- C. 30 days from receipt of all documents**
- D. 45 days from policy maturity**
- E. 90 days from intimation**

Q5. The IRDAI has mandated “Bima Sugam,” a new initiative launched in 2023. Its main objective is:

- A. To act as a centralized digital insurance marketplace**
- B. To replace LIC as the national insurer**
- C. To provide government subsidy for health insurance**
- D. To promote only life insurance in rural areas**
- E. To manage pension and retirement products**

Explanations

1. Answer: D

Explanation: The Insurance Act, 1938 (as amended) mandates a minimum ₹100 crore paid-up equity capital for life and general insurance companies. For standalone health insurers, the minimum is ₹100 crore, and for reinsurers, it is ₹200 crore.

2. Answer: C

Explanation: IRDAI mandates a solvency margin of 150% (i.e., insurers must maintain capital 1.5 times their required solvency capital). This ensures insurers can meet claim obligations even under stress.

3. Answer: C

Explanation: The Insurance Regulatory Sandbox (under IRDAI) allows insurers to test new, innovative products or services (for up to 6 months, extendable to 12 months) under relaxed rules. It supports insurtech growth and innovation.

4. Answer: C

Explanation: As per regulations, death claims must be settled within 30 days of receipt of all

required documents. If investigation is needed, the insurer must complete it within 90 days, and the claim must then be settled within 30 days thereafter.

5. Answer: A

Explanation: Bima Sugam is envisioned as a digital insurance marketplace integrating insurers, intermediaries, and policyholders. It will allow buying, renewing, and settling claims under one unified platform – a “UPI moment for insurance.”

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DONE & DUSTED
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QUEST FOR SUCCESS
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IRDA TOPPER 2024
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I LEFT NO STONE UNTURNED.....
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My Secret Resources to Crack IRDA - 2024
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MCQS ON HISTORY AND EVOLUTION OF INSURANCE IN INDIA



**INSURANCE
REGULATORY
AND
DEVELOPMENT
AUTHORITY**

1. Which ancient Indian texts mention concepts similar to insurance?

- A. Vedas, Upanishads, Ramayana
- B. Manusmriti, Yagnavalkya Dharmasastra, Arthashastra
- C. Mahabharata, Bhagavad Gita, Arthashastra
- D. Charaka Samhita, Sushruta Samhita, Manusmriti
- E. Ramayana, Arthashastra, Manu Smriti

Answer: B

2. When was the first life insurance company established in India?

- A. 1829 – Madras Equitable
- B. 1871 – Bombay Mutual
- C. 1818 – Oriental Life Insurance Company
- D. 1897 – Empire of India
- E. 1850 – Triton Insurance Company

Answer: C

3. Which legislation was the first statutory measure to regulate life insurance in India?

- A. Insurance Act, 1938
- B. Indian Insurance Companies Act, 1928
- C. Indian Life Assurance Companies Act, 1912
- D. General Insurance Business (Nationalisation) Act, 1972
- E. Insurance Amendment Act, 1950

Answer: C

4. When was the Life Insurance sector in India nationalized?

- A. 1950
- B. 1956
- C. 1972
- D. 1993
- E. 2000

Answer: B

5. How many insurers were absorbed into LIC during nationalization in 1956?

- A. 154
- B. 245
- C. 107
- D. 75
- E. 200

Answer: B

6. Which four companies were formed after the nationalization of general insurance in 1972?

- A. LIC, GIC, ICICI, HDFC Life
- B. National Insurance, New India Assurance, Oriental Insurance, United India Insurance
- C. Triton Insurance, Indian Mercantile Insurance, LIC, GIC
- D. Oriental Life, Bombay Mutual, Empire of India, Triton Insurance
- E. ICICI, HDFC, SBI Life, LIC

Answer: B

7. When was IRDA established as a statutory body?

- A. 1993
- B. 1999
- C. April 2000
- D. August 2000
- E. July 2002

Answer: C

8. What was the maximum foreign ownership allowed in Indian insurance companies post-IRDA reforms?

- A. 10%
- B. 26%
- C. 49%
- D. 51%
- E. 74%

Answer: B

9. Which committee recommended reforms to allow private and foreign insurance companies in India?

- A. Malhotra Committee
- B. Narasimham Committee
- C. Rangarajan Committee
- D. Kelkar Committee
- E. Dr. Dutt Committee

Answer: A

10. What is the approximate annual growth rate of the insurance sector in India?

- A. 5-7%
- B. 10-12%
- C. 15-20%
- D. 20-25%
- E. 25-30%

Answer: C

GENERAL AWARENESS & STREAM SPECIFIC

QUESTIONS

1. Which is the second largest beach in the world located in India? → Marina Beach
2. What is the per-transaction limit under UPI Lite? → ₹1000
3. Who plays a major role in financial inclusion at grassroots? → Business Correspondent (BC)
4. Which app was launched by Union Minister for contactless airport check-in? → Digi Yatra
5. Which country topped the Global Competitiveness Index? → Singapore
6. In PM2.5 air pollution, "PM" stands for? → Particulate Matter
7. Who set up India's largest renewable energy solar plant? → Adani Green Energy (Bhadla, Rajasthan)
8. Which among the following is NOT a Government Small Savings Scheme? → Atal Pension Yojana
9. In which year was Pradhan Mantri Mudra Yojana (PMMY) launched? → 2015
10. What is the cash payment limit for Sovereign Gold Bonds (SGBs)? → ₹20,000
11. When is Army Day celebrated in India? → 15 January
12. Angkor Wat temple is located in which country? → Cambodia
13. Donations to charitable trusts can be claimed under which section of Income Tax Act? → Section 80G
14. Neha Rathi is related to which field? → Wrestling
15. Who among the following represents the field of Art & Painting? → M.F. Husain / Amrita Sher-Gil
16. What additional power does Lok Sabha have over Rajya Sabha? → Money Bill can only be introduced and passed in Lok Sabha
17. What is the name of France's stock market index? → CAC 40
18. What are the investment & turnover limits for Micro and Small Enterprises?
 - Micro → Investment ≤ ₹1 Cr; Turnover ≤ ₹5 Cr
 - Small → Investment ≤ ₹10 Cr; Turnover ≤ ₹50 Cr

19. Define Interest Coverage Ratio (ICR).

→ It is the ratio of EBIT / Interest Expense, showing how easily a firm can pay interest.

20. What is the KYC updation cycle for Low-risk customers? → Once every 10 years

21. What is the KYC updation cycle for Medium-risk customers? → Once every 8 years

22. Define Net Working Capital (NWC).

→ $NWC = \text{Current Assets} - \text{Current Liabilities}$.

23. Under MPBF Method 2, $NWC = [CA - (CL + 25\% \text{ of } CA)]$ (formula used in exam numericals).

24. What is the PMEGP loan limit?

- Manufacturing sector → ₹50 lakh
- Service sector → ₹20 lakh

25. How many categories of classification are there in MSME? → 3 (Micro, Small, Medium)

Rs. in Crore	Investment		Turnover	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500

26. What are the turnover and investment limits?

27. Expand RAMP and SFURTI.

- RAMP → Raising and Accelerating MSME Performance
- SFURTI → Scheme of Fund for Regeneration of Traditional Industries

28. As per RBI, what is the maximum gold loan exposure (Tier 1 + Tier 2 capital)? → 75% of value (LTV ratio)

29. Regulated entities must maintain minimum capital adequacy of? → 10%

30. PMMY (Mudra Yojana) was launched in? → 2015

31. What is the maximum age for NPS to avail income tax benefits? → 70 years

32. What is the maximum cash limit for Sovereign Gold Bonds (SGBs)? → ₹20,000
33. What is the priority sector lending (PSL) target for Urban Cooperative Banks? → 40% of ANBC
34. What is the PSL Micro target for Scheduled Commercial Banks? → 7.5% of ANBC
35. If Bank finance is 20% and Borrower contribution is 5%, what will be the Current Ratio? → 1.33
36. What is the annual household income limit for Microfinance? → ₹3,00,000
37. Loans to Startups up to ₹50 Cr are classified under? → Priority Sector Lending (PSL)
38. What is Mezzanine Debt? → A hybrid financing combining debt & equity, subordinate to senior debt.
39. Who manages the Credit Guarantee Fund for Micro Units (CGFMU)? → NABARD (via NCGTC)
40. Accounts overdue for 61–90 days fall under which SMA category? → SMA-2
41. What is the interest subvention for PM Vishwakarma scheme? → 5% subsidy on loans
42. What is the loan limit for SHGs under DAY-NRLM? → Up to ₹20 lakh
43. What is the NPA provisioning for secured assets in doubtful category (1–3 years)? → 40%
44. What is the credit limit under MSME Credit Card scheme? → ₹5 lakh
45. In Budget 2025, a new scheme for cluster development was announced for? → Toy sector
46. What is the minimum capital requirement for MSME Facilitation Council? → ₹25 crore
47. Ubharte Sitare Fund, a scheme to support export-oriented firms, is managed by? → Exim Bank & SIDBI
48. As per RBI Project Finance Directions 2025, for exposure > ₹1,500 Cr, no lender's share can be less than? → ₹150 Cr or 5%, whichever is higher
49. India's Financial Inclusion Index (2025) score is? → 67.0 (covers Access, Usage, Quality – all three dimensions)
50. Under Co-lending arrangement directions (2025), regulated entities must maintain at least how much share in each loan? → 10%

Exam Analysis

Merit Section

a) MSME Policies & Regulatory Framework

- Questions were of easy to moderate level.
- Out of 30 questions.
- Good coverage of MSME classification, regulatory directions, and related schemes.

b) Stream Specific

- Unlike previous years, the focus shifted from MSME schemes to Banking aspects.
- Number of MSME scheme-based questions was relatively less.
- Students who studied the notes sincerely could easily attempt 20+ questions.

c) General Awareness (GA)

- Around 7–8 questions were static GK, e.g., powers of Lok Sabha vs. Rajya Sabha, largest island, etc.
- Banking & Finance-related GA was limited (3–4 questions only).

Non-Merit Sections

1. English – Easy
2. Reasoning – Easy to Moderate
3. Mathematics/Quantitative Aptitude – Easy to Moderate
4. Computer Knowledge – Easy



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RBI ISSUES FINAL GUIDELINES FOR PAYMENT AGGREGATORS (PAs)

RBI issues new guidelines for payment aggregators: Minimum net worth, cross-border rules announced

The RBI has issued new guidelines for payment aggregators, setting net worth requirements, cross-border limits, and governance norms for non-bank entities.

PTI

Updated • 16 Sep 2025, 09:36 AM IST



The Reserve Bank on Monday issued directions to regulate payment aggregators, which came into effect immediately.

Payment Aggregators (PAs)

A Payment Aggregator (PA) is a financial entity that facilitates online payments by collecting money from customers on behalf of merchants and transferring it to the merchant after settlement. PAs do not hold a banking license but act as intermediaries between customers, merchants, and banks.

Regulatory Framework:

- Governed by the Reserve Bank of India (RBI) under the Payment and Settlement Systems Act, 2007.
- Non-bank PAs must obtain RBI authorization to operate in India.

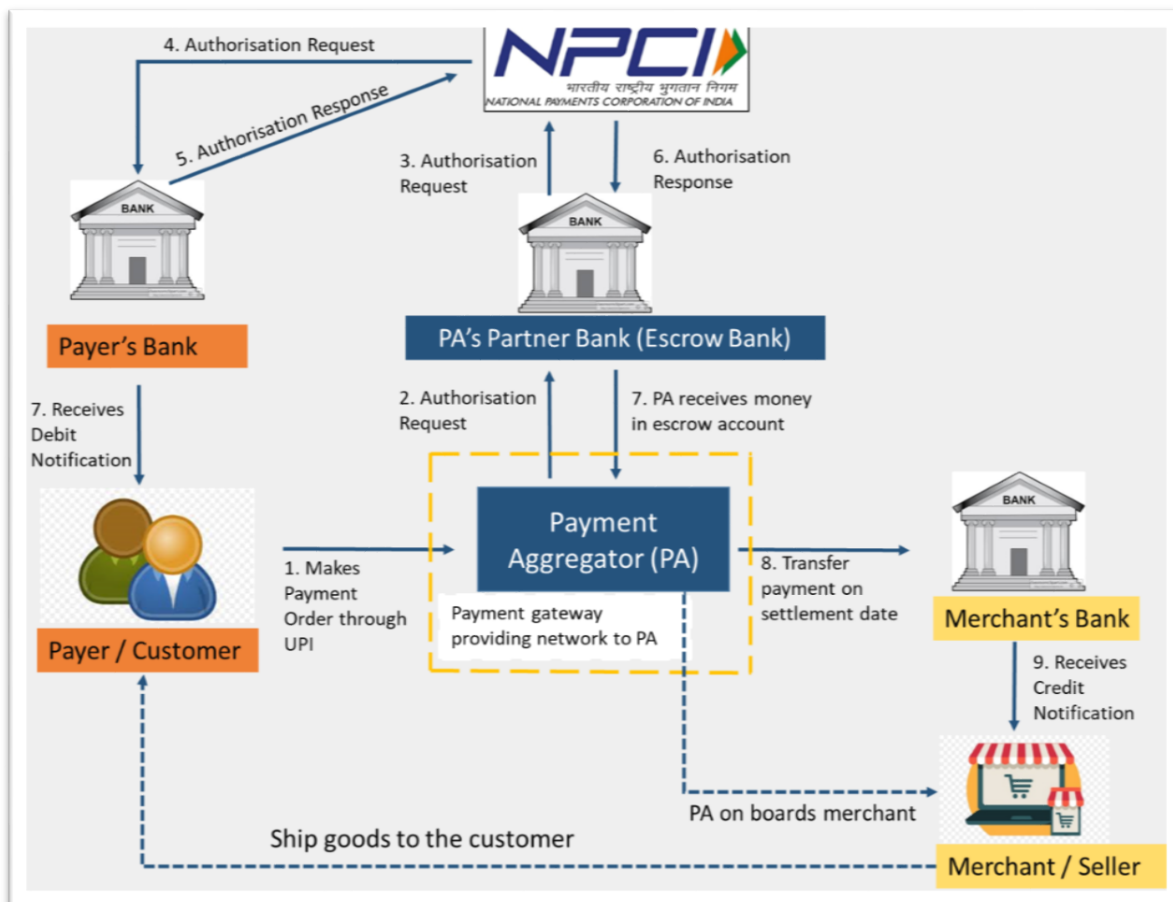


Fig 1: End to end non-bank payment aggregator transactional flow

The blue dotted lines in the fig. do not form part of payment system, but forms an important part of legal basis in merchant on-boarding process and shipment of goods to the customers in a PA business model.

Source: Author

1. Which of the following statements correctly describes a Payment Aggregator (PA)?
 - A) A PA holds a banking license and can accept deposits.
 - B) A PA collects money from customers and settles it with merchants without holding a banking license.
 - C) A PA can issue loans directly to customers.
 - D) A PA only provides technology services and cannot handle funds.
 - E) A PA is a government-owned entity.
2. What is the minimum net worth required for a non-bank PA at the time of RBI application?
 - A) ₹5 crore
 - B) ₹10 crore
 - C) ₹15 crore
 - D) ₹20 crore
 - E) ₹25 crore
3. By the end of which financial year must a non-bank PA reach a net worth of ₹25 crore?
 - A) End of 1st year
 - B) End of 2nd year
 - C) End of 3rd year
 - D) End of 4th year
 - E) End of 5th year
4. Which of the following is true regarding banks providing PA services?
 - A) They need separate RBI authorization like non-bank PAs.
 - B) They are exempt from separate PA authorization requirements.
 - C) They must maintain a net worth of ₹50 crore specifically for PA services.
 - D) They cannot offer PA services as part of their operations.
 - E) They are required to report all transactions directly to the Ministry of Finance.
5. Which of the following governance requirements apply to PAs under RBI guidelines?
 - A) Promoters and directors must meet 'fit and proper' criteria.
 - B) Appointment of a nodal officer for regulatory compliance and grievance handling is mandatory.
 - C) Any acquisition or change in management must be reported to RBI within 15 days.
 - D) PAs must follow standard accounting procedures.
 - E) All of the above

Explanation:

1 Answer: B

Explanation: PAs act as intermediaries between customers, merchants, and banks, facilitating payments. They do not hold a banking license and cannot accept deposits.

2 Answer: C

Explanation: RBI requires non-bank PAs to have a minimum net worth of ₹15 crore at the time of application. This ensures financial stability and risk absorption capacity.

3 Answer: C

Explanation: RBI guidelines require non-bank PAs to increase their net worth to ₹25 crore by the end of the third financial year after authorization.

4 Answer: B

Explanation: Banks providing PA services as part of their regular banking operations are exempt from separate RBI authorization and net worth norms for PAs.

5 Answer: E

Explanation: Governance norms cover professional management, regulatory compliance, and timely reporting to ensure transparency and accountability in PA operations.

RBI Issues Final Guidelines for Payment Aggregators (PAs)

Context:

The [Reserve Bank of India \(RBI\)](#) has released its comprehensive final guidelines for [Payment Aggregators \(PAs\)](#), aimed at enhancing transparency, security, and governance in the digital payments ecosystem. These norms cover authorization, capital requirements, fund management, data security, and consumer protection.

Key Highlights:

- **Authorization & Net Worth:**
 - Non-bank PAs must obtain RBI authorization under the Payment and Settlement Systems Act, 2007.
 - Minimum net worth: ₹15 crore at application, rising to ₹25 crore by the end of the 3rd financial year.
 - Banks providing PA services as part of regular operations are exempt.
- **Governance & Compliance:**
 - PAs must be professionally managed, promoters and directors must meet 'fit and proper' criteria.
 - Any acquisition or management change must be reported to RBI within 15 days.
 - Appointment of a nodal officer for regulatory compliance and grievance handling is mandatory.
- **Merchant Agreements & Escrow:**
 - Agreements must clearly define responsibilities, dispute resolution, refunds, and grievance redressal.
 - Funds collected must be held in an escrow account with a [scheduled commercial bank](#).
 - An escrow account is a neutral bank account where funds are temporarily held by a third party (the escrow agent) until specific conditions of a transaction are fulfilled by the parties involved.
- **Risk Management & Security:**
 - Mandatory background checks of merchants to prevent fraud or prohibited sales.
 - Compliance with Payment Card Industry Data Security Standards (PCI-DSS).

- Robust IT and data security infrastructure required; annual security audits by CERT-In empanelled auditors.
 - Cyber incidents must be reported immediately to RBI and CERT-In.
- Customer Protection:
 - Card credentials must not be stored by PAs or merchants.
 - Refunds must go to the original payment method unless agreed otherwise.
- Payment Gateways (PGs):
 - Treated as technology providers; adherence to recommended security standards is encouraged.
 - A Payment Gateway (PG) is a technology service that facilitates online payment transactions between customers, merchants, and banks.

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PROBABILITY FULL-LENGTH TESTS**



**40 DAYS
STRATEGY**



IRDAI EXAM

POOLING AND DIVERSIFICATION OF RISK (MCQS)

Part 1 - Insurance

- a) History of Indian Insurance, principles of Insurance;
- b) Risk and uncertainty, pooling and diversification of risk, Indemnity and Insurable interest;
- c) Legal foundations of Insurance, basics in Group/Health Insurance/Pensions; Intermediation: role in mobilizing savings, evolution of various types and Bancassurance in India;
- d) Functions performed by Insurers: Product design, pricing, distribution, underwriting, claims, Investment and Reinsurance;
- e) Insurance lines and products: Property-Liability, Life Insurance and Annuities and Health Insurance; Liability risks and Insurance, valuation and Solvency requirements, Specialist Insurance lines in India - Agricultural and Export Credit Guarantee; Reinsurance, GIC of India, obligator sessions and retention of risk within the Country.

What is Risk Pooling?

- **Definition:** Pooling means *collecting similar risks together* so that the losses of a few are shared by contributions (premiums) from many.
- **Example:**
 - 10,000 people buy health insurance.
 - Each pays ₹1,000 premium = total pool ₹1 crore.
 - If 200 people fall sick, and each claim is ₹50,000 → ₹1 crore is paid out.
 - Nobody bears the full cost of treatment individually; the risk is *shared by the pool*.

Insurance works only because risks are pooled. It is based on the law of large numbers (the bigger the pool, the more predictable the claims).

2. What is Risk Diversification?

- **Definition:** Diversification means *spreading risks across different types of exposures* so that no single event or class of risk can destabilize the insurer.
- **Example:**
 - An insurer sells life insurance in Mumbai, motor insurance in Delhi, crop insurance in Punjab, and health insurance in Chennai.
 - A flood in Punjab may increase crop claims, but motor/life/health policies elsewhere are unaffected.
 - Losses in one line are *balanced by stability in others*.

Diversification reduces correlated risks and ensures overall financial stability.

MCQs

1. Which of the following best describes the principle of risk pooling in insurance?

- A) Sharing risks across multiple insurers only
- B) Investing premiums in diversified assets
- C) Limiting coverage to high-risk individuals
- D) Collecting premiums from a large number of policyholders to cover individual losses
- E) Reinsurance of catastrophic risks only

2. Risk diversification primarily aims to:

- A) Spread exposures across different types of risks to reduce overall loss
- B) Increase underwriting profits only
- C) Increase premium income
- D) Eliminate the need for reinsurance
- E) Focus on a single type of insurance product

3. Which of the following is an example of risk pooling?
- A) Offering higher premiums to high-risk individuals
 - B) An insurance company buying gold to hedge liabilities
 - C) An insurer spreading its investments across stocks, bonds, and real estate
 - D) 1,000 policyholders paying premiums into a common fund to cover losses of any policyholder
 - E) Limiting coverage to a specific region
4. Reinsurance is primarily used by insurers to:
- A) Increase profits by investing in other companies
 - B) Spread risk beyond the insurer's capacity
 - C) Avoid regulatory compliance
 - D) Offer discounts to policyholders
 - E) Merge with another insurance company
5. Which of the following statements about risk diversification is correct?
- A) It eliminates all types of risk for an insurer
 - B) It focuses only on investment risks
 - C) It increases the probability of large claims
 - D) It replaces the need for risk pooling
 - E) It ensures that losses in one segment are offset by gains in another
6. Which IRDAI guideline emphasizes the importance of diversification for insurers?
- A) Licensing Norms
 - B) Solvency Margin Requirements
 - C) Investment Regulations
 - D) Risk Management Guidelines
 - E) All of the above
7. What is the main difference between pooling and diversification?
- A) Pooling is only for investments; diversification is for claims
 - B) Pooling combines similar risks; diversification spreads different types of risks
 - C) Pooling eliminates risk; diversification increases risk
 - D) Pooling is regulated by IRDAI; diversification is not
 - E) There is no difference
8. In the context of IRDAI regulations, pooling and diversification contribute to:
- A) Higher insurance fraud
 - B) Reducing regulatory oversight
 - C) Limiting insurance coverage
 - D) Solvency and long-term financial stability
 - E) Increasing claim rejection

Explanations:

1 Answer: D

Explanation: Risk pooling involves aggregating risks from many policyholders so that the loss of a few can be covered by premiums collected from the larger group.

2 Answer: A

Explanation: Diversification reduces the impact of correlated losses by spreading risks across products, geographies, or classes.

3 Answer: D

Explanation: Pooling is the fundamental insurance concept where premiums from many are used to cover losses of a few.

4 Answer: B

Explanation: Reinsurance transfers part of the insurer's risk to another insurer, helping manage large or catastrophic claims.

5 Answer: E

Explanation: Diversification mitigates risk by ensuring that losses in one class or region do not destabilize the insurer's overall portfolio.

6 Answer: E

Explanation: Diversification is addressed in risk management, investment, and solvency guidelines to ensure financial stability.

7 Answer: B

Explanation: Pooling combines similar risks to share losses, whereas diversification spreads exposure across different types of risks to reduce overall volatility.

8 Answer: D

Explanation: Both concepts help insurers maintain adequate capital, manage risk exposure, and ensure solvency over the long term.



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RBI Issues Revised Directions for Settlement of Deceased Customers' Accounts and Lockers (2025)



Exam-Oriented MCQs

Q1: Under RBI's 2025 directions, within how many days must banks settle claims for deceased customers' accounts?

- A) 7 days
- B) 10 days
- C) 15 days
- D) 30 days
- E) 45 days

Q2: What is the maximum threshold for small deposits in other banks eligible for simplified claim settlement?

- A) ₹2 lakh
- B) ₹5 lakh
- C) ₹10 lakh
- D) ₹15 lakh
- E) ₹20 lakh

Q3: Compensation for delayed settlement of lockers/articles in safe custody is:

- A) ₹1,000 per day**
- B) ₹2,500 per day**
- C) ₹5,000 per day**
- D) ₹10,000 per day**
- E) Bank Rate + 4% per day**

Q4: For accounts with nominations or survivorship clauses, payment to the nominee is considered:

- A) Partial liability discharge**
- B) Invalid unless approved by RBI**
- C) Valid discharge of liability**
- D) Valid only for deposits under ₹5 lakh**
- E) Valid after legal heir certificate**

Q5: Which of the following is not a key feature of RBI's 2025 directions?

- A) Settlement within 15 days**
- B) Simplified procedure for small deposits**
- C) Mandatory nomination for all accounts**
- D) Compensation for delay**
- E) Standardised documentation requirements**

Answers

1 Answer: C) 15 days

2 Answer: D) ₹15 lakh

3 Answer: C) ₹5,000 per day

4 Answer: C) Valid discharge of liability

5 Answer: C) Mandatory nomination for all accounts

RBI Issues Revised Directions for Settlement of Deceased Customers' Accounts and Lockers (2025)

Context:

The Reserve Bank of India (RBI) has issued the “Settlement of Claims in respect of Deceased Customers of Banks) Directions, 2025” to standardise and streamline procedures for settling claims on deceased customers' bank accounts and safe deposit lockers.

Key Highlights:

Topic	Details / RBI Guidelines	Notes / Key Points
Settlement Timeline	Claims to be settled within 15 calendar days after receiving all required documents. Lockers/articles in safe custody also processed within 15 days .	Ensures timely settlement for nominees/legal heirs.
Simplified Procedure for Small Deposits	- Applicable when no nominee or survivorship clause. - Thresholds: Co-op banks: ₹5 lakh, Other banks: ₹15 lakh (banks may set higher limits). - Claims above threshold may need succession certificate/legal heir certificate.	Speeds up small claims and reduces paperwork.
Standardised Documentation	Uniform requirements across banks. Payment to nominee or survivor in accounts with nomination/survivorship clause is a valid discharge of liability .	Reduces divergence in bank practices and disputes.
Compensation for Delay	- Deposit accounts: Interest at Bank Rate + 4% p.a. on delayed amount. - Lockers/articles: ₹5,000 per day of delay. - Banks must communicate reasons for any delays.	Ensures accountability and encourages timely processing.
Significance	- Faster claim settlements. - Greater transparency and uniformity. - Encourages strict adherence to timelines with penalties.	Protects nominees/legal heirs and standardizes procedures.

RBI Monetary Policy – October 1, 2025

MONEY & BANKING

RBI MPC Meeting 2025 Highlights: Repo rate unchanged at 5.5%, neutral stance continues

The Reserve Bank of India (RBI) on Wednesday kept its policy interest rate unchanged at 5.5 % for the second consecutive time, citing concerns over tariff uncertainties.

By BL Mumbai Bureau & Team BL
Updated - October 01, 2025 at 03:46 PM



RBI Monetary Policy October 1, 2025, RBI MPC Meeting Highlights: **The Reserve Bank of India (RBI)** on Wednesday kept its policy interest rate unchanged at 5.5% for the second consecutive time, citing concerns over tariff uncertainties. Announcing the 4th bi-monthly monetary policy of

Context

The Reserve Bank of India (RBI), in its Monetary Policy Committee (MPC) meeting on October 1, 2025, kept the repo rate unchanged at 5.5% with a neutral stance, citing tariff-related uncertainties and the need to assess the cumulative impact of earlier cuts.

Policy Decisions

- Repo Rate: Unchanged at 5.50% (second consecutive pause)
- Monetary Policy Stance: Neutral
- Reverse Repo Rate: ~5.25% (by convention, 25 bps below repo)
- Cumulative Rate Cuts in 2025: 100 bps (Feb, Apr, Jun) → from 6.5% to 5.5%

Macro Outlook

- GDP Growth (FY26): Revised upward to 6.8% (from 6.5%)
- CPI Inflation (FY26): Revised downward to 2.6% (from 3.1%)
- Rationale:
 - Tariffs → may moderate exports, create uncertainty

- GST rationalisation → expected to ease inflation and boost consumption
- Global headwinds remain a risk

Key Regulatory & Structural Announcements

1. ECL Framework:

- Expected Credit Loss framework to apply to all scheduled commercial banks from April 1, 2027.

2. Basel III Norms:

- Revised Basel III capital framework to be implemented from April 1, 2027 → strengthens bank capital buffers.

3. Group Entities Regulation:

- Restrictions on overlaps between banks and group entities to be removed → greater flexibility.

4. Risk-Based Insurance Premium:

- RBI to introduce differentiated insurance premium framework for banks, based on risk profile.

5. Capital Market Lending Expansion:

- Removal of regulatory ceiling on lending against listed debt securities.
- Lending against shares limit enhanced to ₹1 crore (from ₹20 lakh per person).
- Lending for IPO financing raised to ₹25 lakh (from ₹10 lakh per person).

Implications

For Economy

- Growth-supportive stance despite global uncertainties.
- Stable policy rate helps maintain borrowing costs low → boosts investment & consumption.
- Upward revision in GDP forecast signals confidence in domestic demand revival.

For Banks & Financial Institutions

- ECL & Basel III norms (2027) → banks will need to strengthen risk management and capital adequacy.

- Greater freedom in capital market lending could deepen debt and equity markets.
- Higher IPO financing limit supports retail and HNI participation.

For Borrowers & Investors

- Loan EMIs stable as repo unchanged.
- Retail investors benefit from higher share and IPO financing limits.
- Lower inflation outlook suggests real interest rates remain supportive.

Key Terms

- ECL Framework: A forward-looking provisioning system requiring banks to estimate expected credit losses.
- Basel III: International banking reforms to strengthen capital, liquidity, and leverage standards.

Repo Rate

- The rate at which RBI lends short-term funds to commercial banks against collateral (usually government securities).
- Used by RBI to control liquidity and inflation.
- High repo rate → loans costly → inflation control
- Low repo rate → loans cheaper → growth stimulus

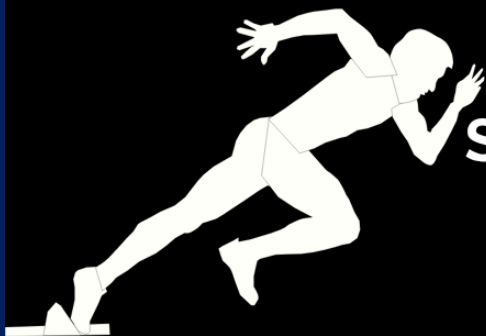
Reverse Repo Rate

- The rate at which RBI borrows money from commercial banks (by offering government securities).
- Acts as a tool to absorb excess liquidity.
- High reverse repo → banks park more money with RBI → tightens liquidity
- Low reverse repo → banks lend more to public → boosts growth

SEBI SPRINT SESSION

September Week 1

SEBI SPRINT 
MENTORSHIP 2025



**"From Clarity to
Success — Every Step
You Take Counts."**

Q1. Consider the following statements regarding SEBI's Intraday Position Framework for Equity Index Options:

1. The net intraday position limit is capped at ₹5,000 crore.
2. The gross intraday limit is ₹10,000 crore per side.
3. The framework applies only to stock options, not index options.

Which statements are correct?

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2, and 3
- E. None of the above

Q2. Consider the following statements about SEBI's Cybersecurity and Cyber Resilience Framework (CSCRF):

1. It mandates appointment of a Chief Information Security Officer (CISO).
2. All intermediaries must report cyber incidents to SEBI within 48 hours.
3. Small entities get extended timelines and simplified norms.

Which of the above statements are correct?

- A. 1 and 2 only
- B. 1 and 3 only
- C. 2 and 3 only
- D. 1, 2, and 3
- E. 1 only

Q3. Consider the following statements regarding FPI:

1. FPI investments are more volatile than FDI because they can be withdrawn easily.
2. FPIs do not have management control over the companies they invest in.

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

SEBI SPRINT MENTORSHIP 2025



**“From Clarity to
Success — Every Step
You Take Counts.”**

4. Long-Duration Debt Mutual Funds and G-Sec Yields

Q1. Long-duration funds primarily invest in securities with maturity of:

- A. 1–3 years
- B. 3–5 years
- C. 5–7 years
- D. Over 7 years
- E. Less than 1 year

Q5. Consider the following statements regarding Bandhan AMC's 'Arudha SIF' Platform:

- 1. The platform bridges the gap between mutual funds and portfolio management services.
 - 2. It is fully regulated under the SEBI PMS Regulations, 2020.
- A. 1 only
 - B. 2 only
 - C. Both 1 and 2
 - D. Neither 1 nor 2

Q6. Consider the following statements regarding REITs and InvITs:

- 1. REITs primarily invest in income-generating real estate like offices and malls.
 - 2. InvITs invest in infrastructure assets like highways and power grids.
- A. 1 only
 - B. 2 only
 - C. Both 1 and 2
 - D. Neither 1 nor 2

Q7. MTNL faced penalties for violating:

- A. SEBI SAST Regulations
- B. SEBI LODR Regulations
- C. SEBI Insider Trading Regulations
- D. SEBI ICDR Regulations
- E. FEMA Guidelines

SEBI SPRINT SESSION

October Week 1

A black rectangular banner with white and red text and graphics. At the top, 'SEBI SPRINT' is written in large white capital letters, underlined. To its right is a red target icon with a blue arrow hitting the bullseye. Below 'SEBI SPRINT', 'MENTORSHIP 2025' is written in large white capital letters, also underlined. On the left side of the banner is a white silhouette of a person in a running pose. To the right of the runner, the quote '“From Clarity to Success — Every Step You Take Counts.”' is written in white capital letters.

SEBI SPRINT 
MENTORSHIP 2025
 “From Clarity to
Success — Every Step
You Take Counts.”

1. SEBI Promoter Disclosures Statements:

1. Listed companies must disclose entities where promoters' in-laws hold over 20% shareholding.

2. Only immediate family members of promoters are required to be disclosed under the new rules.
3. The objective is to strengthen protection for minority shareholders.

Options:

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2, and 3
- E. None of the above

2. Nuvama Wealth SEBI Approval

Statements:

1. Mutual fund sponsors must contribute at least 40% of the AMC's net worth.
2. SEBI approval can be granted even if the sponsor has a record of fraud but strong finances.
3. AMC and Trustee companies must have at least 50% independent directors/trustees.

Options:

- A. 1 and 3 only
- B. 1 and 2 only
- C. 2 and 3 only
- D. 1, 2, and 3
- E. 3 only

3. Finfluencers and SEBI Regulations

Statements:

1. SEBI requires all finfluencers to be registered as investment advisers or research analysts.
2. SEBI is concerned about pump-and-dump schemes promoted by finfluencers.
3. Finfluencers can legally provide stock recommendations without disclosure if they have a large following.

Options:

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2, and 3
- E. None of the above

4. SEBI @valid UPI Handles

Statements:

1. All SEBI-registered intermediaries will use UPI handles ending with @valid.
2. The @valid handle system allows verification of intermediaries to reduce fraud risk.
3. @valid UPI handles are mandatory for international fund transfers only.

Options:

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2, and 3
- E. None of the above

5. FPI Outflows from Indian Equities

Statements:

1. FPIs withdrew ₹23,885 crore from Indian equities in September 2025.
2. FPIs have long-term control over companies they invest in, similar to FDI.
3. FPI flows impact stock market volatility and liquidity in India.

Options:

- A. 1 and 3 only
- B. 1 and 2 only
- C. 2 and 3 only
- D. 1, 2, and 3
- E. None of the above

6. India recently expanded UPI to which country through Lulu Group stores?

- A. UAE
- B. USA
- C. Qatar
- D. Singapore
- E. Japan

SEBI SPRINT SESSION

October 2025

MCQ 1: PaRRVA & Performance Disclosure

With reference to SEBI's interim relief on performance data disclosure by Investment Advisers (IAs) and Research Analysts (RAs), consider the following statements:

1. IAs and RAs can publicly advertise their past performance until PaRRVA becomes operational.
2. Past performance data shared with clients must be verified by a CA or CMA.
3. After PaRRVA becomes operational, only PaRRVA-verified data can be used.

Which of the statements given above is/are correct?

- A. 1 only
- B. 2 and 3 only
- C. 1 and 2 only
- D. 3 only
- E. 1, 2 and 3

MCQ 2: Investment Advisers vs Research Analysts

Which of the following correctly differentiates Investment Advisers (IAs) from Research Analysts (RAs)?

- A. IAs provide general market commentary; RAs provide personalised advice
- B. IAs follow a fee-only model; RAs publish independent research reports
- C. IAs are governed by SEBI (RA) Regulations, 2014
- D. RAs must avoid all disclosures of conflicts of interest
- E. RAs are not required to register with SEBI

MCQ 3: Non-Benchmark Indices – Structural Norms

SEBI's new norms for non-benchmark indices used for derivatives include which of the following?

1. Minimum 14 constituents
2. Maximum 25% weight for the largest stock
3. Combined weight of top three stocks capped at 45%

Select the correct answer:

- A. 1 only
- B. 1 and 2 only
- C. 1 and 3 only
- D. 2 and 3 only
- E. 1, 2 and 3

MCQ 4: Applicability of New Index Norms

The new SEBI norms on concentration limits apply to:

- A. Nifty 50 and Sensex only
- B. All sectoral indices
- C. Only equity benchmark indices
- D. Non-benchmark indices with derivative contracts
- E. All indices traded on stock exchanges

MCQ 5: Fit and Proper Person Rule (Statement-based)

Consider the following statements regarding SEBI's 'Fit and Proper Person' rule:

1. Automatic disqualification is triggered merely on filing of a chargesheet.
2. The rule was originally introduced in 2021.
3. SEBI has agreed to review the provision following petitions before the Bombay High Court.

Which of the above statements is/are correct?

- A. 1 only
- B. 1 and 3 only
- C. 2 and 3 only
- D. 3 only
- E. 1, 2 and 3

MCQ 6: Stock Lending and Borrowing Mechanism (SLBM)

Which of the following is NOT a benefit of the Stock Lending and Borrowing Mechanism (SLBM)?

- A. Enables short selling
- B. Improves price discovery
- C. Generates lending income for investors
- D. Eliminates settlement risk completely
- E. Enhances market liquidity

MCQ 7: Minimum Public Shareholding (MPS)

The standard Minimum Public Shareholding (MPS) requirement for listed companies in India is:

- A. 10%
- B. 15%
- C. 20%
- D. 25%
- E. 30%

MCQ 8: Relaxation in MPS Norms

Under SEBI's relaxed MPS framework for large companies at IPO stage:

- A. Public shareholding must be at least 10% at listing
- B. Companies must reach 25% MPS within 3 years
- C. Initial public shareholding can be as low as 2.5%
- D. Relaxation applies to all listed companies
- E. Promoter holding is capped at 60%

MCQ 9: Angel Funds & PPM Disclosure

SEBI extended the deadline for angel funds to disclose allocation methodology in the PPM primarily to:

- A. Increase retail investor participation
- B. Align with RBI guidelines
- C. Reduce tax liability
- D. Provide ease of compliance
- E. Promote foreign investments

MCQ 10: Insider Trading – IEX Case

In the Indian Energy Exchange (IEX) insider trading case, SEBI primarily used which power?

- A. Levy of transaction tax
- B. Suspension of stock exchange
- C. Impounding of unlawful gains
- D. Cancellation of company listing
- E. Merger approval

MCQ 11: Pre-2019 Physical Securities

SEBI's proposed relaxation for transfer of pre-2019 physical securities aims to:

- A. Reintroduce physical share trading
- B. Allow indefinite transfers without demat
- C. Provide a one-time window with due diligence
- D. Waive stamp duty permanently
- E. Exempt such securities from SEBI oversight

MCQ 12: KYC for Mutual Fund Investors

Consider the following statements:

1. SEBI proposes that new MF investments be allowed only after KYC is marked "compliant".
2. CKYC is managed by SEBI.

3. Lack of KYC interoperability can block redemptions.

Which of the statements is/are correct?

- A. 1 only
- B. 1 and 3 only
- C. 2 only
- D. 2 and 3 only
- E. 1, 2 and 3

MCQ 13: MCX Trading Disruption

The Multi Commodity Exchange of India (MCX) is:

- A. A government-owned exchange regulated by RBI
- B. A demutualised exchange regulated by SEBI
- C. A subsidiary of NSE
- D. An unregulated OTC commodity platform
- E. Exclusively for agricultural commodities

MCQ 14: Mutual Fund Regulatory Overhaul

Which of the following measures is part of SEBI's proposal to reduce mutual fund investor costs?

- A. Inclusion of GST in TER
- B. Higher exit-load charges
- C. Brokerage rate cuts
- D. Mandatory newspaper advertisements
- E. Higher transaction taxes

MCQ 15: Performance-Linked TER

Performance-linked Total Expense Ratio (TER) refers to:

- A. TER fixed by SEBI annually
- B. TER linked to inflation
- C. TER varying with scheme returns
- D. TER applicable only to ETFs
- E. TER excluding management fees

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MENTORSHIP 2025



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IRDAI ASSISTANT MANAGER Recruitment 2026

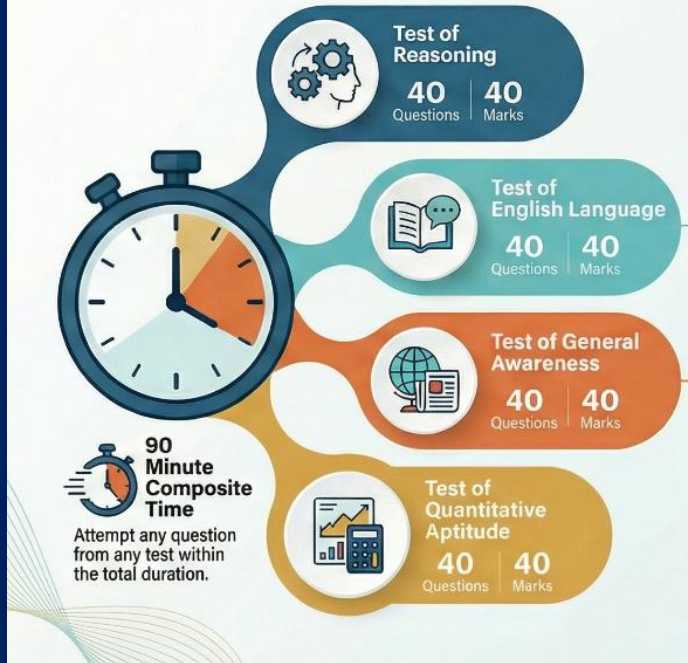
Exam Pattern



Your Guide to the IRDAI Assistant Manager

A visual summary of the key structure, rules, and instructions for the IRDAI Phase-I preliminary online examination, covering format, scoring, navigation, and exam day checklist.

Exam at a Glance



Scoring & On-Screen Navigation



Penalty for Wrong Answers

For every wrong answer, 1/4th marks deducted.



Know Your Question Status

- Answered
- Not Answered
- Not Visited
- Marked for Review
- Answered & Marked for Review

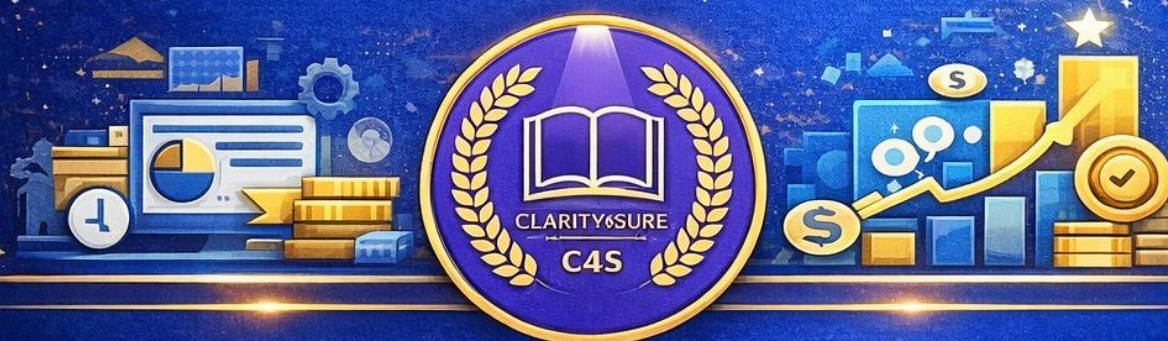


Answered & Marked for Review

These questions WILL be considered for evaluation, use strategically.

EXAM STRUCTURE SUMMARY

Paper	Type of Paper	Medium	Marks	Time
	Paper I: English Descriptive • Questions on screen and answers on sheet		100	60 min.
	Paper II: Economic and Social Issues impacting Insurance • Bilingual i.e., Hindi & English, except the test of English		100	60 min.
	Paper III: Insurance and Management • Bilingual • • Hindi		100	60 min.
	TOTAL	300		180 Min.



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— Clarity is the key - C4S —

EXAM FOCUS: IRDAI • INSURANCE EXAMS • QUICK REVISION • POSTER • PDF • PPT ✨ ✨ ✨

IRDAI ASSISTANT MANAGER Recruitment 2026

Syllabus Breakdown



PAPER II

Economic & Social Issues Impacting Insurance

A. Macroeconomics & Insurance Markets

-  Economic Growth & Business Cycles
-  Insurance Penetration & Age Structure
-  Utility Theory & Premium Setting
-  Macroeconomic Shocks
 -  Catastrophes
 -  Pandemics
 -  Systemic Crises



B. Financial System & Systemic Risks

-  Financial Markets - Money & Capital Markets
-  Financial Institutions - Banks, NBFCs, Mutual Funds
-  Interconnectedness & Systemic Risk
-  Concentration Risk



C. Capital, Risk & Development Role

-  Economic & Risk-Based Capital
-  Reinsurance & Risk Transfer
-  Economic Impact of Reinsurance
-  Insurance in Infrastructure



D. Insurance Reforms & Regulation (India)

-  Economic & Sector Reforms
-  IRDAI & Regulatory Functions
-  Role of an Actuary
-  De-tariffing & Motor Insurance
-  FSLRC & Changing Laws



E. Social Dimensions of Insurance

-  Social Structure & Rural Insurance
-  Micro-Insurance & Social Security
-  RSBY - Health Scheme for BPL



Exam Focus : IRDAI • Insurance Exams • Paper II | Quick Revision: Poster • PDF • PPT



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PAPER III

Insurance and Management

Part 1 - Insurance

a) History of Indian Insurance & Principles of Insurance



History of Indian Insurance

Principles of Insurance



b) Risk, Uncertainty & Pooling of Risk



Risk and uncertainty



Pooling and diversification of risk



Indemnity and insurable interest



c) Legal Foundations & Bancassurance



Legal foundations of insurance



Basics in Group/Health Insurance/Pensions



Intermediation & Bancassurance in India



d) Functions of Insurers in Business



Product design & pricing



Distribution & underwriting



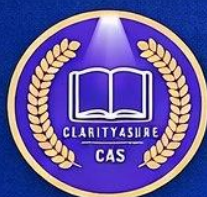
Claims, Investment & Reinsurance



Reinsurance, GIC of India & Obligatory cessions



Exam Focus: IRDAI • Insurance Exams • Paper II | Quick Revision : Poster • PDF • PPT



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PAPER III

Insurance and Management

Part 2 - Management

a) Nature & Scope of Management



- Its nature and scope



b) Management Processes



Planning, Organisation, Staffing, Directing, Controlling



Role of a Manager in an Organisation



c) Leadership



Tasks of a Leader



Leadership Styles; Leadership Theories



Successful Leader vs Effective Leader



d) Human Resource Development



Concept & Goals of HRD



Career Planning – Training & Development



e) Performance Appraisal



Potential Appraisal & Development



Feedback & Performance Counselling



Rewards - Employee Welfare



f) Motivation, Morale & Incentives



Theories of Motivation



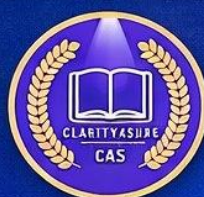
How Managers Motivate



Concept & Factors Determinining Morale



Exam Focus : IRDAI • Insurance Exams • Paper II I Quick Revision : Poster • PDF • PPT



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