

CBCS SCHEME

18MBAFM402

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Fourth Semester MBA Degree Examination, July/August 2021 Risk Management and Insurance

Time: 3 hrs.

Max. Marks:100

Note: Answer any FIVE full questions.

- 1**
- Define risk. (03 Marks)
 - Discuss the different types of risk. (07 Marks)
 - Explain the methods of handling of the risk. (10 Marks)
- 2**
- What is Enterprise Risk Management [ERM]? (03 Marks)
 - Explain the techniques of estimating frequency and severity. (07 Marks)
 - Describe the techniques of risk control. (10 Marks)
- 3**
- Bring out the differences between insurance and gambling. (03 Marks)
 - Briefly explain the basic characteristics of insurance. (07 Marks)
 - Explain the duties and powers of IRDA. (10 Marks)
- 4**
- Define the term premium. (03 Marks)
 - What is annuity? Explain the types of annuities. (07 Marks)
 - Briefly explain the types of life insurances. (10 Marks)
- 5**
- What is medi-claim policy? (03 Marks)
 - What is fire insurance? Explain the types of fire insurance policies. (07 Marks)
 - Explain the various clauses in marine insurance policy. (10 Marks)
- 6**
- What is underwriting? (03 Marks)
 - Explain the principles of underwriting. (07 Marks)
 - Describe the functions of insurances. (10 Marks)
- 7**
- Differentiate between HULL and cargo insurance. (03 Marks)
 - Discuss the advantages and disadvantages of ULIP's. (07 Marks)
 - Explain the various life insurance contract provisions. (10 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg. 42+8 = 50, will be treated as malpractice.

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Case Study :

Risai, age 28, is a single parent who earns Rs. 30,000 annually as a assistant at a local university. She is the sole support of her son, age 3. Risai is concerned about the financial well-being of her son if she would die. Although she finds it difficult to save, she would like to start a savings program to send her son to college. She is currently renting an apartment but would like to own a home someday. A friend has told her that life insurance might be useful in her present situation. Risai knows nothing about life insurance and the amount of income available for life insurance is limited. Assume you are a financial planner who is asked to make recommendations concerning the type of life insurance that Risai should buy, the following types of life insurance policies are available.

- 5 year renewable and convertible term
- Life paid up at age 65
- Ordinary life insurance
- Universal life insurance.

Questions :

- a. Which of these policies would best meet the need for protection of Risai's son if she would die prematurely? Explain your answer. (05 Marks)
- b. Which of these policies would best meet the need to accumulate a college fund for Risai's son? Comment. (05 Marks)
- c. Which of these policies best meets the need to accumulate money for a down payment on home? Explain your answer. (05 Marks)
- d. What major obstacle does Risai face if she tries to meet all of her financial needs by purchasing cash-value life insurance? (05 Marks)
