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Fourth Semester MBA Degree Examination, Dec.2017/Jan.2018
Risk Management & Insurance

Time: 3 hrs.

Max. Marks:100

SECTION - A*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Define risk management. (03 Marks)
- 2 State three sources of liability losses. (03 Marks)
- 3 State three activities of loss control. (03 Marks)
- 4 State the financial definition of insurance. (03 Marks)
- 5 What is surrender value of a life policy? (03 Marks)
- 6 What is health insurance? (03 Marks)
- 7 What is underwriting in life insurance? (03 Marks)

SECTION - B*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Write the risk management process. (07 Marks)
- 2 Write the typical sources of liability loss. (07 Marks)
- 3 What are the risks involved in financial risk management? Explain. (07 Marks)
- 4 Write a note on Gambling Versus insurance. (07 Marks)
- 5 Write the advantages of life insurance. (07 Marks)
- 6 What are the risks covered under standard fire policy? (07 Marks)
- 7 How you make claim settlement in general insurance? (07 Marks)

SECTION - C*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Briefly explain the various methods of handling pure risk. (10 Marks)
- 2 Explain the various methods of risk identification. (10 Marks)
- 3 How you identify and measure the loss of key personnel in an organization? (10 Marks)
- 4 Write the essentials of an insurance contract. (10 Marks)
- 5 What are the documents required to show the proof of age at the time of life insurance contract? (10 Marks)
- 6 Briefly explain the types of marine insurance. (10 Marks)

- 7 Explain the factors that are generally considered while underwriting risk of an individual in life insurance. (10 Marks)

SECTION - D
CASE STUDY – [Compulsory]

In March 2000 at 5.30 pm A Tornado hit several major buildings in downtown fort worth, Texas, among the building damaged by the windstorm was a tall glass tower that a large bank has leased mostly for administrative offices for its 600 employees, but that also had public banking facilities on the lower floors. Because the Tornado hit just after the end of the work day. There was No loss of life but property damage to the building and its contents was extensive. Because the bank did not own the building. The bank has to arrange for access to the property after the loss through the building's owners. Moreover, the city of fort worth's building inspectors declared the building to be imminently dangerous. After it was labeled as imminently dangerous, the bank officers and employees had no access to the building over a week. During this week wind and rain caused further damage to the furniture equipment and valuable papers.

The Bank's risk manager had made prior arrangements with a disaster recovery facility in a remote location that allowed the bank to use the emergency facilities, computers, phones and fax machines after a disaster. This facility provided workspace for about one-third of the banks critical personnel. The bank's risk manager also made arrangements for a shuttle bus service between the loss location and office space available in nearby Dallas, Texas. Employees were not able to retrieve critical papers from the loss site until two weeks after the Tornado struck, by which time the glass windows in the tower had been replaced or boarded over by plywood.

The company had planned to replace all the destroyed furniture, carpeting and electronic equipment and repaint its entire premises before reoccupying the damaged property. While the building was unusable, the bank had to find and rent alternate locations for many of its employees. It also had to continue the expensive shuttle service to dallas and to provide many employees with allowance for their commuting expense. In addition, the bank experienced much inefficiency, such as the inability to hold needed conferences and meetings that would normally have taken place in damaged location. Perhaps the greatest complication arose when the building owner declared that it was too expensive to repair the building and therefore it was terminating all the leases. Leasing the same amount of space in a new location would likely cost the bank about twice what it had been paying at the damaged location based on the information provided, you have to answer the following questions:

1. Identify all the direct losses the bank experienced. (05 Marks)
2. Identify all the indirect losses the bank experienced. (05 Marks)
3. In a maximum probable loss event arising from a Tornado, identify the additional losses that you would expect. (05 Marks)
4. How could the bank's risk manager use each of the following risk management tools in this case?
 - (i) Risk assumption.
 - (ii) Loss prevention.
 - (iii) Insurance.
 - (iv) Risk transfer.
 - (v) Loss reduction. (05 Marks)

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