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**CMR Institute of Technology, Bangalore**
**DEPARTMENT OF MASTER OF BUSINESS ADMINISTRATION**
**I - INTERNAL ASSESSMENT**

Semester: 4-CBCS 2018 | Date: 05 May 2021
Subject: RISK MANAGEMENT AND INSURANCE (18MBAFM402)
Faculty: Ms Namita P Konnur
Time: 02:00 PM - 03:30 PM | Max Marks: 50

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*PART_HYPHEN A*
*ANSWER_ANY 2 Question(s)*

Marks CO BT/CL

1a. Define Risk management

Risk management is the process of identifying, assessing and controlling threats to an organization's capital and earnings. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters.

**[3.0] 1 [1]**

1b. Illustrate Business risk exposure

Risk exposure is a quantified loss potential of business. Risk exposure is usually calculated by multiplying the probability of an incident occurring by its potential losses. These are then multiplied by the total potential loss of the risk. Risk exposure is a quantified loss potential of business. Risk exposure is usually calculated by multiplying the probability of an incident occurring by its potential losses. When considering loss probability, businesses usually divide risk into two categories: pure risk and speculative risk.

**[7.0] 1 [2]**

1c. Explain different types of Risk

Systematic Risk – The overall impact of the market

Unsystematic Risk – Asset-specific or company-specific uncertainty

Political/Regulatory Risk – The impact of political decisions and changes in regulation

Financial Risk – The capital structure of a company (degree of financial leverage or debt burden)

Interest Rate Risk – The impact of changing interest rates

Country Risk – Uncertainties that are specific to a country

Social Risk – The impact of changes in social norms, movements, and unrest

Environmental Risk – Uncertainty about environmental liabilities or the impact of changes in the environment

Operational Risk – Uncertainty about a company's operations, including its supply chain and the delivery of its products or services

Management Risk – The impact that the decisions of a management team have on a company

Legal Risk – Uncertainty related to lawsuits or the freedom to operate

**[10.0] 1 [2]**

2a. Mention the elements of risk control

There are at least five crucial components that must be considered when creating a risk management framework. They include risk identification; risk measurement and assessment; risk mitigation; risk reporting and monitoring; and risk governance.

**[3.0] 1 [1]**

2b. Write the risk management process

Step 1: Identify the Risk. The first step is to identify the risks that the business is exposed to in its operating environment.

Step 2: Analyze the Risk.

Step 3: Evaluate or Rank the Risk.

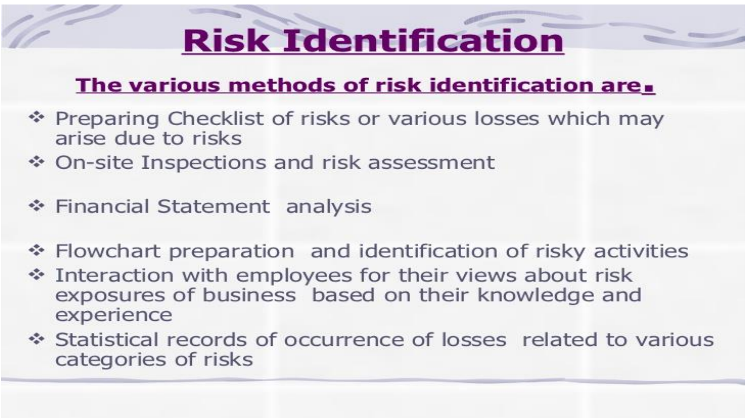
Step 4: Treat the Risk.

Step 5: Monitor and Review the Risk.

**[7.0] 1 [1]**

2c. Explain the various methods of risk identification

Risk identification is the process of determining risks that could potentially prevent the program, enterprise, or investment from achieving its objectives. It includes documenting and communicating the concern.




**[10.0] 1 [2]**

3a. State difference between Perils and Hazards

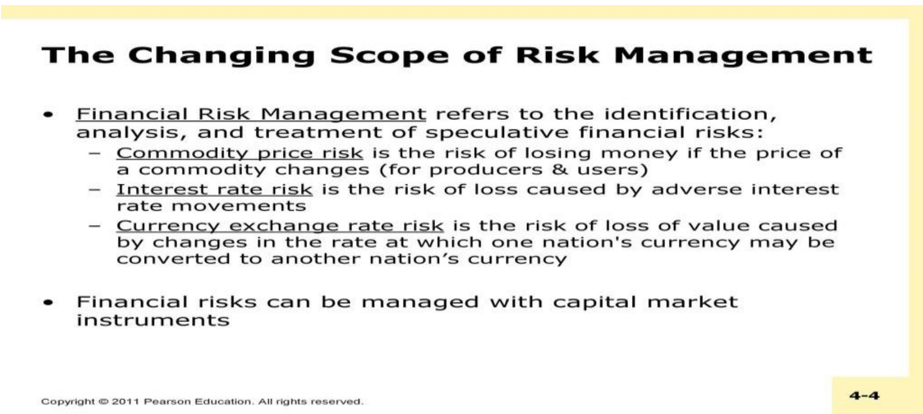
A peril is a potential event or factor that can cause a loss, such as the possibility of a fire that could engulf a house. A hazard is a factor or activity that may cause or exacerbate a loss, such as a can of gasoline left outside the house door or a failure to regularly have the brakes of a car checked.

**[3.0] 1 [1]**

3b. Explain the techniques of risk financing


**[7.0] 1 [2]**

3c. Discuss the changing scope of risk management



**[10.0] 1 [3]**

*PART_HYPHEN B*

*ANSWER_ALL_QUESTIONS*

Marks CO BT/CL

4. The bus for school company provides school bus transportation to public schools in London. It owns 50 buses that are garaged in foru different parts and it provides school bus service to over 20 public schools. The firm faces competition fromt two large bus companies that operate in the same area. Public school boards generally award contracts to the lowest bidder , but the level of service and overall perform are also considered.

Questions

1. Briefly describe the steps in the risk management process that should be followed by the risk manager of bus for school

2.Identify the major loss exposure faced by bus for school

3.Describe seveal sources of funds for paying losses if retention is used in the risk management program

4. Identify other departments in bus for school that would also be involved in the risk management program

Explain the steps in RM process

explain loss exposure

identify financial sources

admission dept, hr dept etc

**[10.0] 1 [4]**