


**Internal Assessment Test – III
Answer Key**

Sub:	Risk Management and Insurance						Code:	20MBAFM401																			
Date:	01-08-2022	Duration:	90 mins	Max Marks:	50	Sem:	IV	Branch:	MBA																		
								Marks	OBE																		
									CO	RBT																	
Part A - Answer Any Two Full Questions (2* 20 = 40 marks)																											
1 (a)	<p>What do you mean by claims management? Claim management is a collective term for the myriad of advice and services provided by firms in respect of claims for compensation, reparation, restitution or any other remedy for financial loss or breach of contractual obligation. In the context of international trade finance, it generally refers to the services provided by trade financiers to settle firm’s claims against risk mitigation products such as guarantees, bonds, sureties or conventional insurance when their opposite commercial party has breached the terms of their contract.</p>						[03]	CO4	L1																		
1 (b)	<p>Discuss the health insurance policies in India. Good health refers to being in a condition of complete mental, physical and social well-being but not mere absence of illness. It is possible to get health insurance cover when leading a healthy life. But getting a comprehensive health insurance cover may be denied for your near and dear ones on acquiring some illness. Certain medical emergencies are difficult to foresee or prevent. However, we can account for them with our variety of health insurance plans based on customer’s needs.</p> <table border="1" data-bbox="231 1249 1145 1993"> <thead> <tr> <th>Types of Health Insurance Plans</th> <th>Suitable For</th> </tr> </thead> <tbody> <tr> <td>Individual Health Insurance</td> <td>Individual</td> </tr> <tr> <td>Family Health Insurance</td> <td>Entire Family- Self, Spouse, Children, and Parents</td> </tr> <tr> <td>Critical Illness Insurance</td> <td>Used for funding expensive treatments</td> </tr> <tr> <td>Senior Citizen Health Insurance</td> <td>Citizens of age 65 and above</td> </tr> <tr> <td>Top Up Health Insurance</td> <td>This insurance plan is beneficial when the sum insured of the existing policy gets exhausted.</td> </tr> <tr> <td>Hospital Daily Cash</td> <td>Daily hospital expenses</td> </tr> <tr> <td>Personal Accident Insurance</td> <td>It can be used in case of any loss or damage to the owner or driver.</td> </tr> <tr> <td>Mediclaim</td> <td>In-patient expenses</td> </tr> </tbody> </table>						Types of Health Insurance Plans	Suitable For	Individual Health Insurance	Individual	Family Health Insurance	Entire Family- Self, Spouse, Children, and Parents	Critical Illness Insurance	Used for funding expensive treatments	Senior Citizen Health Insurance	Citizens of age 65 and above	Top Up Health Insurance	This insurance plan is beneficial when the sum insured of the existing policy gets exhausted.	Hospital Daily Cash	Daily hospital expenses	Personal Accident Insurance	It can be used in case of any loss or damage to the owner or driver.	Mediclaim	In-patient expenses	[07]	CO4	L2
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	Group Health Insurance	For a group of employees			
	Disease-Specific (M-Care, Corona Kavach, etc.)	Suitable for those who are suffering from pandemic-manifested conditions or prone to one.			
	ULIPs	The dual benefit of insurance and investment			
(c)	<p>Explain the types of motor insurance policies.</p> <p>Types Of Motor Insurance Available In The Market:</p> <p>Private Car Insurance: It is compulsory for all the new cars to have a motor-car insurance. It is insurance for vehicles not used for commercial purposes. The amount of premium depends on the make and value of the car, state where the car is registered and the year of manufacture.</p> <p>Two Wheeler Insurance: It covers accidental insurance for the drivers of the two wheeler vehicle.</p> <p>Commercial Vehicle Insurance: It provides cover for all the vehicles which are not used for personal purposes, goods carrying vehicles like the Trucks, Tempos and HMTVs.</p> <p>Third Party Insurance Policy: This type of policy only covers the third person who has been damaged or injured in an accident where the owner is accountable. It covers the insured person's liability to third parties' loss caused by an accident involving the auto vehicle of the insured. This refers to the minimum risks that are to be covered under the Auto Vehicles Act 1938 (Act Liability). It doesn't cover the expenses, damage, theft or injuries of the owner. This type of plan is made compulsory by the law of India.</p> <p>Comprehensive Insurance Policy: This type of plan has a wider scope and covers all the above mentioned liability along with the insured person's damage, theft, expenses and injuries in result of an accident of the auto vehicle. This type of policy can be extended to increase benefits as an additional feature.</p> <p>Liability only policy: It covers third party liability for bodily injuries and/or death and property damage. Personal accident cover for owner driver is also included.</p>		[10]	CO4	L2
2 (a)	<p>Define marine insurance.</p> <p>A contract of marine insurance is an agreement whereby the insurer undertakes to indemnify the insured, in the manner and to the extent thereby agreed, against transit losses, that is to say losses incidental to transit. A contract of marine insurance may by its express terms or by usage of trade be extended so as to protect the insured against losses on inland waters or any land risk which may be incidental to any sea voyage.</p>		[03]	CO4	L1
(b)	<p>Explain the types of insurance organization.</p> <p>8 types of insurance organizations are;</p> <ol style="list-style-type: none"> 1. Self-Insurance, 2. Individual Insurer, 3. Partnership, 4. Joint Stock Companies, 5. Mutual Companies, 6. Co-Operative Insurance Organization, 		[07]	CO4	L2

	7. Lloyd's Association, 8. State Insurance.			
(c)	<p>Explain the claim settlement in general insurance.</p> <p>An insurance claim is a formal request to an insurance company asking for a payment based on the terms of the insurance policy. The insurance company reviews the claim for its validity and then pays out to the insured or requesting party (on behalf of the insured) once approved.</p> <p>The non-life insurance industry is witnessing shifting trends across policy administration, and claims—the two core functions in insurance.</p> <p>The claims process is the defining moment in a non-life insurance customer relationship. To retain and grow market share and improve customer acquisition and retention rates, insurers are focused on enhancing customers' claims experience.</p> <p>In a highly competitive insurance market, differentiation through new and more effective claims management practices is one of the most important and effective ways to maintain market share and profitability.</p> <p>Formalities for a health insurance claim</p> <p>You can make a claim under a Health insurance policy in two ways:</p> <ol style="list-style-type: none"> 1. Cashless basis and 2. Reimbursement basis <p>On a Cashless basis: For a claim on cashless basis, your treatment must be only at a network hospital of the Third Party Administrator (TPA) who is servicing your policy. You have to seek authorization for availing the treatment on a cashless basis as per procedures laid down and in the prescribed form. Please read the policy document as soon as you receive it to familiarize yourself with the process rather than wait for a claim to arise.</p> <p>Claims on reimbursement basis: Read the clause relating to claims in your policy document as soon as you receive it to ensure that you understand the procedure and the documents required for making a claim on reimbursement basis. When a claim arises you should inform the insurance company as per procedures required. After hospitalization, you have to ensure that you obtain and keep ready documents such as claim form, discharge summary, prescriptions and bills that you should submit for a claim.</p> <p>Formalities for making a property insurance claim</p> <ul style="list-style-type: none"> • There could be several types of policies that cover property and the property itself could be stationery - like a building, or moving around - like your household goods being transported. • When you receive your policy familiarize yourself with the documents required for a claim as well as the procedures to be followed. Whether or not a claim arises you must follow the various dos and don'ts in respect of your property for the duration of the policy. These dos and don'ts are termed warranties and conditions in your policy document. • In general, losses and damages, including those due to theft, fire and flood need be intimated to the relevant authorities such as the police, the fire brigade and so on. It is important to ensure that you intimate your insurance company to enable it to send a surveyor for surveying and assessing the loss. 	[10]	CO4	L2

3 (a)	<p>Define personal accident policy. This policy provides compensation in the event of insured sustaining injuries, solely and directly from an accident caused by violent, visible and external means, resulting into death or disablement be it temporary or permanent.</p>	[03]	CO4	L1
(b)	<p>Explain the organizational structure in insurance companies.</p>  <pre> graph TD Chairman[Chairman] --> ViceChairman[Vice Chairman] Chairman --> CEO[CEO] CEO --> TerritoryManager[Territory Manager] TerritoryManager --> MarketingDepartment[Marketing Department] TerritoryManager --> FinanceDepartment[Finance Department] MarketingDepartment --> OnlineMarketing[Online marketing department] MarketingDepartment --> DirectMarketing[Direct marketing department] FinanceDepartment --> AccountsTeam[Accounts team] FinanceDepartment --> FundsCollecting[Funds collecting team] DirectMarketing --> Agents[Agents] </pre>	[07]	CO4	L2
(c)	<p>Explain the claim settlement in life insurance. Selection of the right policy from a good life insurance company with a healthy claim settlement ratio is the main requirement for buying a life insurance. The main function of an insurance company is to ensure easy and timely settlement of a valid claim in return for the premium paid by the insurer/ policy holder.</p> <p>Before intimating the insurance company, the nominee/claimant should check some basic facts:</p> <ul style="list-style-type: none"> • If the insurance policy is active and all the premiums have been paid? • Does the particular situation for which the claim is being made is covered in the policy? • Exclusions of the policy <p>Formalities for a death claim</p> <ul style="list-style-type: none"> • When a person with a life insurance policy – called a life assured – dies, a claim intimation should be sent to the insurance company as early as possible. The assignee or nominee under the policy can do this. So can any close relative or the agent who handles the policy. • The claim intimation should contain information like the date, place and cause of death. The insurance agent has the duty to help the life assured’s family/ assignee to deal with the insurance company to fulfil the formalities for a claim. <p>The insurance company will respond to this intimation and will ask for the following documents:</p> <ul style="list-style-type: none"> • Filled-up claim form (provided by the insurance company) • Certificate of death • Policy document • Deeds of assignments/ re-assignments if any • Legal evidence of title, if the policy is not assigned or nominated • Form of discharge executed and witnessed 	[10]	CO4	L2

	<p>Other documents such as medical attendant's certificate, hospital certificate, employer's certificate, police inquest report, post mortem report etc could be called for, as applicable.</p> <p>Claims procedure in respect of a life insurance policy:</p> <ul style="list-style-type: none"> • A life insurance policy shall state the primary documents which are normally required to be submitted by a claimant in support of a claim. • A life insurance company, upon receiving a claim, shall process the claim without delay. Any queries or requirement of additional documents, to the extent possible, shall be raised all at once and not in a piece-meal manner, within a period of 15 days of the receipt of the claim. • A claim under a life policy shall be paid or be disputed giving all the relevant reasons, within 30 days from the date of receipt of all relevant papers and clarifications required. However, where the circumstances of a claim warrant an investigation in the opinion of the insurance company, it shall initiate and complete such investigation at the earliest. Where in the opinion of the insurance company the circumstances of a claim warrant an investigation, it shall initiate and complete such investigation at the earliest, in any case not later than 6 months from the time of lodging the claim. • Subject to the provisions of section 47 of the Act, where a claim is ready for payment but the payment cannot be made due to any reasons of a proper identification of the payee, the life insurer shall hold the amount for the benefit of the payee and such an amount shall earn interest at the rate applicable to a savings bank account with a scheduled bank (effective from 30 days following the submission of all papers and information). • Where there is a delay on the part of the insurer in processing a claim for a reason other than the one covered by sub-regulation (4), the life insurance company shall pay interest on the claim amount at a rate which is 2% above the bank rate prevalent at the beginning of the financial year in which the claim is reviewed by it. 			
	Part B - Compulsory (01*10=10 marks)			
4	The bus for school company provides school bus transportation to public schools in London. It owns 50 buses that are garaged in four different brought and it provides school bus service to over 20 public schools. The firm faces competition from two large bus companies that operate in the same area. Public school boards general awards contracts to the lowest bidder, but the level of service and overall performance are also considered.			
(a)	Identify the major loss exposure faced by bus for school? Loss of Human Life, Physical Assets loss and Financial Loss.	[5]	CO4	L3
(b)	Suggest suitable insurance policy based on the loss exposure faced by bus? Vehicle Insurance and Group Insurance.	[5]	CO4	L3
