

**Scheme of Evaluation**  
**Internal Assessment Test 2– Mar 2022**


Sub: **Risk Management and Insurance**  
01-08- \_\_\_\_\_ Max \_\_\_\_\_  
Date: 2023 Duration: 90mins Marks: 50 Sem: **IV**

Code: **20MBAFM401**  
Branch: **MBA**

**Note:** Part A - Answer Any Two Full Questions (20\*02=40 Marks)

Part B - Compulsory (01\*10= 10marks)

Part	Question #	Description	Marks Distribution	Max Marks
A	1	<p>a) <b>Explain the characteristics of insurance</b></p> <p>Insurable interest, Utmost good faith, proximate cause, indemnity, subrogation, Contribution and loss of minimization.</p>	3	20 M
		<p>b) <b>Describe the requirement of insurable risk</b></p> <p>3 types of risk that can be covered by insurance: personal risk,</p> <ul style="list-style-type: none"> <li>• property risk,</li> <li>• Liability risk.</li> <li>• Personal risk is any risk that can affect the health or safety of an individual, such as being injured by an accident or suffering from an illness.</li> </ul>	7	
		<p>c) <b>Discuss Indian insurance industry</b></p> <p>1818 saw the advent of life insurance business in India with the establishment of the Oriental Life Insurance Company in Calcutta. India is poised to emerge as one of the fastest-growing insurance markets in the coming decade. India has 67 insurers of which 24 are life insurers, 26 are general insurers, 5 are stand-alone health insurers, and 12 are re-insurers (March 2022). The Indian Insurance market is expected to reach \$200 BN by 2027.</p>	10	

	2	<p>a) <b>Differences between insurance and hedging</b></p> 		3							
		<p>b) <b>Explain historical framework of insurance of insurance.</b></p> <p><b>HISTORY OF INSURANCE</b></p> <ul style="list-style-type: none"> <li>- History of Insurance is as old as human society.</li> <li>- Started in the form of Non-money or Natural economy.</li> <li>- More ancient than money economy.</li> <li>- Still existing in few parts of the world (former Soviet Union territories)</li> <li>- Chinese merchants started in 3 B.C. by distributing their goods across many vessels.</li> <li>- Babylonians system (as recorded in Code of Hammurabi 1750 BC) – Loan cancellation in case shipment is stolen.</li> <li>- Achaemenian monarchs insure people and registering the process in notary offices on Norouz (Iranian New Year).</li> <li>- Rhodes invented the concept of 'General Average'.</li> </ul>		7	20 M						
		<p>c) <b>Classify insurance policies on the basis of premium, number of assured and payment of insured amount.</b></p> <table border="1" data-bbox="414 1365 1112 2005"> <tr> <td><b>Term Life Insurance or Term Plan</b></td> <td>Long-term pure financial protection plan for family</td> </tr> <tr> <td><b>Whole Life Insurance</b></td> <td>Provides life cover for the entire life or till 99 years of age.</td> </tr> <tr> <td><b>Unit Linked Insurance Plan (ULIP)</b></td> <td>Invest in a mix of diversified equity and debt funds with just 5-year lock-in for partial withdrawals</td> </tr> </table>	<b>Term Life Insurance or Term Plan</b>	Long-term pure financial protection plan for family	<b>Whole Life Insurance</b>	Provides life cover for the entire life or till 99 years of age.	<b>Unit Linked Insurance Plan (ULIP)</b>	Invest in a mix of diversified equity and debt funds with just 5-year lock-in for partial withdrawals		10	
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		<b>Endowment Plan</b>	Surety of receiving the intended sum at maturity				
		<b>Money Back Plan</b>	Plan your cash flows for goals like child education and marriage				
		<b>Retirement Plan</b>	Build a retirement corpus or build a pension for your golden years				
		<b>Child Insurance Plan</b>	Invest in a child's higher education and marriage goals under the safety of life cover				
		<b>Group Insurance Plan</b>	Useful for corporates and other organisations to cover their employees and customers against unforeseen hazards				
		<b>Savings &amp; Investment Plans</b>	Channelise your savings towards a future goal.				
	a)	<b>Essentials of insurance contract.</b>					
		<ul style="list-style-type: none"> <li>• An Agreement.</li> <li>• Competency of Parties.</li> <li>• Free consent.</li> <li>• Consideration.</li> <li>• Lawful object.</li> <li>• Principle of utmost good faith.</li> <li>• Principle of insurable interest.</li> </ul>				3	
3	b)	<b>Explain about ULIP policy and its advantages</b>					
		Dual benefits Invest based on your risk profile Switch between the ULIP funds Partial withdrawal Tax savings				7	20 M

		c)	<p><b>Explain IRDA powers and duties.</b></p> <ol style="list-style-type: none"> <li>1. Registering and regulating insurance companies.</li> <li>2. Protecting policyholders' interests.</li> <li>3. Licensing and establishing norms for insurance intermediaries.</li> <li>4. Promoting professional organizations in insurance.</li> </ol>		10	
			<b>Part B - Compulsory (01*10=10 marks)</b>			
<b>B</b>	4		<p>Mr. Karan took an insurance policy against his car and after three months he sold it to Mr. charan. The car was stolen from outside of Mr. charan house. Mr. Karan made a claim to insurance company. His claim was rejected on the ground that Mr. Karan was no longer owner of the car, so he has no insurable interest and he was no financial loss with the loss of the car.</p> <ol style="list-style-type: none"> <li>a) Was Mr. Karan right in making claim? Explain.</li> <li>b) Who should get the compensation? Why?</li> </ol>		10	10 M

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