

4/H-65 (xii) (a) (Syllabus-2015)

2 0 1 9

(April)

BUSINESS ADMINISTRATION

(Honours)

(Risk Management and Insurance)

[BBAH-403 (a)]

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

PART—A

(Marks : 15)

1. Distinguish between financial risk and business risk. 3

Or

What is pure risk?

2. Give an example of application of probability in calculating risk. 3

Or

What is VaR?

(Turn Over)

(2)

3. What do you mean by pooling of risk? 3

Or

State three important reasons of buying insurance products.

4. What is fire insurance? 3

Or

How is reinsurance helpful to insurance companies?

5. What is underwriting? 3

Or

Explain fair profit loading.

PART—B

(Marks : 50)

6. Elaborate the various components of cost of risk. 10

Or

Explain the loss control method of risk management.

7. "The identification of loss exposure is the first and crucial step in risk management." Elaborate. 10

(3)

Or

What is correlation? With a small numerical example, show how it is useful in risk management.

8. How does pooling arrangement reduce each participant's risk? Explain. 10

Or

Why is risk diversification necessary? How does insurance products help in doing so?

9. Explain the factors that limit the insurability of risks. 10

Or

Give a brief note on motor vehicle insurance.

10. What is term life policy? What are its usefulnesses? 10

Or

Explain the process of premium determination.

PART—C

(Marks : 10)

11. Calculate the return and risk of the following insurance products and choose the best : 10

Insurance Products

A		B	
Probability	Return (%)	Probability	Return (%)
0.2	12	0.3	11
0.3	10	0.4	10
0.4	8	0.2	12
0.1	14	0.1	13
