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(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)

UNIT—I

1. Explain the term 'financial risk'.   3

Or

What do you mean by cost trade-offs in risk management?

(2)

UNIT—II

2. What is the usefulness of standard deviation in risk management? 3

Or

What is the meaning of risk exposure?

UNIT—III

3. Define independent loss and correlated loss. 3

Or

Explain risk pooling.

UNIT—IV

4. What is moral hazard? 3

Or

What is third-party insurance?

UNIT—V

5. What do you mean by fair premium? 3

Or

What are the basic objectives of claim settlement?

(3)

PART—B

(*Marks* : 50)

UNIT—I

6. Explain the steps in risk management process. 10

Or

(a) Distinguish between risk prevention and risk avoidance. 5

(b) Explain the cost of loss control and cost of loss financing. 5

UNIT—II

7. How is value at risk useful? Explain with an example. 10

Or

What do you mean by severity of loss? How is it estimated?

UNIT—III

8. Elaborate the factors considered for estimating the demand for business risk. 10

Or

How is risk of business diversified? What role do insurance companies play in this regard? 5+5=10

UNIT—IV

9. How is the insurability of risk ascertained? Explain.   10

Or

Why is reinsurance undertaken? Is it helping insurance companies in India?   5+5=10

UNIT—V

10. Describe in detail the claim settlement process.   10

Or

Explain the various features of motor insurance.   10

PART—C

(*Marks* : 10)

11. Calculate risk and choose the better scheme among the following :   10

Probability	Scheme A	Probability	Scheme B
	Return		Return
0·4	12%	0·3	18%
0·3	14%	0·4	10%
0·3	15%	0·3	8%

★ ★ ★