

Date
07/03/25

Paper / Subject Code: 46015 / Elective: Finance: Risk Management
 TYBMS Sem-V Examination March-2025
 Sub: Risk Management

Marks: 75

Time: 2:30 Hours

- NOTE:**
1. Q1 is compulsory
 2. Q2 to Q5 having internal options
 3. Figures to the right indicate full marks.
 4. State your assumptions clearly

Q1 A Multiple Choice Questions (any 8)

1. _____ is a type of market risk.
 A. Equity Risk B. Legal Risk C. Political Risk D. Operational Risk
2. _____ is used measure to calculate market risk of a Portfolio or Security.
 A. Beta B. R-Squared C. Ratios D. Standard Deviation
3. As per IRDA regulation Surveyor to be appointed within _____ hours.
 A. 12 B. 72 C. 24 D. 6
4. _____ also known as Insurance for Insurers or stop- loss insurance.
 A. Life Insurance B. Reinsurance C. Term Insurance D. Bancassurance
5. _____ is a combination of Insurance as well as Investment in various equity and debt schemes.
 A. Endowment Insurance B. Whole life Insurance C. ULIP D. General Insurance
6. _____ are not negative stakeholders.
 A. Customers B. Competitors C. Employees D. Consumers
7. _____ line of defence includes functions that own and manage risk.
 A. Fourth B. Third C. Second D. First
8. _____ is the first step in ERM process.
 A. Risk Response B. Monitoring C. Risk assessment D. Risk Identification
9. With effect from April, 2003 _____ rolling settlement has been introduced.
 A. T + 2 B. T + 3 C. T - 4 D. T + 1
10. _____ is risk arising from fluctuations in commodity prices.
 A. Commodity Risk B. Liquidity risk C. Market risk D. Currency Risk

B Match the following (any 7)

A	B
1. Legal Risk	A. Suppliers
2. Derivatives	B. Life insurance coverage for a specified term
3. Options	C. Amount of Risk left over
4. Risk assessment	D. Safe Investments
5. IRDA Reforms	E. Flow diagram
6. Decision Tree analysis	F. Protect the Interest of Policyholders
7. Fixed Income securities	G. Internal Audit
8. Residual risk	H. No obligation to buy or sell
9. Term Insurance	I. Underlying Asset
10. External Stakeholder	J. Legal Uncertainty

Q2 A Define Risk. Explain risks process.

B From the following information calculates Beta (β) of a security.

Year	Return on Security (%)	Return on Market Portfolio (%)
1	8	10
2	12	19
3	10	12
4	16	14
5	14	15

OR

- Q2 P Explain various Investment strategies to reduce risk. (08)
 Q Explain Simulation methods and duration analysis. (07)

- Q3 A Define Futures, Options and Swaps. (08)
 B Following is the information of Ben Ltd under the possible states of nature. (07)

State of nature	Probability	Return on stock A (%)
Boom	0.25	7
Low growth	0.25	10
Stagnation	0.30	14
Recession	0.20	19

Calculate the expected return and standard deviation.

OR

- Q3 P Explain Arbitrage and its Techniques. (08)
 Q Explain Importance and Scope of Risk Governance. (07)

- Q4 A Discuss global perspective of insurance industry. (08)
 B Explain Life and Non-life Insurance (07)

OR

- Q4 P Explain Three Lines of Defense. (08)
 Q Explain Enterprise Risk Management Matrix. (07)

- Q5 A Expected losses are given in the table below: (08)

Loss Value (in Rs.)	Probability
1,00,000	0.02
20,000	0.08
0	0.9

Find the fair premium if:

- Policy provides full coverage
- Underwriting cost = 12% of pure premium
- Claims are paid at the end of the year
- Interest rate = 5%
- Expected claim cost = Rs.1500
- Fair profit = 3% of pure premium

- B Discuss the role and importance of Actuary (07)

OR

- Q5 P Write a short note on:(Any Three) (15)
 1. Risk Immunization
 2. Sample Risk Register
 3. Pricing of Insurance Products
 4. Bancassurance
 5. Claim Management of Marine Insurance
