



PRESIDENCY UNIVERSITY

BENGALURU

Roll No.

End - Term Examinations - December 2025

Date: 26 - 12- 2025

Time: 09:30am - 12:30pm

School: SOM-PG	Program: MBA (Banking and Finance)	
Course Code : MBA4005	Course Name: Insurance and Risk Management	
Semester: III	Max Marks: 100	Weightage: 50%

CO - Levels	C01	C02	C03	C04	C05
Marks	31	34	35	-	-

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 3marks.

10Q x 3M=30M

1.	Explain the difference between risk and loss exposure with suitable examples from the insurance industry.	3 Marks	L2	C01
2.	Describe the operational, financial, and compliance risks with one example each.	3 Marks	L2	C01
3.	Due to monsoon disruptions, ABC Ltd., company that has been selling agricultural products for ten years, finds it difficult to sell their goods to farmers. Make recommendations to ABC LTD on how to use the risk assessment process to gauge the possibility and impact on their company.	3 Marks	L3	C01
4.	List out any three characteristics of an insurable risk.	3 Marks	L2	C01
5.	Explain the concept of risk pooling in insurance with a suitable example	3 Marks	L2	C01
6.	Briefly clarify how proximate cause is determined in an insurance claim.	3 Marks	L2	C01
7.	Explain Level Term Insurance and discuss why the death benefit is fixed for the entire duration of the policy.	3 Marks	L3	C01
8.	Explain the structure and purpose of Decreasing Term Insurance with examples.	3 Marks	L2	C02
9.	Difference between ULIP (Unit Linked Insurance Plan) and Endowment policy with an example.	3 Marks	L2	C02
10.	Elucidate the purpose of NRI (Non -Resident Indian)Term Insurance and how it caters to them.	3 Marks	L3	C02

Part B
Answer the Questions.

4QX 10M= 40M

11.	a.	Explain how organizations select appropriate financing techniques (retention, insurance, hedging, or pooling) with examples.	10 Marks	L2	CO1
Or					
12.	a.	Analyze the challenges faced by Indian companies in implementing effective risk management programs and suggest practical solutions to overcome them with an example.	10 Marks	L3	CO1
Or					
13.	a.	Explain how an insurer applies risk assessment and loss control measures before issuing a policy with examples.	10 Marks	L3	CO2
Or					
14.	a.	Apply the principles of insurance to explain how fairness is maintained between insurer and insured with examples.	10 Marks	L3	CO2
Or					
15.	a.	Describe an Endowment Plan and explain how it combines both insurance protection and investment benefits.	10 Marks	L2	CO3
Or					
16.	a.	Mr. A wants to get a term insurance policy, but he's not sure which one to get. Together with insurance firms, recommend several term insurance policies that will be appropriate for him based on his financial situation, with a suitable example.	10 Marks	L3	CO3
Or					
17.	a.	Recommend an appropriate life insurance product for 40 years old who wants both protection and savings. Evaluate whether endowment plans provide better value than term insurance, with suitable examples.	10 Marks	L4	CO3
Or					
18.	a.	BCD has been in the automotive industry for more than ten years, nearly 500 employees are working in the company. The senior management believes that now is the ideal moment to get life insurance for his employees. The company decided to go with Group Term Health Insurance for its employees. Recommended the principles of Group Term Health Insurance to explain how coverage and premium cost work in this situation with a suitable example.	10 Marks	L3	CO3

Part C

Answer all the Questions. Each question carries 15marks

2Q x 15M=30M

19.	a.	<p>Real-Life Scenario: The Data Breach at XYZ Bank</p> <p>XYZ Bank is a leading financial institution with a global presence. The bank experienced a significant data breach that exposed the personal and financial information of millions of customers. The breach resulted from a combination of internal process failures, inadequate system security, and human error.</p> <p>XYZ Bank's IT department identified several vulnerabilities in their security systems during routine checks. However, these issues were not prioritized or addressed promptly due to resource constraints and management's focus on other projects. (Risk Identification). Despite identifying the risks, the potential impact of a data breach was underestimated. The bank's risk</p>	15 Marks	L3	CO2
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	<p>assessment process failed to consider the evolving threat landscape and the increasing sophistication of cyber-attacks (Risk Assessment), it lacked a robust system for continuous monitoring of security threats. As a result, early warning signs of a potential breach, such as unusual network activity, were not detected (Risk Monitoring), The bank's existing mitigation strategies were outdated and insufficient to handle modern cyber threats. Furthermore, employee training on cybersecurity best practices was sporadic and ineffective (Risk Mitigation). The data breach had severe consequences for XYZ Bank, including: Financial Losses: The bank incurred significant costs related to customer compensation, regulatory fines, and legal fees. Reputational Damage: The breach eroded customer trust and led to a decline in the bank's market value. Operational Disruptions: The bank had to overhaul its IT infrastructure and implement stringent security measures, causing temporary disruptions in its operations.</p> <p>XYZ Bank took several steps to enhance its (ORM) operational risk management framework on following breaches like Enhanced Security Measures. The bank invested in advanced cybersecurity technologies and hired external experts to conduct regular security audits. XYZ Bank revamped its risk assessment process to include a comprehensive analysis of cyber threats and their potential impact. Continuous Monitoring in the bank implemented a real-time monitoring system to detect and respond to security incidents promptly. Employee Training programs were introduced to educate employees on cybersecurity risks and best practices.</p> <p>The data breach at XYZ Bank highlights the critical importance of operational risk management in safeguarding a company's assets, reputation, and customer trust. By identifying and addressing operational risks proactively, companies can mitigate potential losses and ensure long-term success.</p> <p>Questions</p> <ol style="list-style-type: none"> 1.Explain how inadequate system security contributed to the breach. (5M) 2.Describe how human error played a role in the data breach. (5M) 3. If you were a risk manager at XYZ Bank, how would you have prioritized the identified IT vulnerabilities? [5M] 			
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20.	a.	<p>“Choosing the Right Term Insurance Plan for Changing Life Needs”</p> <p>Mr. Raghav, aged 34, works as a software engineer in Bengaluru. He recently got married and is planning to buy a house worth ₹60 lakhs through a 20-year home loan. Currently, he earns ₹12 lakhs per annum and expects his income to grow steadily in the coming years.</p> <p>He wants to purchase a life insurance plan to protect his wife and future children. While researching, he finds multiple options:</p> <ol style="list-style-type: none"> 1. Basic Term Plan – Low premium, fixed death benefit. 	15 Marks	L3	C03
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2. Level Term Insurance – Coverage remains constant for the entire term.
3. Increasing Term Insurance – Coverage increases 5–10% every year to match inflation.
4. Decreasing Term Insurance – Coverage reduces in line with outstanding loan.
5. Term Insurance with Return of Premium (TROP) – Higher premium, returns all premiums if he survives.
6. Convertible Term Insurance – Can be converted into an endowment plan later.

Raghav is confused about which plan fits his long-term financial needs.

He wants to ensure:

1. His home loan is fully protected.
2. His future children’s education expenses are covered.
3. His insurance stays affordable.
4. He has flexibility to convert the plan later if his income increases.
5. He wants some maturity benefit if he survives.

Questions

1. Examine the risk implications, if Raghav chooses only decreasing term insurance instead of a plan that covers both his loan and family needs. (7 M)
2. Analyze whether TROP (Term Insurance with Return of Premium) offers “real financial value” when compared to investing the premium difference in a mutual fund. (8M)