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PRESIDENCY UNIVERSITY

Presidency University Act, 2013 of the Karnataka Act No. 41 of 2013 | Established under Section 2(f) of UGC Act, 1956
Approved by AICTE, New Delhi | Approved By BCI
Bengaluru

Even Semester Mid Term, March 2026

Date: 11/03/2026

Time: 02:00 PM - 03:30 PM

Course Code: MBA4005

Course Name: Insurance and Risk Management

Semester: Fourth Semester

Max. Marks: 50

Weightage: 50%

CO - Levels	CO1	CO2
Marks	16	54

Part A: Answer Following Questions. 15 M

Qn.No	Questions	M	CO	BT
1	Explain the concept of risk financing and how it supports business continuity.	3	CO1	BT2
2	Describe the importance of risk identification in business with an example.	3	CO1	BT2
3	Differentiate between pure and speculative risk with a suitable examples.	3	CO2	BT2
4	Demonstrate with examples how the principle of insurable interest works in (a) life insurance, (b) property insurance.	3	CO2	BT3
5	A textile company insured its warehouse against fire with The New India Assurance Company. One night, a small fire broke out due to an electrical short circuit. Instead of waiting for the fire brigade, the employees immediately used fire extinguishers and shifted the nearby stock to a safe place. As a result, the damage was limited to goods worth ₹5 lakh instead of the entire stock worth ₹50 lakh. Explain how the textile company applied the principle of loss minimisation in this situation.	3	CO2	BT3

Part B: Answer Any 1 Following Questions. 10 M

Qn.No	Questions	M	CO	BT
6	Evaluate the impact of Bima Sugam as a digital insurance platform on traditional insurance practices, especially in terms of transparency, claims, and customer protection with an	10	CO1	BT2

	examples.			
7	Discuss how Indian companies like Tata Industries apply risk management techniques in their operations.	10	CO2	BT3

Part C: Answer Any 1 Following Questions. 10 M

Qn.No	Questions	M	CO	BT
8	Describe the principle of subrogation & Loss minimisation and illustrate it with suitable examples.	10	CO2	BT2
9	Mr. XYZ applied for a life insurance policy worth ₹10 lakh. While completing the proposal form, he failed to disclose that he was a chronic diabetic and occasionally smoked. Six months after obtaining the policy, he died due to a heart attack. When his family filed for the claim, the insurance company discovered his medical history through hospital records and rejected the claim, stating that Mr. XYZ had violated the principle of utmost good faith by concealing a material fact during the policy application. What is the principle of utmost good faith and how was it violated in this case? Suggest how both insurer and insured can uphold this principle in practice.	10	CO2	BT3

Part D: Answer Following Questions. 15 M

Qn.No	Questions	M	CO	BT
10	<p align="center">Mr. MM 's Journey to Secure Medical Expense Coverage</p> <p>Mr MM, a 68-year-old businessman based in Mumbai, lived a bustling life managing his business and family responsibilities. He had secured a robust health insurance policy to safeguard against unforeseen medical expenses. His policy promised comprehensive coverage, including hospitalisation, pre-existing conditions, and various medical treatments. In February 2026, Mr. Mohan faced a sudden health crisis when he was diagnosed with a severe heart condition, necessitating urgent medical attention. The treatment involved a series of procedures, hospital stays, and medication, resulting in significant medical costs of ₹9 lakhs. Confident in his insurance coverage, Mr. MM's promptly filed a claim for ₹9 lakhs. However, to his dismay, the insurance company rejected the insurance claim, citing several reasons: Pre-existing Condition Clause: They claimed Mr MM's heart condition was pre-existing and not disclosed at the time of policy purchase. Policy Exclusions: They asserted that certain treatments were excluded under specific policy clauses, although these were not explicitly outlined in the policy</p>	15	CO2	BT3

document. Disheartened by the denial, Mr MM sought assistance from Insurance Samadhan to secure the rightful claim amount. Our experts conducted a thorough review of Mr. MM's case. We carefully examined his medical records, insurance policy terms, and all correspondence with the insurer. Their investigation uncovered crucial details:

Misinterpretation of Pre-existing Condition: The diagnosis of Mr MM's heart condition was recent, with no previous medical history indicating it as pre-existing.

Policy Terms Clarification: The insurer's alleged exclusions were ambiguous and not defined in the policy document, which caused a misunderstanding. The team then provided tailored solutions and insights to Mr. MM. With our persistent guidance, Mr. Mohan refiled the claim, and this time, he successfully overturned the denial. His claim for ₹9 lakhs was approved. Mr. MM's case depicts the critical role of expert assistance in resolving insurance disputes. While his initial claim was unjustly rejected due to misinterpretations and other issues, Insurance Samadhan's intervention rectified the situation.

Questions:

- 1.What was the main reason the insurance company initially rejected Mr. MM's claim? (5M)
2. Explain the term "pre-existing condition clause" as used in the context of this case. (5M)
- 3.Describe how misinterpretation of policy terms can lead to disputes between the insurer and insured. (5M) 15 Marks