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<table>
<tr><td colspan="3">Even Semester End Term Examination, May / June 2026
Date: 19/05/2026   Time: 01.00 PM - 04.00 PM</td></tr>
<tr><td>Course Code: MBA4005</td><td colspan="2">Course Name: Insurance and Risk Management</td></tr>
<tr><td>Semester: Fourth Semester</td><td>Max. Marks: 100</td><td>Weightage: 50%</td></tr>
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CO - Levels	CO1	CO2	CO3
Marks	29	56	55

Part A: Answer Following Questions. 30 M

Qn.No	Questions	M	CO	BT
1	Describe the steps involved in the risk management process, including risk identification, analysis, and evaluation.	3	CO1	BT2
2	Explain the concept of risk financing and how it helps in managing potential financial losses.	3	CO1	BT2
3	Describe the operational, financial, and compliance risks with one example each.	3	CO1	BT2
4	Explain the principle of indemnification and how it applies in insurance contracts.	3	CO2	BT2
5	Differentiate between the risk of fire and the risk of unemployment in terms of insurability.	3	CO2	BT2
6	Explain how insurance involves risk transfer and payment of fortuitous (unplanned) losses.	3	CO2	BT2
7	Describe the concept of pooling of losses and how it operates in insurance.	3	CO2	BT2
8	Describe the principle of insurable interest with a suitable example.	3	CO2	BT2
9	Define insurable interest and explain why it is necessary for a valid insurance contract with an example.	3	CO2	BT2
10	Explain the difference between pure risk and speculative risk with suitable examples.	3	CO2	BT2

Part B: Answer Any 1 Following Questions. 10 M

Qn.No	Questions	M	CO	BT

11	Mr. Kiran, a small business owner, operates a manufacturing unit producing electrical goods. He faces multiple risks such as fire accidents, employee injuries, and theft of inventory. To manage these risks, he conducted a risk assessment to identify and evaluate potential losses and estimated the financial impact through loss forecasting. He then applied different risk treatment techniques, including installing fire safety systems (risk reduction) and purchasing insurance from New India Assurance (risk transfer). Certain minor risks were retained, while highly hazardous activities were eliminated. Finally, he implemented and monitored a risk management program to ensure continuous control and improvement.Examine the risk management process by applying its steps to Mr. Kiran's business situation.	10	CO1	BT3
12	Mr. BDC, a 38-year-old salaried employee, faced personal risks such as medical emergencies, loss of income, and accidental injuries. He conducted a risk assessment to identify these risks and used loss forecasting to estimate possible financial impacts. Based on analysis and evaluation, he adopted risk control and treatment measures such as maintaining a healthy lifestyle (risk reduction) and purchasing health and term insurance from HDFC Life Insurance (risk transfer). He chose to retain minor risks like small medical expenses and eliminated risky habits such as smoking. He also shared certain risks through family support systems. Finally, he regularly reviewed his plan to ensure effective personal risk management.Apply different risk management strategies (reduction, transfer, retention, elimination, and sharing) to Mr. BDC's situation.	10	CO1	BT2

Part C: Answer Any 1 Following Questions. 10 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
13	Mr. Tom insured his factory and machinery under a fire insurance policy with ICICI lambard. At the time of taking the policy, he disclosed all relevant details about the property and its usage. After a short circuit, a fire broke out causing heavy damage, and he filed a claim. The insurer compensated only the actual loss suffered and later recovered part of the loss from a negligent third-party contractor. During investigation, it was found that he had a financial interest in the property and the risk insured was measurable and lawful. The case highlights various legal principles governing insurance contracts. Apply the principle of indemnity to determine whether Mr. Tom can claim more than the actual loss suffered , justify your answer.	10	CO2	BT3
14	Mrs. Anjali, a 40-year-old working professional in India, purchased a health insurance policy from Care Health Insurance with coverage for hospitalization and critical illness. After two years, she was diagnosed with a serious cardiac condition requiring surgery, leading to medical expenses of ₹6 lakhs. She also had an employer-provided group insurance policy, but it covered only part of the expenses. She used her individual policy to claim the remaining	10	CO2	BT3

	amount through cashless treatment at a network hospital. However, some expenses were not covered due to policy exclusions and limits. The case highlights different types of health insurance and the extent of medical expense coverage in India. Apply your understanding of types of health insurance to identify which policies Mrs. Anjali used and how they helped in covering her expenses.			

Part D: Answer Any 1 Following Questions. 10 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
15	Describe an Endowment Plan and explain how it combines both insurance protection and investment benefits.	10	CO3	BT2
16	Mr. Arun, aged 35, consultedLife Insurnace Corporation of India to secure his family's future. He chose a trem Insurance Plan for protection, an Endowment Plan for savings, a ULIP for investment, and a Whole Life Policy for lifelong coverage. This coimbation helped him achieve financail protection, savings and long-term security. By selecting a mix of policies, Mr Arun balanced risk protection,savings and investment, ensuring comprehensive financial planning for his fmaily. Identify the different types of life insurance policies chosen by Mr Arun. Also explain which policy is the most suitable for pure risk protection and why?	10	CO3	BT3

Part E: Answer Any 1 Following Questions. 10 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
17	Describe a Term Insurance Plan and explain how it provides financial protection to the policyholder’s family. Also, differentiate it from investment-linked insurance plans.	10	CO3	BT2
18	Mr. HGF aged 45, purchased a health insurance policy from Star Health and Allied Insurance with a sum insured of ₹5 lakhs, disclosing hypertension. After three years, he was hospitalized for a heart condition and incurred ₹3.8 lakhs in expenses. He opted for cashless treatment at a network hospital. The insurer approved the claim partially, citing certain exclusions in the policy. Mr. HGF disputed the decision, arguing that he had completed the waiting period and disclosed all relevant medical details.Identify and explain the key features of a health insurance policy highlighted in the case.	10	CO3	BT3

Part F: Answer Following Questions. 30 M				
Qn.No	**Questions**	**M**	**CO**	**BT**

19	**Operational Risk Governance in a Bank** State Bank of India (SBI), one of India's largest banks, faced rising operational risks due to increased digital transactions and complex internal processes. The bank experienced issues such as system downtime, transaction errors, and internal fraud attempts. To address this, SBI strengthened its Operational Risk Governance Framework. A dedicated Risk Management Committee was formed to identify, assess, and monitor operational risks across all branches. The bank implemented a three-lines-of-defense model, where business units handled risks, the risk management team provided oversight, and internal audit ensured compliance. Advanced risk assessment tools and Key Risk Indicators (KRIs) were introduced to detect early warning signals. Employee training programs were conducted to reduce human errors and improve compliance awareness. The bank also adopted automation and cybersecurity measures to mitigate risks related to digital banking. Regular internal audits and incident reporting systems were established to ensure transparency and accountability. As a result, the bank improved its operational efficiency, reduced fraud incidents, and enhanced customer trust. Further, the bank introduced a centralized risk data repository to track all operational loss events and analyze trends. It also aligned its risk practices with international standards such as Basel Committee on Banking Supervision guidelines. Periodic stress testing and scenario analysis were conducted to evaluate the bank's preparedness against unexpected disruptions. Additionally, senior management played an active role in fostering a risk-aware culture, ensuring that operational risk governance became an integral part of decision-making. Question 1.What are the key components of operational risk governance in the case?[5M] 2.How did the bank mitigate operational risks?[5M] 3. What is the importance of the three-lines-of-defense model?[5M]	15	CO2	BT3

PTO (Please Turn Over)

20	**Claim Dispute in a “Health Insurance Policy”** Mrs. Hema, aged 48, purchased a health insurance policy from CareShield Health Insurance Co. with a sum insured of ₹7 lakhs. At the time of purchasing the policy, she was required to disclose her medical history, including diabetes, hypertension, and any past major surgeries. While filling the proposal form, she declared hypertension but did not disclose that she had been diagnosed with Type-II diabetes two years earlier, thinking it was not serious as it was “under control.” After two years, she was admitted for a kidney-related complication, and the total bill came to ₹4.2 lakhs. She submitted all hospital documents and claimed reimbursement. However, the insurance company rejected the claim, stating that: a. Diabetes was a pre-existing condition. b. She suppressed a material fact at the time of policy inception. c. The kidney complication was directly related to untreated diabetes (proximate cause). Mrs. Hema argues that: a. The insurance agent did not clearly explain what must be disclosed. b. She has paid premiums honestly for two years and expects her claim to be settled. c. The disease was under control and she did not intentionally hide anything. d. She files a complaint with the Insurance Ombudsman. Questions 1.Explain what a pre-existing disease means in a health insurance policy.[5M] 2. Why did the insurance company reject Mrs. Hema’s claim?[5M] 3. Describe the concept of “material fact” in insurance underwriting.[5M]	15	CO3	BT3