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**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF COMMERCE
END TERM EXAMINATION - JUN 2023**

Semester : Semester II - 2022

Course Code : SOC2002

Course Name : Sem II - SOC2002 - Banking and Insurance

Program : BCH&BCM

Date : 16-JUN-2023

Time : 1.00PM - 4.00PM

Max Marks : 100

Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
 - (ii) Question paper consists of 3 parts.
 - (iii) Scientific and non-programmable calculator are permitted.
 - (iv) Do not write any information on the question paper other than Roll Number.
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PART A

ANSWER ALL THE QUESTIONS

(10 X 2 = 20M)

1. Accident Insurance products are on the rise today from the last decade. Explain the meaning of Accident Insurance.
(CO4) [Comprehension]
2. The Banking industry in India has historically been one of the most stable systems globally, despite global upheavals. Historically Indian banking has benefited from high savings rates and growth in savings as well as disposable income growth. Explain the meaning of Banks.
(CO1) [Comprehension]
3. Subsidiary Banks is one of the strategies that today's bank follow to capture markets. Explain the meaning of subsidiary Banks.
(CO3) [Knowledge]
4. In financial year 2021, the value of premiums of the government sponsored health insurance schemes across India aggregated to around 43 billion Indian rupees. That same year, group businesses, excluding state-owned businesses, had a premium value worth approximately 281 billion Indian rupees. Explain Insurance Premium.
(CO4) [Knowledge]
5. National Electronic Funds Transfer (NEFT) is an electronic funds transfer system maintained by the Reserve Bank of India (RBI). Started in November 2005, the setup was established and maintained by Institute for Development and Research in Banking Technology. Explain the meaning of NEFT.
(CO2) [Knowledge]

6. The global fire insurance market size was valued at \$58.49 billion in 2019, and is projected to reach \$120.49 billion by 2028, growing at a CAGR of 11.9% from 2021 to 2028. Define Fire Insurance.
(CO4) [Comprehension]
7. Project Finance is a popular method of financing in sectors like Manufacturing and Mining, Oil and Gas, Power, Ports and Airports, Roads and Smart cities. Define Project Finance.
(CO2) [Knowledge]
8. Digital wallets are projected to overtake cash as India's leading point of sale payment method by 2023 and account for nearly half the e-commerce transactions value in the country according to the '2022 Global Payments Report' by fintech firm FIS. Explain E - Wallet.
(CO2) [Comprehension]
9. Every organization needs to transform for their survival and existence. Banking sector is also not an exception. Explain transformation services in banks.
(CO3) [Knowledge]
10. A rollover is the renewal of a loan. Instead of liquidating a loan on maturity, you can roll it over into a new loan. The outstanding principal and other components of the old loan are rolled-over with or without the interest outstanding on it. Explain the method to calculate Rollover rate.
(CO4) [Comprehension]

PART B

ANSWER ALL THE QUESTIONS

(4 X 10 = 40M)

11. India's share in global non-life insurance market was almost 1% in 2021. The Indian non-life insurance sector recorded 11.3% growth during 2021 whereas the global non-life insurance premium had only 8.4%. The insurance penetration of life insurance sector has gone up from 2.2% in FY 02 to 3.2% FY 22. The insurance penetration of non-life insurance sector has gone up from 0.5% in FY 02 to 1% FY 22. With reference to the above, explain Subrogation and Reinsurance.
(CO4) [Comprehension]
12. An asset is a resource with economic value that an individual, corporation, or country owns or controls with the expectation that it will provide a future benefit. Assets are reported on a company's balance sheet. They're classified as current, fixed, financial, and intangible. They are bought or created to increase a firm's value or benefit the firm's operations. Explain Interest Sensitive assets.
(CO3) [Comprehension]
13. Located in Mumbai, the RBI serves the financial market in many ways. The bank sets the overnight interbank lending rate. The Mumbai Interbank Offer Rate (MIBOR) serves as a benchmark for interest rate-related financial instruments in India. The bank's management objective is to maintain price stability and ensure that credit is flowing to productive economic sectors. The RBI also manages all foreign exchange under the Foreign Exchange Management Act of 1999. With reference to the above, explain RBI guidelines for Liquidity Risk management.
(CO3) [Comprehension]
14. The insurance regulator IRDAI has also undertaken various initiatives towards boosting the insurance penetration, such as permitting insurers to conduct video-based KYC, launching standardized insurance products and allowing insurers to offer rewards for low-risk behaviour. IRDAI has taken up the mission of 'Insurance for All' by 2047 which is expected to lead to a significant increase in insurance penetration and would help in bolstering the ease of doing business and will aid in making the sector more investment-friendly. IRDAI has "engaged four mission-mode teams" to work on transition to a risk-based solvency regime from current regime of capital or factor-based solvency, with the aim of beginning the shift within two years. From the above context, explain motor insurance and its types.
(CO4) [Comprehension]

PART C

ANSWER ALL THE QUESTIONS

(2 X 20 = 40M)

15. Customer X is planning marine insurance for a cargo transport from Mumbai to London. At the time of taking insurance, several factors are taken into consideration regarding the contract related to insurance. Outline the key principles that both the parties should keep in mind while entering into contract of marine insurance.

(CO4) [Application]

16. The Basel Committee - initially named the Committee on Banking Regulations and Supervisory Practices - was established by the central bank Governors of the Group of Ten countries at the end of 1974 in the aftermath of serious disturbances in international currency and banking markets. Since its inception, the Basel Committee has expanded its membership from the G10 to 45 institutions from 28 jurisdictions. Starting with the Basel Concordat, first issued in 1975 and revised several times since, the Committee has established a series of international standards for banks which are commonly known as Basel I, Basel II and, most recently, Basel III. Explain different types of risks in commercial banks.

(CO3) [Comprehension]