

PGDM (IBM), 2020-22
Sub.: Advanced Risk Management
Paper Code: INS-403B
Trimester – IV, End-Term Examination: September 2021

Time allowed: 2 Hrs 30 Min
Max Marks: 50

Roll No. _____

Instruction: Students are required to write Roll No on every page of the Answer Sheet. All other instructions on the question paper / notifications should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 3 question with internal choices and CILO (Course Intended Learning Outcome) covered Or Maximum 6 questions with internal choices and CILO covered (as an example)	3*10 Or 6*5	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

Section-A

A1(A). A draft risk policy is likely to be created by the head of risk management for review and debate by the senior managers and directors. When a final draft is agreed this would be tabled at a board meeting to gain agreement for the policy to be adopted across the company. The launch or updating of the risk policy should be led by the chief executive, to indicate both their and the board's full support for the policy. In the reference to above discuss the Three line of defense for ERM with their specific roles. (5 Marks)

A1(B). All insurance organizations have a range of stakeholders and these groups will all have an interest in the management of risk, but with different emphases. Discuss the role of stakeholders and their interest. (5 Marks) (CILO1)

OR

A1(A). The role of risk management is equally relevant to intermediaries as commercial organizations and as such they should adopt an appropriate risk management framework for all of their own risks. In this reference discuss the risk inherent by the brokers. (5 Marks)

A1(B). Having established a company (or group) approach to risk, firms will embed risk discussion and analysis in strategy development, business planning and operations. Each functional area of the company should consider how they carry out their responsibilities with risks being identified and managed in an organized and logical manner. (5 Marks)

A2(A). You are the Risk Manager for an energy generation company. Given the potential for a major loss event, the company has historically invested heavily in risk management. You have a large team in your department to support risk management activities. The company has robust risk management procedures in place. However, following poor results and increased competition from its competitors the company is now looking to cut costs. One of the areas where the Board is considering cost cutting measures is by reducing employee's numbers within your risk management department. Explain with justification two potential risk management consequences if your department is made to reduce its employee numbers. (10 Marks) (CILO 2)

OR

A2(A). The essential business proposition of insurers is to take on the risks of other parties, subject to the payment of a premium. In this context discuss the risk inherent with the insurance companies (5 Marks)

A2(B). Discuss the Internal and external catalyst for ERM. (5 Marks)

A3(A). Susanna is considering the use of emerging technologies to train new drivers of her organization's fuel trucks. Because of the many inherent dangers on the job and the regulations that must be followed, she is especially concerned that the new employees become adequately exposed to road situations before getting behind the wheel of the fuel trucks. Explain how virtual reality could help her training efforts to prevent Risk (5 Marks)

A3(B). Risk Appetite and Risk Tolerance are the very important part of risk management framework. Discuss this for a University and Health Management Organization. (5 Marks) (CILO2)

OR

A3. You are the Head of Internal Audit for ABC plc, a multi-national insurance broker. ABC plc has recently acquired a smaller regional insurance broker that specializes in a service where ABC plc has no prior experience. ABC plc's practice is to undertake an internal audit of the risk

management function of any new acquisition. Discuss the payoff model that company should implement to meet the requirement (10 Marks) (CILO 3)

Section-B

Compulsory CASE STUDY

You are the Risk Manager for a service company which has a contract with a town council. The service company delivers the following for the town council:

- Road and roadside maintenance.
- Refuse collection.
- The maintenance of public places, such as parks, sports facilities and play areas.
- The supplying of food for local schools.

A major storm caused damage and extensive disruption to a nearby town which disrupted the delivery of services by another town council. Therefore, you have been asked by your town council to review the management of the risks that arise from the delivery of the services.

Explain, with justification, how you would apply each of the five stages of the 'risk management process' in delivering the town council's services
