

PGDM (IBM), 2016-18
RISK MANAGEMENT
INS-202

Trimester – II, End – Term Examination: December 2016

Time allowed: 2 Hrs 30 Min

Roll No. _____

Max Marks: 50

Instruction: students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as Unfair Means . All other instructions on the reverse of Admit Card should be followed meticulously.

SECTION A

Answer 3 out of 5 questions

5 Marks each

- 1. An insurer decided to achieve growth in its auto insurance line by offering a discount to its homeowner's insurance customers who also purchase auto insurance. Which of the risk measure is or likely to increase as a result of this business decision?*
- 2. The new company manufactures electronics consumer products. The company's manufacturing plant is highly automated and located in the United States. However its purchases components from three companies in Asia. The majority of its sales are in the US, but European sales represent a growing percentage. Describe the types of risk new company would have in each of the four risk quadrant.*
- 3. Describe risk financing and its importance to organisation.*
- 4. Explain the following risk control techniques*
 - Avoidance*
 - Loss prevention*
 - Loss reduction*
- 5. David is a risk manager of a trucking company with a fleet of trucks that specialise in hauling gravel. Frequently, when a truck is operated on the road by an employee of the trucking company, gravel escapes from the back and cracks the windshield of a vehicle behind the truck. If no insurance or contractual risk transfer is available for the risk, what risk financing techniques might David consider to pay these losses?*

SECTION B

Answer 2 out of 3 questions

10 Marks each

- 6. As the risk manager of the company that relies on raw materials supplied from manufacturing both domestic and overseas to manufacture their product, you are concerned about the risk a within the supply chain*
 - Explain the purpose of fault tree and their advantage in the risk identification process*
 - Describe the supply chain issues that a fault tree might illustrate.*
 - Outline the risk controls that might be put in place to prevent supply chain risks*

7. John is a new risk manager at a medium size manufacturing organisation. The CEO would like to John to develop a holistic approach to the organisation's risk. Although an insurance programme is in place there has never been an attempt to identify all of the organisation's risks. Describe one or more technique John may use to identify this organisation's risk.
8. An insurer is beginning to write policies in a new state. The insurer's claim manager wants to know how many new claim representatives to hire. The insurer's marketing department has provided an estimate of additional premium volume from the new state. Based on that estimate and industry data the manager has determined the mean number of new claims to be 8000, with a standard deviation of 2000 in a normal distribution. If a claim representative can adjust 600 claims per year and the manager wants to be approximately 98 percent certain that she has enough representatives, how many will she need to hire?

Section C

Compulsory Case Study

15 Marks

RISK ASSESSMENT FOR COLD STORAGE WAREHOUSE

Setting the scene

Frozen Foods Ltd provide cold storage and distribution facilities (at temperatures between -18° and -30°C) at three locations. They serve customers of all sizes across a variety of sectors. Each location has 10 000 pallet spaces, uses fixed and mobile racking, and averages a throughput of 2500 pallets a week.

Twenty people are employed in the warehouses, working a variety of shifts. Three members of staff are from an Eastern European country; only one speaks good English. At busy times, temporary staff from an employment agency may also be employed. The site manager did the risk assessment, which covers goods inward from the gate to the cold store, their storage and their despatch.

How was the risk assessment done?

1 To identify the hazards,

the manager: looked at HSE's web pages for free health and safety advice and guidance for the warehousing industry (www.hse.gov.uk/warehousing/index.htm), and at HSG76 Warehousing and storage: A guide to health and safety (available from HSE Books, www.hsebooks.com/ or 01787 881165), particularly the chapter on temperature controlled storage; walked around all the areas where the staff, contractors, customers and others may go, noting things that might pose a risk and taking HSE's guidance into account; talked through the issues with the safety representative, including how knowledge of risks and risk controls could effectively be

communicated to the two staff members who did not speak good English, and on health and safety training for agency staff; talked to the two company first-aiders, to see if the ■■health surveillance questionnaires they compile and distribute have thrown up any additional issues that need to be considered; talked to supervisors and other members of staff ■■to learn from their detailed knowledge of particular jobs and areas and to discuss whether safe working procedures should be developed for certain jobs; and looked at the accident book to gather information on ■■past problems.

2 The manager then wrote down who could be harmed by the hazards and how.

3 For each hazard, the manager wrote down what controls, if any, were in place to manage these hazards, and compared the controls to the good practice guidance on the HSE website. Where he did not consider existing controls good enough, he wrote down what else was needed to control the risk.

4 The manager discussed the findings with the safety representative. Then, to implement the findings of the risk assessment, the manager decided who was responsible for each of the actions that were needed, and by when each action should be done. He wrote this down and, when each action was completed, ticked it off and recorded the date. The manager told staff about the risk assessment at a team meeting. The Eastern European member of staff who spoke good English translated for his countrymen, and checked that they understood it. The manager pinned up a copy of the risk assessment in the staff room, and made it part of the induction process for new staff.

5 The manager decided to review and update the assessment at least once a year or at any time when major changes to the workplace occurred, such as the introduction of a new plant or process.

Question : you are risk manager of the above stated cold storage ware house and you have been ask to do a risk assessment for the same . on the bases of your assessment draw a risk register , risk quadrant and risk map for the same.