

<PGDM-IBM, 2017-19>

<Risk Management>

<INS-202>

Trimester – II, End-Term Examination: December 2017

Time allowed: 2 Hrs 30 Min

Max Marks: 50

Roll No: _____

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.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section-A

Answer any 3 out of 5 questions.

5 Marks Each

- A1. State the benefits of risk management for an organization and the economy.
- A2. Explain how basic risk measures apply to the managing of a risk.
- A3. Explain how probability analysis can be used to estimate the likelihood and consequences of an event.
- A4. Describe the purpose and the composition of a risk register.
- A5. You are a risk management professional for a computer software organization. The new product division has just developed a design for software to be used in a biomedical research project. Several key pharmaceutical organizations have expressed a need for this type of product. With previous projects, the organization spent a great deal of time working out the problems after the software was designed. The chief executive officer would like to eliminate that time and better meet customers' needs. Which team approach would you recommend to provide a solution?

Section-B

Answer any 2 out of 3 questions.

10 Marks Each

- B1. The new Company manufactures electronic consumer products. The company's manufacturing plant is highly automated and located in the United States. However, it purchases components from three companies in Asia. The majority of its sales are in the U.S., but European sales represent a growing percentage. Describe the types of risk a New Company would have faced in each of the four risk quadrants.
- B2. An organization, with locations throughout the U.S., provides oxygen and related supplies to customers who need the oxygen for medical reason. Oxygen is a flammable gas, and there is a risk of fire and explosion at these

locations. Describe a traditional risk management approach to this risk versus an ERM approach

- B3. Ridhima is a risk manager of a trucking company with a fleet of trucks that specializes 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 (noninsurance) risk transfer is available for this risk, what risk financing techniques might Ridhima Consider to pay for these losses?

Section-C

Case Study Compulsory:

15 Marks

Case No. 1 (5 Marks)

Mr. Bharat is a Risk consultant who has been called in by the Olympic Planning Committee to give an independent opinion on the major risks that may impact on the successful delivery of the 2016 Asian Games, taking place in the India.. You have been asked to consider the major risks that may be present and how to control them. Most of the sporting events will be happening in Greater Noida which is densely populated and has an infrastructure built to support its permanent population. The events are varied in nature, are spread over several locations and will attract large numbers of spectators. The Games will take place over several weeks. During this period the world's media will be intensively focused on these events. A very large number of spectators would ill attend the various sporting events using a mixture of public and private transport.

Outline and justify suitable methods that you think should have been used to identify risks. Identify the top five types of risk for the Asian Games, providing two examples of each and explain your reasons for choosing these risks. Explain the risk control techniques that could be used to address these risks.

Case No. 2 (5 Marks)

You are a risk management consultant. One of your clients is a well known Manufacturer of LCD with a reputation for supplying high quality products to a number of retail stores all over India. From the north region they got a complaint about the products. After considering the nature of complaint management took the decision of product recall. But they had no previous experience of product recall. They have contacted you with concerns about a potential defect in one of their products following a number of customer complaints.

Prepare a detailed outline for your client on the factors they should consider when deciding whether or not to recall this product; a suitable process of product recall.

Case No. 3 (5 Marks)

You are the Risk Manager of ABC Ltd. who manages Motor fleets. They are insured with XYZ Insurance Company. ABC Ltd needs to renew their policy on 31 DEC 2012. At a renewal meeting with the insurer they expressed their concerns about an unusually high frequency of low cost motor fleet claims. The insurer will impose increased premium rates and terms unless the company takes remedial action. The Board of ABC Ltd considers that improvements are needed in managing motor fleet risks. The Board has also asked for a review of alternative methods of financing low cost motor fleet losses.

Prepare a presentation for the Board, summarizing your solutions for improving risk management and the risk financing options available.