

PGDM (IBM) - 2013-15 Batch

Sub: Global Perspectives in Insurance

(INS-602)

Trimester – VIth, End – Term Examination: February, 2015

[Time Allowed: 2.30 Hours]

[Max Marks: 50]

Roll No: _____

Instruction: Students are required to write their Roll No. on the question paper. Writing anything except the Roll No. will be treated as **unfair means**. For rough work, please use answer sheet.

Note: - Please be brief and relevant in your answers.
- Section C is compulsory.

Section-A

[There are 5 questions in this section. Attempt any 3 questions. Each question carries 5 marks.]

[3x5=15 Marks]

[A1] Briefly write about products and distribution systems for life insurance plans in Latin America.

[A2] Give a brief account of Protection and Indemnity Clubs (PI Clubs) of U.K.

[A3] What do you understand by E.U.'s General Product Safety Directive?

[A4] What according to you are the methods of controlling the nuclear weapons risks?

[A5] How is market mechanism used to mitigate environmental risks?

P. T. O.

Roll. No. _____

Section-B

[Note: Answer 2 out of the 3 Questions below. Each Question carries 10 marks]

[2x10=20 Marks]

[B1] (a) What is genetic engineering?

(b) Describe the pros and cons in the debate on genetic engineering risks.

[B2] What are the three major “market issues” with regard to non-life insurance in U.S.

[B3] (a) Internationally, identify the five major areas of insurance regulations?

(b) What do you understand by the terms (a) financial regulation (b) prudential and market conduct regulation and (c) solvency margin.

Section-C

Case Study

[Marks - 15]

- ❖ This section is compulsory.
- ❖ Read the annexed case study and answer the questions given at the end.

After reading the case given below, please discuss:

- (a) What were the proximate and ultimate causes for the Katrina disaster?
- (b) How the loss of human lives from Katrina could have been reduced?
- (c) What measures could be taken in future to lessen the impact of such loss events on assets?

[Please see case study in the attached sheet]

CALAMITY KATRINA

It started as a tropical depression on August 23, 2005, some 200 miles southeast of Nassau. Its birth and growth were monitored closely by the U.S. National Weather Service (NWS), which issued advisories at regular intervals. Some six days later, it roared onto the southeast corner of Louisiana, almost exactly where the NWS had predicted more than a day earlier. It would prove to be both the most costly disaster in U.S. history and perhaps the most ineptly ever handled by government officials whose jobs were to minimize death and destruction.

The storm and the warnings: Two days after its formation, a weak Hurricane Katrina (category 1) hit southern Florida, to emerge into the eastern Gulf of Mexico on August 26. At 10:00 on August 27, the U.S. National Hurricane Center (NHC) issued a hurricane watch for southeastern Louisiana, including New Orleans, which was extended to Mississippi and Alabama later that afternoon. That evening, some 35 hours before landfall, the director of the NHC telephoned to officials in Louisiana, Mississippi and Alabama, including the mayor of New Orleans, to inform them of the storm's intensity and its potential to be devastating and catastrophic.

Upon passing over a deep layer of 90°F water (which was some 2–5°F warmer than the long-term average), Katrina strengthened significantly, reaching category 5 intensity on August 28, with maximum sustained winds of 175 miles per hour. The NWS advisory that morning characterized Katrina as a "potentially catastrophic" storm, predicting an impact on Louisiana resulting in "human suffering incredible by modern standards," with "most of the area . . . uninhabitable for weeks . . . perhaps longer." The NWS field office in New Orleans was more pointed. Its morning bulletin predicted catastrophic damage to New Orleans, including partial destruction of one-half of the well-constructed houses in the city; severe damage to most industrial buildings rendering them inoperable; the creation of a huge debris field of trees, telephone poles, cars and collapsed buildings; and a lack of clean water. Unfortunately, the NWS and NHC proved remarkably accurate in capturing Katrina's eventual wrath and destruction.

The impact: With intense winds and a massive storm surge, the effect of Hurricane Katrina on southeast Louisiana was indeed catastrophic. After 11:00 on August 29, several sections of the levee system in New Orleans were breached, and 80 percent of the city was under water at peak flooding, which in some places was 20-feet deep, requiring emergency evacuation of tens of thousands of residents who had not left prior to the storm. They were lifted off roofs by helicopters or carried to safety in boats. Indeed, stranded survivors dotted the tops of houses citywide. Many others were trapped inside attics, unable to escape. Some chopped their way to their roofs with hatchets and sledgehammers which residents had been urged to keep in their attics in case of such events.

Survivors were taken to the Superdome, the Convention Center, a piece of high ground known as the Cloverleaf and other dry spots in the city. At these locations, they were subjected to unbearable conditions: limited light, air and sewage facilities

in the Superdome; the blistering heat of the sun; and in many cases, limited food and water. They feared for their safety and survival – and the survival of their city. Seemingly no one was in charge. Outside government help would take days to arrive and, interestingly, the first to arrive was from Canada (a specialized urban search and rescue team from Vancouver). Many big businesses were the main sources of local help (much of it provided for free), with many stores being back in operation days before the Red Cross or FEMA the U.S. Federal Emergency Management Agency arrived, including Home Depot (23 of its 33 stores in Katrina's impact zone re-opened the next day), Wal-Mart (113 of its 126 stores in the impact zone were re-opened within a bit more than two weeks), and FedEx (five days after impact, brought in 125 desperately needed walkie-talkies for rescuers) (*Fortune*, 2005, pp. 50–84).

From the marshes of Louisiana's Plaquemines Parish to the urban center of New Orleans to the coastal communities of Mississippi and Alabama, Katrina cut an enormous swath of physical destruction, environmental devastation, and human suffering. At least 1,100 Louisianans and 200 Mississippians died as a result of Katrina.

Mississippi experienced a different storm than Louisiana – in essence, a massive, blender-like storm surge versus the New Orleans flooding caused by breached and overtopped levees. By the end of the day on August 29, due largely to a storm surge that reached 34 feet in the western parts of the state – and extended inland as far as 10 miles – more than one-half of Mississippi was without power and had suffered serious wind and water damage. In addition to the surge, high winds and tornadoes left thousands of homes damaged and destroyed, and as many as 66,000 Mississippians were displaced from their homes.

Source: www.nhc.noaa.gov/ and failure of Initiative (2006)