

PGDM-IBM, 2019-21
Sub.: Risk Management
Paper Code: INS-202
Trimester-II, End Term Examinations: December-2019

Time Allowed : 2½ hrs.

Roll No.: _____

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.

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 6*5	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

Section-A

1A. 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 represents a growing percentage. Describe the types of risk new company would have in each of the four risk quadrants.

1B. "The basic explanation of the risk management process is referred to as the 8Rs and 4Ts of hazard risk management" Discuss.

Or

1A. "Risk may have positive and negative outcomes or may simply results in uncertainty " Explain

1B. An insurer decides to achieve growth in its auto insurance line by offering a discount to its homeowners insurance customers who also purchase auto insurance. Explain the risk measures that are likely to increase as a result of this business decision. (CILO1)

2A. Explain how regression analysis can be used to forecast gain or losses.

2B. Explain how to analyse loss exposures considering the four dimensions of loss and data credibility.

Or

Contd..2/---

2A. Compare decision tree analysis and event tree analysis in terms of the method they use to evaluate event consequences.

2B. To fully analyse the significance of a particular loss exposure, it is important to consider both severity and frequency distribution and how they interact. Explain the Pourty Approach to explain the above statement. (CILO2)

3A. 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 this risk, what risk financing techniques might David consider to pay for these losses and why?

Or

3A. Describe the risk treatment process and risk treatment techniques.

3B. Describe risk financing and its importance to organisation. (CILO3)

Section-B

Case Study Compulsory:-

CASE: 1:

The residential managing agent, employed by the landlord, carried out the risk assessment at this block of flats. The block, built in the 1930s, has communal gardens and separate garage blocks, with asbestos cement roofs. It is a three-storey block with 12 flats and two central stairways with landings. A caretaker, who lives offsite, carries out general maintenance, small repairs and cleans communal areas. The gardens are managed by an independent contractor. Larger, planned maintenance is contracted to specialist companies. As the premises were built before 2000 the building was surveyed for asbestos when acquired by the owner. Asbestos-containing materials found in the survey were recorded, a copy of the survey is kept in the caretaker's office and the managing agent holds a duplicate copy to send out to contractors tendering for work. As a Risk manager design a risk register to include six risk scenario models. Your register should include each scenario's risk level and quadrant risk. (10)

Case 2:

Ann is the new risk manager at Finder, Inc. a global internet search engine organisation. Her predecessors developed a comprehensive insurance program for Finder, including cyber risk, director and office (D & O), and employment practice liability coverage in addition to their commercial property and general liability insurance.

Finder's CEO, CFO and board of director want Ann to develop a holistic risk management approach. After reviewing Finder's operating environment, Ann initiates the risk management process by identifying Finders Risk.

Design a risk map for the Finders risk identified. The vertical axis should be designed as impact with these categories: Significant, Moderate and Minimal. The horizontal axis should be designated as likelihood with these categories: High, Medium and Low. (10)