**[Time: $2\frac{1}{2}$ Hours]**                                                                                   **[Marks:75]**

Please check whether you have got the right question paper.

N.B:     1.   All questions are compulsory subject to internal choice.
         2.   Figures to right indicate full marks.


**Q.1**   Answer the following. **(any two)**                                                                      **15**
   a.   Define Risk management. Explain the process of risk management.
   b.   Explain the different tools used to measure quantitative risk
   c.   Calculate expected rate of return & standard deviation of ABC Ltd. For the following information

| Situation | Probability | Stock A (Return %) | Stock B (Return %) |
|-----------|-------------|--------------------|--------------------|
| Normal    | 0.3         | 25%                | 22%                |
| Recession | 0.2         | 40%                | 30%                |
| Boom      | 0.5         | -10%               | 15%                |


**Q.2**   Answer the following. **(any two)**                                                                      **15**
   a.   Explain the various structural models of Swap.
   b.   Explain the ERM matrix with Diagram.
   c.   Define Arbitrage. Explain the types of arbitrage techniques.

**Q.3**   Answer the following. **(any two)**                                                                      **15**
   a.   Define corporate governance. Explain the benefits of corporate governance.
   b.   Define Risk assurance .Explain the challenges of risk assurance.
   c.   Briefly discuss Risk & Stakeholders.

**Q.4**   Answer the following **(any two)**                                                                       **15**
   a.   Discuss the powers, functions & duties of IRDA.
   b.   What is Reinsurance? What are the different types of reinsurance?
   c.   Expected losses are given in the table below.

| Loss value (in Rs.) | Probability |
|---------------------|-------------|
| 2,00,000            | 0.02        |
| 10,000              | 0.08        |
| 0                   | 0.9         |

Find the fair premium if :-
   a.   Policy  provide full coverage
   b.   Under writing costs = 10% of pure Premium
   c.   Claims are paid at the end of year
   d.   Interest rate = 10%
   e.   Expected claim processing costs = Rs 600
   f.   Fair profit = 5% of pure premium


**P.T.O**

**Q.5 Case study** **15**

Evaluate the performance of funds M,N & market port folio from the following information available form the past 6 months

| Month (return %) | April | May | June | July | Aug | Sept |
|---|---|---|---|---|---|---|
| Fund M | 3.25 | 1.50 | (1.00) | 3.75 | 1.25 | 0 |
| Fund N | 2.50 | (1.25) | 0 | 2.75 | 2.25 | 1.25 |
| Market portfolio | 1.00 | (0.75) | 2.00 | 1.75 | 0.25 | 3.25 |

The 6 month Treasury Bills Carry an interest rate of 6% P.a.

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