Time : 2½ Hours   **Total Marks : 75**

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NOTE: 1.All question are compulsory
        2. Figures to right indicated marks

Q1 A   Match the column (any 8).   **(08)**

A	B
1. IRDA Reform	a) Uncertainty
2. Currency Risk	b) Insurance for Insurers
3. Risk	c) Futures & Option
4. Reinsurance	d) Protection from Financial Loss
5. Derivatives	e) Flow diagram
6. Jensen Measure	f) Protect the interest of policyholders
7. Residual Risk	g) Third Party Liability
8. Decision Tree Analysis	h) CAPM
9. Motor Insurance	i) Amount of Risk Left over
10. Insurance	j) Exchange Rate Risk

Q1 B   State whether the following statements are True or False (any 7)   **(07)**
1. Risk and Return have direct relationship with each other.
2. Equity risk arises from stock volatility.
3. Standard deviation is square root of variance of rate of return.
4. Futures are an agreement between two people or entities where settlement takes place on future date at price which is pre decided.
5. Risk Identification is the first step in ERM process.
6. Third line of defence own and manage risk.
7. In Risk Assurance, Practitioner shall always express inference in the form of oral reports.
8. Suppliers, creditors and Public groups are all considered internal stakeholders.
9. ULIP stand for Unit Linked Investment Plan.
10. A beta of 1 indicates that the security price moves against the market.

Q2 A   Define Risk. Explain Market and Credit Risk.   **(08)**
Q2 B   Explain the importance and scope of Risk Governance.   **(07)**

OR

Q2 P   Explain the power, Function and duties of IRDA.   **(08)**
Q2 Q   Expected losses are given in the table below: **(07)**

Loss Value (in Rs.)	Probability
200000	0.02
10000	0.08
0	0.9

Find the fair premium if:
   a) Policy provides full coverage
   b) Underwriting cost = 10% of pure premium
   c) Claims are paid at the end of the year
   d) Interest rate = 10%
   e) Expected claim cost = Rs.600
   f) Fair profit = 5% of pure premium

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Q3 A   Explain Enterprise Risk Management Matrix.   **(08)**
Q3 B   Discuss the process to make claim in case of Fire Insurance   **(07)**

OR

Q3 P   Distinguish between Life and Non-Life Insurance   **(08)**
Q3 Q   Following is the information of Bata Ltd under the possible states of nature.   **(07)**

State of nature	Probability	Return on stock A (%)
Boom	0.25	7
Low growth	0.25	10
Stagnation	0.30	14
Recession	0.20	19

Calculate the expected return and standard deviation

Q4 A   How to identify risk with the help of SWOT Analysis?   **(08)**
Q4 B   Explain in detail Three Line Defence Model.   **(07)**

OR

Q4   From the following information calculates Beta (β) of a security.   **(15)**

Year	Return on Security (%)	Return on Market Portfolio (%)
1	13	15
2	14	16
3	15	17
4	13	14
5	12	12

Q.5 A   What is Reinsurance? State its types   **(8)**

Q.5 B   Explain Importance of Risk Register   **(7)**

Q5   Write a short note on:(any three)   **(15)**
1. Forward, Futures and options.
2. Sample Risk Register.
3. Marine Insurance.
4. Importance of Actuary.
5. Insurance Securitization.