

T4BMS (19) / Risk Management / (92)

Q.P. Code :02170

[Time: 2½ 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

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**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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