

Duration: 2 Hours: 30 Minutes

Maximum Marks:75

Note:

- 1) All questions are compulsory, subject to the internal choice.
- 2) Figures to the right indicate marks allotted on the question.
- 3) Use of Simple Calculator is allowed.
- 4) Working should form part of your answer.

Q1.a State whether the following statement are True or False (any 8) (8)

1. Risk and Return have direct relationship with each other.
2. Corporate Governance does ensure transparency.
3. Beta is used to calculate market risk of a Portfolio or Security.
4. Risk Identification is a continuous process.
5. Risk assurance service is an Independent Professional Service.
6. Equity risk is the risk that arises from volatility of exchange rate.
7. In SWOT analysis Strength is an external factor.
8. Stakeholders can be within the organisation only.
9. ULIP stands for United Link Insurance Plan.
10. As per IRDA regulation surveyor to be appointed within 24 hours

Q1.b Match the column (any 7) (7)

A	B
1. Risk	a) arrangement between a bank & insurance company.
2. Derivatives	b) Legal uncertainty
3. Decision Tree Analysis	c) Standardized contract
4. Life Insurance	d) right to buy
5. Surveyors	e) Report to management
6. Risk control and compliance	f) Key amendment to Insurance Act
7. Call option	g) Protection from Financial Loss
8. Future Contract	h) Flow diagram
9. Legal Risk	i) Futures & Option
10. Bancassurance	j) Uncertainty

- Q2. a) Define Risk. Explain the Risk Management Process. (7)**
b) Explain various investment strategies to reduce risk. (8)

OR

- Q2. p) Given below are the returns of Son Ltd under various economic conditions. (7)**

Economy condition	Probability	Returns (%)
Boom	0.25	7
Low growth	0.25	10
Stagnation	0.30	14
Recession	0.20	19

- i. Calculate Expected Returns and
- ii. Standard Deviation of Son Ltd.

q) You are required to calculator Beta factor for Moon Ltd. (8)

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

Q3. a) Explain the term Forward, Futures and Options. (7)
b) How to identify risk with the help of SWOT Analysis. (8)

OR

Q3. p) Discuss System Audit Significance in Risk Mitigation. (7)
q) Explain the Enterprise Risk Management Matrix. (8)

Q4. a) Explain Three Lines Defense Model. (7)
b) Explain challenges of Risk Assurance. (8)

OR

Q4. p) How to response stakeholders expectation. (7)
q) Discuss Risk Management and Corporate Governance. (8)

Q5. a) Expected losses are given in the table below: (7)

Loss Value (in Rs.)	Probability
50,000	0.30
10,000	0.60
0	0.10

Find the fair premium if:

- Policy provides full coverage
- Underwriting cost = 12% of pure premium
- Claims are paid at the end of the year
- Interest rate = 8%
- Expected claim cost = Rs.900
- Fair profit = 10% of pure premium

b) Write a note on Non-life Insurance. (8)

OR

Q5. Write Short notes on (Any Three) (15)
1. Market Risk
2. Sample Risk Register
3. Importance of Risk Governance
4. Role of Actuary
5. Bancassurance
