Q.P. Code :02171

[Time: 2½ Hours]

[Marks:75]

Please check whether you have got the right question paper.

N.B: 1. All Questions are compulsory
2. Figures to the right indicate full marks.

Q.1 Answer any two questions from the following.
A. What is risk? Explain types of risk.
B. Explain internal control and techniques of internal control
C. Mr. steven investment have floated an equity based fund scheme called "x cube" the funds of which will be invested only in stocks and bonds of infrastructure and constriction companies.
70% of the fund value is invested in companies which engaged in commercial constriction service and 30% in developing residential township.
Average beta of return from development of residential township is measured at 5.7 and commercial construction is measured at 4.2
Benchmark Index yields 12.40% return and RBF bonds carry an interest is measured at 5.75% RX-cube 37.71%
Ascertain Jensen's Alpha relating to "X-Cube".

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Q.2 Answer any two questions from the following
A. How can derivative help to mitigate risk?
B. Explain Markowitz risk return model.
C. Define ERM and Process of ERM.

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Q.3 Answer any two questions from the following.
A. Explain the following concept
   1. Risk assurance
   2. Corporate Governance
   3. Managing stake holders
B. What are the types of various project share holders in risk management process?
C. Explain in detail Three Line Defence to reduce risk.

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Q.4 Answer any two questions from the following
A. Explain fire insurance and its claim procedure.
B. Explain regulatory framework of IRDA reforms in India
C. Find fair premium from the following dates.

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| Loss | Rs. 2,00,000 | With prob 0.04 |
|------|--------------|----------------|
|      | Rs.40,000    | With prob 0.16 |
|      | Rs.0         | With prob.0.90 |

i. Policy provide full coverage
ii. Underwriting cost of 20% of pure premium
iii. Interest rate 7%
iv. Expected claim processing cost Rs.1500/-
v. Fair profit 5% of pure premium.

P.T.O

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**Q.5** Analyse the following case and answer the questions.

Calculate beta for each of the following two securities form the given information.   **15**

| YEAR | X LTD (%) | Y LTD (%) | Z LTD (%) | MARKET PORTFOLIO (%) |
|------|-----------|-----------|-----------|----------------------|
| 2014 | 39 | 57 | 52 | 54 |
| 2015 | -12 | -36 | -48 | -24 |
| 2016 | 39 | 33 | 35 | 30 |