

## P.G.D.F.M.I. (Sem.-I) Examination

## Paper IV : Risk Management

Time : 3 Hours]

May-2017

[Max. Marks : 70

Ques 1) a) What is Risk Management? State its nature, scope and development. (6)  
 b) What are the methods of handling risk? (6)

OR

a) How the risk can be classified? (6)  
 b) Explain the risk management process. (6)

Ques 2) a) How the internal and external risk can be evaluated? (6)  
 c). Explain the law of large number with its implication in statistics? (6)

OR

a) Two dice are thrown simultaneously. Find the probability that (6)  
 1) Sum of the numbers of the two dice is at least "7" and at the most "12"  
 2) Sum of two number of the dice is at the most "9".

b) Find the mean of the following frequency distribution: (6)

Age ( in Years)	0-10	10-20	20-30	30-40	40-50	50-60	60-70
Frequency	5	8	4	6	12	4	10

Ques 3)

a) Write a short note on Loss Prevention, Loss Minimization, Diversification. (6)  
 b) Explain the role of human factor in risk control. (6)

OR

a) Explain the external factors affecting Risk Financing? (6)  
 b) What is the role of surveyor in loss prevention? (6)

Que 4) Explain "Insurance as a risk transfer". What are the benefits and limitations of the Insurance? (12)

OR

a) Enumerate the ART tools and explain any two of them. (6)  
 b) Explain a short note on benefits of pooling arrangement. (6)

Ques 5) a) What is ART? Write the characteristics of ART ? (6)  
 B) What are the benefits and limitations of Insurance? (6)

OR

a) Explain the various ART tools (12)

Multiple choice questions

1. Risk management has become an important concern for businesses today because:
  - a. insurance companies have done such a good job of marketing their products
  - b. rapid environmental changes are becoming a major source of risk for companies.
  - c. companies want to insure themselves against potential losses.
  - d. lawyers have made insurance claims a part of a company's legal strategic plan.
2. An enterprise risk management program has as one of its goals:
  - a. define which risks the program will manage.
  - b. eliminate the risk of doing business.
  - c. insure the company from environmental disasters.
  - d. spread the risk of doing business over time.
- 3) \_\_\_\_\_ are the factors which result in loss or damage to the property of the firm.
  - a) Technological factors
  - b) Physical factors
  - c) Economic factors
  - d) Natural factors

(P.T.O)

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- 4) Business Transaction in which the risk of price fluctuation is transferred to a third party is called \_\_\_\_\_.
- A) Speculation      b) Hedging      c) Forward Contract      d) Insurance
- 5) Voluntary Risk Retention results from \_\_\_\_\_
- a) Decision to retain risk      b) Decision to avoid risk      c) Decision to transfer risk  
d) None of these
- 6) When Macy's orders inventory for the Christmas season, the company has to predict what their customers will want to buy that season. The kind of risk being described is
- a. speculative risk.      b. pure risk.  
c. insurable risk.      d. self-insurance
- 7) It is when a company has several widely distributed facilities that \_\_\_\_\_ is the most appropriate.
- a. reducing the risk      b. avoiding the risk  
c. self-insurance      d. finding another company to take the risk
- 8) An insurable risk is one in which:
- a. The loss is a specific amount.      b. the loss is not accidental.  
c. the risk is dispersed.      d. the policyholder has no insurable interest.
- 9) Disability insurance
- a. replaces all your income if you become disabled.  
b. starts immediately after your disability.  
c. is required from employers.  
d. replaces a portion of your income.
- 10) If a person is injured when using a product and sues the manufacturer, the company is covered by
- A workers compensation.      b. disability insurance.  
c. product liability insurance.      d. business interruption insurance.
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