

Level: Bachelor

Programme: BBA-BI

Course: Risk and Insurance Management

Semester: Fall

Year: 2021

Full Marks: 100

Pass Marks: 45

Time: 3 hrs.

Candidates are required to answer in their own words as far as practicable. The figures in the margin indicate full marks.

Section "A"

Very Short Answer Questions

Attempt all the questions. [10×2]

1. State different types of risk to be faced by individual and organisations.
2. Construct risk management matrix.
3. Briefly explain the meaning of risk.
4. Give meaning of Pooling of Losses.
5. Write down the objectives of investment policy.
6. Classify the different risk management tools.
7. Trace out the responsibility of claims department.
8. Define enterprise risk management.
9. What is frequency and severity of loss?
10. What is insurability of risk?

Section "B"

Descriptive Answer Questions

Attempt any six questions. [6×10]

11. List out the various function of Chief Risk Manager in an organisation and explain few functions which are most important for organisation.
12. Discuss the factors that limit the insurability of risk.
13. Discuss the different approaches of rate making of nonlife insurance products.
14. How does insurance contribute to the economic development? Discuss the importance of investment fund to insurance company.
15. State out the provision of Investment Directives issued by Insurance Board to the insurer.
16. How does the correlation among the risk exposures influence the expected loss? Explain by the graphic presentation.
17. What are the functions of insurance? Briefly explain any two functions in details.

Section "C"

Case Analysis

18. *Read the case situation given below and answer the questions that follow:* [20]

The concept of the housing is good to minimise the misuse of arable land and to manage the residence for the overcrowded population in urban area. The cost of land is so expensive that middle class family does not afford the own house from their entire income over their life. Now, more than two hundred housing projects are running in the country. A report reveals that most of the housing failed not followed the building code issued by the Department of Urban Planning. They have not provided sufficient facilities to residents, there is limited open space for children and parking, and they are not responsible for post sales repair and maintenance even though certain maintenance fee is charged. The security of the housing also not reliable. In order to bring the housing under the surveillance of the government, recently a Housing Regulatory Authority of Nepal was formed.

The HRAN visited almost 20 different housing projects across the country. It observed that majority of the housing are constructed before earthquake-2015. They have not followed the building code properly. Constructed project after 2015 have followed the code properly but still there are many provisions need to fulfil before shifting the people in these colony and apartment.

Mr. A purchased apartment but he did not purchase Home Insurance Policy. As a result, almost Rs. 1 million of loss faced by Mr. A due to the leakage of the roof and safety tank. He lodged complain to HRAN. HRAN received number of such complaints from various housing but no one complain is settled till date.

Answer the following questions:

- a) What are the risk associated with housing in Nepal?
- b) What is the mistake of Mr. A?
- c) Do you think the Housing Project should hire Risk Manager? If so, what is the responsibilities of Risk Manager?
- d) Does insurance company able to accept risk of such huge project? Discuss.
- e) Provide suggestions to HRAN on mitigation of risk to housing sector.