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**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**BBA/BBASF – VI SEMESTER**

**SEMESTER EXAMINATION: APRIL 2023**

**(Examination conducted in May 2023)**

**BBADEB6519: RISK MANAGEMENT FOR BANKS AND INSURANCE COMPANIES**

**(For current batch students only)**

Time- 2 ½ hrs Max Marks-70

**This paper contains \_\_\_\_\_printed pages and four parts**

**Section A**

**I.** Answer ***any five*** of the following (**5x2 = 10 Marks)**

1. What is risk management?
2. Enlist the purpose of risk pooling.
3. Mention any four benefits of FinTech companies.
4. Give the meaning of banking ombudsman.
5. What is reputational risk?
6. State any 4 principles of insurance.

**Section B**

**II.** Answer ***any three*** of the following (**3x5 = 15 Marks)**

1. Write an analytical note on liquidity and market risks.
2. Briefly explain the process of risk diversification.
3. Outline the various hedging strategies of banking risk.
4. Summarize the check list for marine risk prevention.

**Section C**

**III.** Answer ***any two*** of the following (**2x15 = 30 Marks)**

1. Write a short note on:
2. Cash reserve ratio (3 marks)
3. Statutory liquidity ratio (3 marks)
4. Repo rate (3 marks)
5. Reverse repo (3 marks)
6. Marginal cost of funds based leading rate (3 marks)
7. Elaborate the Basel norms with reference to risk management for banks.
8. “Your insurance plan can stay on a resilient and agile track and ensure every risk is evaluated based on risk management technique”. Discuss the various risk management techniques associated with insurance.

**Section D**

**IV. Answer the following (1x15=15 Marks)**

1. Insurers in India lack sufficient capital, and their financial health, particularly that of the public-sector insurers, is in a precarious state. Among the public-sector general insurers, the financial situation of the ailing National Insurance Company is a cause for concern. Even though the Government of India has already infused Rs. 25 billion in the three public-sector insurers – National Insurance, Oriental Insurance, and United India Insurance – through the first batch of 'supplementary demands for grants for FY20, these insurers require an additional Rs. 100-120 billion in order to meet the stipulated solvency margin.

The general insurance industry recorded a decrease in profits, with public-sector general insurers posting losses, and their private-sector counterparts recording a slight fall in profits in FY19, relative to FY18. While premiums are still growing, the general insurance industry is experiencing underwriting losses, which increased by 45.5% for general insurers in FY19 compared to the previous year (IRDAI, 2019).

**Questions:**

A. From the above case explain the role of general insurance companies in loss minimization. (8 marks)

b. Elucidate the check list for fire prevention on constructions site. (7 marks)