

CS/BIRM/SEM-5/BIRM-501/2012-13

2012

BASICS OF RISK MANAGEMENT

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

10 × 1 = 10

- i) Environmental risks are
 - a) insurable b) non-insurable
 - c) excluded d) none of these.
- ii) Which one of the following is an example of peril ?
 - a) Occurrence of fire in a paper mill
 - b) Improper locking in a jewellery shop
 - c) Heavy rainfall during the rainy season
 - d) Smoking in a warehouse.
- iii) Taylor Tobacco Company is concerned that the company may be held liable in a court of law and forced to pay a large damage award. The characteristics of the judicial system that increase the frequency and severity of losses is known as
 - a) Moral hazard b) Particular risk
 - c) Legal hazard d) Speculative risk.
- iv) An effective risk management plan will need to address which of the following issues ?

- a) Risk avoidance b) Risk monitoring
 c) Contingency planning d) All of these.
- v) In which of the following methods of Risk Handling, the chance of loss is reduced to zero ?
- a) Risk Transfer
 b) Risk Reduction
 c) Risk Analysis
 d) Risk Avoidance.
- vi) is cause of loss.
- a) Perils b) Hazard
 c) Risk d) Liability.
- vii) Uncertainty is a condition where possible outcomes are totally
- a) known b) unknown
 c) different d) indifferent.
- viii) refers to measures that reduce the frequency of a particular severity of a loss after it occurs.
- a) Risk Identification b) Risk Evaluation
 c) Risk Control d) Risk Reduction.
- ix) According to the Law of Large Number, the larger the number of observations
- a) the higher would be the mean value
 b) the lower would be the mean value
 c) the higher would be the variance
 d) the lower would be the variance.
- x) Employer's liability risks are covered under Workmen Compensation Act
- a) 1913 b) 1923 c) 1933 d) 1943.

- xi) Pure risk can be classified into categories.
- a) three b) four
c) five d) six.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

2. What do you mean by "The Degree of Risk" ? Discuss it with example.
3. State the advantages and disadvantages of Risk Avoidance.
4. Point out the duties of a Risk Manager.
5. Which factors are influencing the acceptability of Risk ?

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

6. Write notes on the following : 3×5
- a) Non-insurance transfer
b) Self insurance
c) Fault tree analysis.
7. What is the difference between peril and hazard ? Describe the steps of risk management process. Draw a flow chart of Risk management process. $5 + 5 + 5$
8. a) What do you mean by risk financing ?
b) Explain the different techniques of risk financing.

2 + 13

9. Discuss about the direct and indirect costs associated with an accident. 15

10. Write down the distinction between the following pairs : $2 \times 7\frac{1}{2}$

- a) Dynamic Risk and Static Risk
b) Fundamental Risk and Particular Risk.