

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA-SEMESTER-III-EXAMINATION-WINTER-2024

Subject Code: 4539223**Date: 17/12/2024****Subject Name: Insurance and Risk Management****Time: 10:30 AM TO 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

Q. No.		Marks
Q.1	Definitions / terms / explanations / short questions based on concepts of theory/practical: (a) Explain No Claim Bonus (b) Define: Third Party Administrator (c) Explain Non-Life Insurance (d) Describe in detail Principle of Indemnity (e) What is Group life insurance? (f) Define underwriting process in insurance. (g) Captive insurance.	14
Q.2	(a) What is difference between Risk and uncertainty. Explain Risk management process in detail.	07
	(b) "Discuss the fundamental principles of insurance in detail."	07
	OR	
	(b) "Explain the role of the Insurance Regulatory and Development Authority (IRDA) in the insurance sector."	07
Q.3	(a) What do you mean by General Insurance? List down the characteristics of Mediciam, Vehicle insurance and Fire insurance.	07
	(b) "What is life insurance? Discuss five specific insurance plans offered by a life insurance company of your choice, highlighting their practical benefits and features."	07
	OR	
Q.3	(a) What do you mean by Micro Insurance? Elaborate the various models of micro insurance.	07
	(b) What is a group insurance policy? Highlight the key features that distinguish group insurance policies from individual insurance plans, focusing on their practical advantages for policyholders."	07
Q.4	(a) Briefly explain Underwriting in Insurance.	07
	(b) "Explain the concept of reinsurance and explore the various reinsurance techniques, with a focus on their practical applications in the insurance industry."	07
	OR	
Q.4	(a) Define : Claim Settlement Process. Explain process of claim settlement process for marine insurance with documentation process in detail.	07

- (b) "What is Asset Liability Management (ALM)? Elaborate on the use of ratio analysis for interpreting financial statements, emphasizing its practical application in enhancing ALM strategies." 07

Q.5

CASE STUDY:

In February 2021, Mr. X purchased a life insurance policy. Sadly, he passed away in August 2022, just 18 months after the policy was issued. Following his death, the insurer initiated an investigation into the claim. The investigation revealed that Mr. X had consulted a doctor and received various medications multiple times between 2019 and 2021.

A critical question in the insurance proposal asked, "Have you, within the past five years, consulted any medical professional for any ailment?" Mr. X answered "NO." The insurer contended that this response represented a deliberate misrepresentation of his health status and subsequently denied the claim, arguing that Mr. X had intentionally concealed material facts regarding his medical history.

In response, Mr. X's family contested the insurer's decision in court. The insurer provided evidence indicating that Mr. X had received medical treatment for minor ailments. However, a doctor who had treated Mr. X testified that he did not suffer from any serious health issues. The doctor described Mr. X as having a "neurasthenic" condition, marked by excessive concern about minor health problems, yet stated that his overall health was stable.

In early 2023, the court ruled in favour of the claimant, concluding that the insurer failed to demonstrate that Mr. X's medical consultations were material to the underwriting decision. The judge emphasized that while disclosure is essential, the insurer could not prove that Mr. X's minor ailments would have significantly influenced the policy approval process.

- (a) What key factors contributed to the court's ruling in favour of Mr. X's family despite the insurer's claims of misrepresentation? 07
- (b) How could the insurer have better assessed the significance of Mr. X's medical consultations during the underwriting process? 07

OR

- Q.5** (a) Evaluate whether Mr. X's response to the medical question in the proposal was reasonable. Provide justification for your answer. 07
- (b) What strategies can be implemented by insurers to prevent similar disputes regarding health disclosures in the future? 07
