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| **SESSION** | **FEB-MAR 2024** |
| **PROGRAM** | **MASTER OF BUSINESS ADMINISTRATION (MBA)** |
| **SEMESTER** | **IV** |
| **COURSE CODE & NAME** | **DFIN404 - INSURANCE AND RISK MANAGEMENT** |
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**Assignment Set – 1**

**1. How did the reforms in the Indian Insurance industry take place and what were their impacts?**

**Ans 1.**

The Indian insurance industry has undergone significant reforms since the liberalization of the economy in the early 1990s. Prior to these reforms, the insurance sector in India was heavily regulated and dominated by state-owned entities such as Life Insurance Corporation (LIC) and General Insurance Corporation (GIC). The need for reforms arose from the desire to improve efficiency, competition, and customer service within the sector.

The first major step towards reform was the establishment of the Malhotra Committee in

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**2. Mention the major factors influencing the key functioning of Insurance organizations.**

**Ans 2.**

The functioning of insurance organizations is influenced by a variety of factors that determine their operational efficiency, financial stability, and customer satisfaction. Understanding these factors is crucial for the successful management and growth of insurance companies.

**Regulatory Environment:** Insurance organizations operate under strict regulatory frameworks established by governing bodies such as the Insurance Regulatory and Development Authority (IRDA) in India. Regulations dictate aspects such as capital

**3. Write an explanation for thecoverages under a Standard Fire and Special Perils (SFSP) Policy**

**Ans 3.**

A Standard Fire and Special Perils (SFSP) Policy provides comprehensive coverage against various risks associated with fire and other specified perils. This type of insurance policy is designed to protect property, both residential and commercial, from a wide range of potential damages, ensuring financial security and peace of mind for the policyholder.

The primary coverage under an SFSP policy is against fire, which includes any damage

**Assignment Set – 2**

**4. Explain the need for Underwriting in Life Insurance along with its functions.**

**Ans 4.**

Underwriting is a critical function in the life insurance industry, playing a vital role in assessing and managing risk. The primary need for underwriting in life insurance is to ensure that insurance companies can maintain financial stability while providing adequate coverage to policyholders. Underwriting helps insurers evaluate the risk associated with insuring a person’s life, determining appropriate premium rates, and deciding on the terms and

**5. Write in brief on the principles of Insurance Pricing.Also, mention the general objectives that must be achieved in pricing General Insurance products.**

**Ans 5.**

**Principles of Insurance Pricing**

Insurance pricing, also known as premium setting, is guided by several fundamental principles to ensure fairness, sustainability, and profitability. The primary principles include:

**Risk Assessment and Classification:** Insurers must accurately assess and classify risks associated with potential policyholders. This involves evaluating factors such as age, health, occupation, and lifestyle for life insurance, or the nature of the asset, location, and usage for

**6. Describe the three key elements in any reinsurance contract. Also mention the Benefits of Reinsurance.**

**Ans 6.**

**Key Elements in a Reinsurance Contract**

**1. Parties Involved:**

The reinsurance contract involves two primary parties: the ceding company (or cedent) and the reinsurer. The ceding company is the original insurer that seeks to transfer some of its risks to another entity, while the reinsurer is the company that assumes the risk. This contractual relationship allows the ceding company to reduce its exposure to significant