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| **SESSION** | **July 2023** |
| **PROGRAM** | **MASTER OF BUSINESS ADMINISTRATION (MBA)** |
| **SEMESTER** | **IV** |
| **course CODE & NAME** | **DFIN404\_INSURANCE AND RISK MANAGEMENT** |

**Assignment Set – 1**

**1. Write a short note on the reforms in the Indian Insurance industry and their impacts.**

**Ans 1.**

The insurance industry in India was nationalized after Independence. In 1956, India’s Life Insurance Corporation was established after nationalization and merger of 245 insurance companies and other supplier communities. In 1972, the General Insurance Corporation and its four subsidiaries were formed nationwide by making 55 national insurance companies. The insurance industry faced a lot of problems. To resolve these, the R.N. The Malhotra

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

**Ans 2.**

**Functions of Insurance Organizations**

The most important function of insurance companies is to spread the risk to many people who are insured against risk, share the loss of each member of the society on the basis of the probability of loss and provide security from losses to the insured. The Figure 1 shows the various functions of the insurance organizations.

**1. Primary Functions**

The primary function of insurance is to protect the possible chances of loss. Further, the

**3. Write an explanation for the coverages under a Standard Fire and Special Perils (SFSP) Policy 10 10**

**Ans 3.**

**Coverages under a Standard Fire and Special Perils (SFSP) Policy**

The policy taken out to cover the cost of damage caused by fire is known as Fire Policy. The actual nomenclature of this policy is “Standard Fire and Special Perils Policy” or “SFSP Policy”.

The words special perils are added while naming the fire policy because this policy covers not only the losses caused by fire perils, but also a host of other perils which are discussed

**Assignment Set – 2**

**4. Explain the need for Underwriting in Life Insurance along with its functions. 10**

**Ans 4.**
Underwriting is a fundamental and indispensable process in the field of life insurance. It involves evaluating and assessing the risks associated with insuring a person's life, and then deciding the terms and conditions under which the insurance company will accept the risk.

**Need for Underwriting in Life Insurance:**

**Risk Assessment:** Life insurance is based on the concept of pooling risks from various individuals. However, not all individuals carry the same level of risk. Some individuals may

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

**Ans 5.**

Insurance pricing refers to the determination of the premiums that an insured person will pay for a specified level of coverage over a defined period of time. The principles of insurance pricing are fundamental to ensuring that the insurance company remains solvent and can meet its obligations to its policyholders while also making a reasonable profit.

**Here are the main principles of insurance pricing:**

Risk Pooling: This is the central principle of insurance. Individuals or entities with similar

**6. Describe in brief the contours of the future of Insurance in Rural Areas.**

**Ans 6.**

**The Future of Insurance in Rural Areas: Navigating New Contours**

The landscape of insurance in rural areas is undergoing significant transformation, driven by technological advancements, changing consumer behavior, and evolving risk profiles. As we peer into the future, we can discern several key contours that will shape the trajectory of insurance in rural regions. These contours encompass digitalization, product innovation, community engagement, and regulatory considerations. Together, they outline a dynamic and