**Insurance & Risk Management**

**April 2024 Examination**

**1. In case if Husband is proposing a Life Insurance up to Rs. 1 Crore, whereas if he himself having Life Insurance Cover up to Rs. 50 Lakhs. Whether such proposal would be accepted? If Yes / or No which relevant Insurance Principle is applied herewith? Justify (10 Marks)**

**Ans 1.**

**Introduction**

The subject of life insurance, particularly in the context of coverage amounts, is a pivotal aspect of personal financial planning and risk management. In India, where the insurance market is both diverse and growing, understanding the principles that govern insurance policy underwriting is crucial for individuals seeking adequate coverage. The scenario presented, involving a husband proposing a life insurance policy of Rs. 1 Crore, while already having a cover of Rs. 50 Lakhs, raises important questions about the acceptability and rationale behind insurance coverage limits. This situation is fundamentally governed by the principle of insurable interest, which is a cornerstone in the realm of insurance. Insurable interest ensures that the insurance policy is rooted in a legitimate financial interest, preventing insurance from

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**2.How an Insurance Company can justify particular Loss Exposures in Risk Management of Insurance. (10 Marks)**

**Ans 2.**

**Introduction**

Insurance companies play a pivotal role in the financial ecosystem, providing a safety net for individuals, businesses, and society at large against unforeseen losses. At the core of their operations is the concept of risk management, a systematic approach to identifying, assessing, and mitigating risks. In the context of insurance, risk management involves a detailed analysis of loss exposures, which are scenarios or events that could lead to financial loss. Justifying particular loss exposures is an intricate process that enables insurers to understand the likelihood and potential impact of these risks. This process is crucial not only for the financial stability of the insurance company but also for ensuring that clients are adequately protected. By effectively justifying and managing loss exposures, insurance companies can

**3. a) In case of Risk Management of the Insurer i.e. Insurance Company, How the technicalities of Re Insurance can be perceived by an Insurance Company by Transferring their Risk burdens? (5 Marks)**

**Ans 3a.**

**Introduction**

Reinsurance is a critical component of an insurance company's risk management strategy, allowing them to transfer portions of their risk to other entities. This mechanism not only aids in spreading risk but also stabilizes the insurance market by ensuring that no single company bears an overwhelming burden from large claims. By engaging in reinsurance agreements, insurers can protect themselves against potential financial volatility, thereby enhancing their

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**3b) If a Health Insurance Policy agreement for Cover of Rs 5 Lakhs & Rs. 5 Lakhs from 2 Health Insurance Companies out of which one is about to expire on 31st of March, on 28th March person gets Heart Attack & gets admitted in Hospital. Even though person gets a reminder letter on 15th March, still Heath Insurance policy is not renewed, as person is in presumption to get Health / Surgery Cover settled from any one of Health Insurance Company.**

**By Pass Surgery is advised costing Rs. 4.5 Lakhs Person also want to change Health Insurance Company (Contract) from coming Financial Year? Kindly advise RIGHT course of Action as per Health Insurance guidelines parameters. (5 Marks)**

**Ans 3b.**

**Introduction**

Navigating the complexities of health insurance coverage, especially in the context of policy renewal and claims during overlapping coverage periods, requires a thorough understanding of insurance guidelines and principles. When an individual is covered by two health insurance policies and is facing a critical health issue such as a heart attack, the process of filing claims