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| **SESSION** | **FEB-MAR 2025** |
| **PROGRAM** | **MASTER OF BUSINESS ADMINISTRATION (MBA)** |
| **SEMESTER** | **IV** |
| **COURSE CODE & NAME** | **DFIN404 INSURANCE AND RISK MANAGEMENT** |
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**Assignment Set – 1**

**Q1. Write a short note on the general structure of the Insurance market. 10**

**Ans 1.**

**Insurance Market Structure**

The insurance market is a crucial component of the financial system, offering risk transfer mechanisms and financial protection to individuals, businesses, and governments. The structure of the insurance market is designed to support a wide variety of insurance needs through a network of players, regulatory frameworks, and service models. The structure ensures that risk is managed efficiently, claims are processed fairly, and policies are underwritten with due diligence.

**Classification of the Insurance Market**

The insurance market can broadly be divided into two major segments: life insurance and

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**Q2. Reforms in the Indian Insurance Industry**

**Ans 2.**

**Insurance Sector Reforms**

The Indian insurance industry has undergone significant reforms since the 1990s, transitioning from a state-dominated setup to a competitive, private-sector-driven industry. These reforms have been instrumental in expanding insurance penetration, introducing innovative products, and ensuring better regulatory control. The aim of the reforms has been to make insurance more accessible, customer-centric, and financially robust.

**Liberalization and Privatization**

The most significant reform came in 1999 with the establishment of the IRDAI, which allowed

**Q3. What are the various financial factors that influence the functions of the insurance industry?**

**Ans 3.**

**Financial Factors in Insurance**

The insurance industry, like other financial services sectors, is highly influenced by a range of financial factors. These factors determine not just the operational efficiency and solvency of insurance companies but also their pricing strategies, risk management approaches, and ability to fulfill policyholder claims. A stable financial foundation is essential for sustaining trust and ensuring long-term growth in the sector.

**Capital Adequacy and Solvency Margins**

One of the most critical financial factors influencing insurers is capital adequacy. Insurance companies must maintain sufficient capital reserves to cover claim liabilities and other operational risks. Regulatory authorities like IRDAI mandate minimum solvency margins to

**Assignment Set – 2**

**Q4. Explain in detail the Product development process in India's Life and Non-Life Insurance sectors. 10**

**Ans 4.**

**Product Development in Insurance**

Product development is a critical function in both life and non-life insurance sectors, aimed at creating innovative insurance solutions that meet the evolving needs of customers while aligning with regulatory norms. The process involves several stages—right from market research to regulatory approval and final launch. In India, this process is governed by IRDAI,

**Q5. Write a short note on the objectives of claim management. 10**

**Ans 5.**

**Claim Management**

Claim management is a vital function within the insurance industry that deals with handling and processing of claims made by policyholders. It ensures that valid claims are settled efficiently, fairly, and in accordance with the policy terms. An effective claim management system builds customer trust, enhances insurer reputation, and ensures financial stability.

**Ensuring Prompt and Fair Settlements**

One of the primary objectives of claim management is to ensure timely and fair settlement of

**Q6. Mention the types of Reinsurance in brief. 10**

**Ans 6.**

**Reinsurance**

Reinsurance is the process through which insurance companies transfer a portion of their risk portfolios to another insurer, called the reinsurer. This risk-sharing mechanism protects insurers against significant losses, enhances capacity, and ensures financial stability. Various types of reinsurance arrangements exist based on how the risks and premiums are shared.

**Facultative Reinsurance**

Facultative reinsurance is a type of reinsurance where each individual risk is offered separately to the reinsurer. The reinsurer has the option to accept or reject the risk after evaluation. This