

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086
(For candidates admitted during the academic year 2019-2020)

COURSE CODE: 19VB/VM/RM66

B.VOC DEGREE EXAMINATION APRIL 2022
BANKING, FINANCIAL SERVICES AND INSURANCE
SIXTH SEMESTER

COURSE : MAJOR – CORE
PAPER : RISK MANAGEMENT
TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

Answer ALL questions: (10x 2 = 20)

1. Define enterprise risk management.
2. List out any two categories of operational risk.
3. What is indemnity?
4. Write a note on insurance premium.
5. What is ISO 31000?
6. Differentiate between risk avoidance and risk retention.
7. Write a note on risk identification.
8. What is PESTLE?
9. State the importance of risk management framework.
10. Write a note on brainstorming.

SECTION – B

Answer any FIVE questions: (5x 4 = 20)

11. Explain SWOT analysis in connection with risk assessment
12. Explain the statutory responsibilities in managing risk.
13. Briefly explain the objectives of risk management.
14. What are the different types of business risk?
15. What is the role of risk manager?
16. Give an overview on upsides and downsides of risk retention.
17. Explain the 4 T's of risk management.

SECTION – C

Answer any TWO questions: (2x15 = 30)

18. What is financial risk? Explain the different types of financial risk in detail.
19. Elucidate the different types of risk management standards provided by ISO.
20. What is risk quantification? Explain the tools and techniques of risk quantification.

SECTION-D**CASE STUDY ANALYSIS****(30 marks)**

21. Ford Motor (Ford), one of the leading automobile manufacturers in the world had two broad business segments: automotive and financial services. The automotive segment included the designing, manufacturing and sale of a variety of cars, trucks, and sport-utility vehicles (SUVs). The company's famous brands included Ford, Mercury, Lincoln, Jaguar, Mazda, Volvo, Land Rover, and Aston Martin. The Ford Motor Credit Company was the world's largest auto financing company. Ford offered credit services in over three hundred locations around the world. But since the early 2000s, Ford had been a company in trouble. CEO of Ford faced the daunting task of leading the company, out of the current scenario of declining sales and deteriorating market share. In 2002, Ford faced plant closures, employee downsizing and other drastic cost cutting measures aimed at trimming excess production and streamlining operations. The major players competed on the basis of product quality, advertising, promotion and price. Ford faced several risks. First, competition in the industry, often led to price wars. In addition, the stagnant economic conditions in America might lead to a decline in sales and leases. The third risk facing Ford stemmed from its relationship with the United Auto Workers union. In the past, striking workers had halted production at plants across the world and the fourth risk facing Ford resulted from litigation against the company.

Ford's Automotive sector undertook various transactions denominated in foreign currencies. These included purchases and sales of finished vehicles and production parts, debt and other payables, subsidiary dividends, and investments in affiliates. These expenditures and receipts created exposures to changes in exchange rates. Ford used derivative instruments to hedge assets, liabilities and firm commitments denominated in foreign currencies. Ford's hedging policy aimed at reducing income volatility. Car makers needed to have the capability to come up regularly with new models of good quality that appealed to customers in a cost-effective way. Serious quality problems within the Ford product line had arguably been the most critical factor in Ford's rapid fall from grace. Ford possessed a line of vehicles that were synonymous with recalls and poor quality such as the Ford Explorer, Ford Focus and the Ford Escort.

Questions:

- Identify the major risk faced by the company (5 marks)
- Give your suggestions to overcome the situation? (5 marks)
- Discuss your view on recalling the defective vehicles. (10 marks)
- How is it going to affect the expenditure cost? (5 marks)
- What type of mitigation strategy can be used to overcome risk? (5marks)
