

Question 1

- a) Explain the principal methods of handling risks (10mks)
- b) Define self-insurance and give reasons for risk retention (10mks)
- c) Differentiate the following terms
 - i. **Insurance** and **gambling** (2mks)
 - ii. **Pure** and **speculative risks** (2mks)
 - iii. **Risk averse** and **risk seeking** investors (2mks)
 - iv. **Peril** and **hazard** (4mks)

Question 2

- a. What are the benefits of insurance to the society (10mks)
- b. Buildings in flood zones are difficult to insure by private insurers because the ideal requirements of an insurable risk are difficult to meet.
 - i) Identify the ideal requirements of an insurable risk.
 - ii) Which requirements are not met by the flood? (10 marks)

Question 3

Discuss the following terms as used in management processes

- a. Risk identification
- b. Risk quantification
- c. Risk response (20mks)

Question 4

Discuss the concept of hazard in risk management (20mks)