



(Knowledge for Development)

KIBABII UNIVERSITY UNIVERSITY EXAMINATIONS 2017/2018 ACADEMIC YEAR THIRD YEAR 1st SEMESTER MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGRICULTURAL ECONOMICS & RESOURCE MANAGEMENT

COURSE CODE: IAE 383

COURSE TITLE: RISK AND INSURANCE

DATE: 8TH JANUARY 2018

TIME: 9-11 AM

INSTRUCTIONS TO CANDIDATES

Answer Question 1 and any other two (2) questions.

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)

Question 2

iv.

a. What are the benefits of insurance to the society

Peril and hazard

(10mks)

(4mks)

- **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)