



(Knowledge for Development)

KIBABII UNIVERSITY

**UNIVERSITY EXAMINATIONS
2017/2018 ACADEMIC YEAR**

**THIRD YEAR 1ST SEMESTER
SUPPLEMENTARY/SPECIAL EXAMINATION**

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

COURSE CODE: IAE 383

COURSE TITLE: RISK AND INSURANCE

DATE: 1ST OCTOBER 2018

TIME: 8 – 10 AM

INSTRUCTIONS TO CANDIDATES

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

TIME: 2 Hours

Question 1

- a) Define the following terms
- i. Risk management (4mks)
 - ii. Adverse selection (2mks)
 - iii. Insurance (2mks)
 - iv. Underwriting (2mks)
- b) State the requirements of insurable risk (6mks)
- c) State the law of large numbers (4mks)

Question 2

Define risk control and explain its major techniques (20mks)

Question 3

- a. Discuss negative consequences of risk on business (10mks)
- b. Describe the benefits and costs of insurance (10mks)

Question 4

- a. You have been appointed as the risk manager in ABC Company and tasked to design risk policy statement. Highlight benefits of risk statement policy and its disadvantages (10mks)
- b. Explain the benefits of risk management in an organization (10mks)