



*(Knowledge for Development)*

**KIBABII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**2016/2017 ACADEMIC YEAR**

**THIRD YEAR SUPPLEMENTARY/SPECIAL  
EXAMINATION**

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

**COURSE CODE: IAE 383**  
**COURSE TITLE: RISK AND INSURANCE**

**DATE: 11<sup>TH</sup> SEPT. 2017**

**TIME: 8AM – 10 AM**

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**INSTRUCTIONS TO CANDIDATES**

Answer question 1 and any other two questions.

TIME: 2 Hours

This paper consists of 2 printed pages. Please Turn Over



KIBU observes ZERO tolerance to examination cheating



1) a) Define the following terminologies used in Risk and Insurance

- (i) Risk Register (2 marks)
- (ii) Legal hazard (2 marks)
- (iii) Moral hazard (2 marks)
- (iv) Physical hazard (2 marks)

b) Describe the steps in conducting a Hazard and Operability study. (12 marks)

c) Explain any two main purposes served by a risk register (4 marks)

d) Describe the steps to be followed by agribusiness firms in managing risks that confront them. (6 marks)

2) "Farmers differ in the degree to which they accept and estimate risk and base decisions on a number of factors". Discuss. (20 Marks)

3) Discuss the main types of risk in Agriculture. (20 marks)

4) In analysis of decision making under risk, problems are divided into several components. State these components and discuss the properties of each of them (20 marks)