



(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: 16/02/2021.

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 as used in Risk management
- i. Risk management (4mks)
 - ii. Speculative risk (2mks)
 - iii. Pure risk (2mks)
 - iv. Reinsurance (2mks)
- b) State the law of large numbers and highlight three limitations of this law (5mks)
- c) State any five costs of risks in a society (5mks)
- d) Define the term self-insurance and state its disadvantages (10mks)

Question 2

- i) Identify the main factors considered in determination on insurance premiums (10mks)
- ii) Briefly discuss any two principles of insurance (10mks)

Question 3

Briefly discuss five basic principles of insurance (20mks)

Question 4

- i. Describe the term reinsurance and explain the reasons for reinsurance (10mks)
- ii. Discuss five basic method used in handling risks by a firm (10mks)

Question 5

Risk identification is important stage in risk management. Define the term risk identification and clearly explain five common methods used in risk identification. (20mks)