

(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2020/2021 ACADEMIC YEAR

THIRD YEAR
SPECIAL/SUPPLEMENTARY EXAMINATIONS

FOR THE DEGREE OF BACHELOR OF SCIENCE AGRICULTURE
ECONOMICS AND RESOURCE MANAGEMNT


COURSE CODE: AEC 311/IAE 383
COURSE TITLE: RISK AND INSURANCE

DATE: 11TH JANUARY 2022 **TIME:** 11 – 1 PM

INSTRUCTIONS TO CANDIDATES

Answer Question ONE 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

Question 1.

- a) Differentiate between (12 Marks)
- i) Objective risk and subjective risk
 - ii) Pure Risk and Speculative Risk
 - iii) Diversifiable Risk and Nondiversifiable Risk
- b) Explain the meaning of enterprise risk. (2 Marks)
- c). What is financial risk (2 Marks)
- d) Briefly explain each of the following risk-control techniques for managing risk:(6 Marks)
- i) Avoidance
 - ii) Loss prevention
 - iii) Loss reduction
- e) Explain the law of large numbers. (4 Marks)
- f) What are the two major differences between insurance and gambling? (4 Marks)

Question 2.

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

Question 3.

- a) Discuss at least Five characteristics of an ideally insurable risk. (10 Marks)
- b) Explain the various risk-financing techniques. (10 Marks)

Question 4.

Discuss the following concepts as used in management processes (20 Marks)

- a) Risk Identification
- b) Risk quantification
- c) Risk response.