

KIBABII UNIVERSITY



**UNIVERSITY EXAMINATIONS
2020/2021 ACADEMIC YEAR
MAIN EXAMINATION
SECOND YEAR SECOND SEMESTER**

FOR THE DEGREE OF BUSINESS MANAGEMENT

COURSE CODE: BCI 221:

COURSE TITLE:INSURANCE AND RISK MANAGEMENT

DATE: 04/08/2021

TIME: 9.00AM-11.00AM

INSTRUCTIONS TO CANDIDATES

- 1) Answer Question **ONE**(Compulsory) and **ANY OTHER TWO** Questions
 - 2) Candidates must hand in their answer booklets to the invigilator while in the examination room
 - 3) Credit is given for legibility, clarity and use of relevant examples
 - 4) Question **ONE** is **30 marks** while Questions **2-5** carry **20 marks** each
 - 5) Clearly write your **Registration Number** on each answer sheet used
-

TIME:2 Hours

KIBU observes ZERO tolerance to examination cheating

SECTION A

QUESTION ONE

- i. Risk management is an integrated process of delineating specific areas or risk, developing a comprehensive plan, integrating the plan, and conducting ongoing evaluation. In this context briefly explain the steps involved in risk management process.
(16 Marks)
- ii. The job of risk management can be broken down into three main elements which follow each other in a logical sequence. Explain the following three elements:
 - a) Risk analysis
 - b) Risk control
 - c) Risk financing **(9 Marks)**
- iii. Explain the following methods of risk identification
 - a) Flowchart Method
 - b) On-site Inspections
 - c) Interactions with Others
 - d) Contract Analysis
 - e) Statistical Records of Losses **(5 Marks)**

SECTION B

QUESTION TWO

- a) Define risk. List some ways in which risk creates an economic burden for society **(5 Marks)**
- b) Distinguish between Insurance Versus Gambling **(5 Marks)**
- c) Write short notes on principles of Subrogation and Contribution **(5 Marks)**
- d) Distinguish between assurance and insurance in view of principle of indemnity. **(5 Marks)**

QUESTION THREE

Explain the following terms as used in risk and insurance management

- a) Checklist
- b) Delphi technique
- c) Physical inspection
- d) Interviewing
- e) Risk tolerance/Appetite. **(20 Marks)**

QUESTION FOUR

- a) Explain any five critical methods of risk treatment and management **(10 Marks)**
- b) Explain any five advantages that can be directly attributed to the practice of insurance in your country. **(10 Marks)**