



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY - APRIL 2017 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCBA 302

COURSE TITLE: INSURANCE AND RISK MANAGEMENT

DATE: 3 APRIL 2017

TIME: 8.00 AM – 11.00 AM

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: All exam rooms are under CCTV surveillance during the examination period.

SECTION A

QUESTION ONE

- a) Risk is a state of uncertainty where some of the possibilities involve a loss, catastrophe, or other undesirable outcome alternatively risk can be described as those events or conditions that may or and whose occurrence, if it does take place, has a harmful or negative effect. With this understanding clearly explain the various categories of risk that organizations may be faced with. (10 marks)
- b) Risk identification is identified as a deliberate and systematic effort to understand and document all the key risks facing the institution and everyone within the organisation must understand the key objectives of the institution as a basis to formulate the risks. With clear illustration explain the tools that managers use to identify risks. (6 marks)
- c) XYZ LTD is a processing company that deals with the petroleum products with trade across borders where they have set up some more factories for processing. As the risk manager explain to the junior staff the tool s they can use to evaluate of risk. (10 marks).
- d) Explain the various types of funding arrangements that organisation may organize to facilitate the smooth flow of activities. (4 marks)
- e) Explain clearly the challenges that individuals are facing as a result of failing to take insurance covers. (10 marks)

SECTION TWO

QUESTION TWO

- a) Explain and illustrate with examples the factors that affect companies between the retention and transfer of risk. (10 marks)
- b) Insurance can be defined from the view of several disciplines such as law, economics, however Insurance has been defined as the pooling of fortuitous losses by transfer of such risk to insurers, who agree to indemnify for such losses to provide other preliminary benefits on their occurrence. Explain the key characteristics of an insurance. (10 Marks)

QUESTION THREE

- a) Distinguish between the risk management philosophy and risk management policy
(10 marks)
- b) Explain to a client seeking your services regarding risk identification the factors he will need to consider in selecting a method of risk identification. (10 Marks)

QUESTION FOUR

- a) Risk management is a process that identifies loss exposure faced by an organization and selects the most appropriate technique for treating such exposure. Systematically explain the risk management process. (10 marks)
- b) With clear illustrations explain the requirements of an insurable risk. (10 marks)

QUESTION FIVE

- a) Some manager hardly insure their employees against illnesses nor their premises. Explain the importance of insurance cover to an organisation. (10 marks)
- b) Explain the various methods of handling risks within an organisation. (10 marks)