



MURANGA UNIVERSITY COLLEGE

**(A CONSTITUENT COLLEGE OF JOMO KENYATTA UNIVERSITY OF AGRICULTURE &
TECHNOLOGY)**

MAIN CAMPUS

SPECIAL/ SUPPLEMENTARY UNIVERSITY EXAMINATIONS

2014/2015 ACADEMIC YEAR

SECOND YEAR SECOND SEMESTER EXAMINATIONS

SECOND YEAR FIRST SEMESTER EXAMINATIONS

FIRST YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE

OF

BACHELOR OF COMMERCE/HUMAN RESOURCE MGT

COURSE CODE: HBC 2109

COURSE CODE: HEH 2304

COURSE TITLE: INSURANCE AND RISK MANAGEMENT

DATE: 3RD AUGUST 2015

TIME: 9.00-11.00AM

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer TWO (2) questions

Question One (compulsory)

(a) Supporting your recommendations, advice on the specific insurance/assurance policies to be effected to meet the needs below

(i) Mwamba bank worried that there might be default on loans due to premature death of the borrowers (2 Marks)

(ii) An XYZ airline worried that passengers might be injured or die on its premises (Otieno) (2 Marks)

(iii) A Cardiologist worried that he could be sued if death or disability arises from an operation (2 Marks)

(iv) Mrs Mwende worried that her Tablet may be accidentally lost or damaged (2 Marks)

(v) Muona Mbali who has bought a new car on loan worried that it might be stolen (2 Marks)

(b) An insured scratched his leg with his thumb nail while removing his socks. Six days later the wound turned septic, on the tenth day septicemia set in and on the twentieth day the insured died of septic pneumonia. The policy covered death by accident but excluded death by disease. Giving supporting reasons, identify the proximate cause of death and advise the insured's family on whether the claim is payable. (10 Marks)

(c) Briefly discuss the ways in which subrogation rights can arise. (4 Marks)

(d) Citing relevant examples differentiate between perils and hazards (6 Marks)

(Total 30 Marks)

Question Two

a) Tools for risk management are diverse and require that the risk manager understand his environment to effectively deploy the right strategy. Discuss the process of risk identification and the associated processes to manage the risks. (10 Marks)

b) Risk management has a variety of objectives that can be classified into two namely Pre-loss objectives and the Post-loss objectives. List and explain FIVE pre-loss objectives that risk managers may pursue in their organizations. (10 Marks)

(Total 20 Marks)

Question Three

a) Giving relevant examples, discuss the main ways in which risks can be classified. (10 Marks)

b) Jeremy wants to effect insurance cover but has not seen a policy document before. He has approached you to advise him on the main components of the policy document. Advise him appropriately.

(10 Marks)

(Total 20 Marks)

Question Four

(a) 'Having taken on risks, insurance companies seek to insure again'. Explain the reasons Necessitating this .

(6 Marks)

(b) Briefly explain the intermediaries operating within the insurance market.

(4Marks)

(c) Highlight the challenges that the insurance companies do face when executing their duties and suggest possible ways of dealing with those challenges

(10 Marks)

(Total 20 Marks)