

HBC 2109 INSURANCE AND RISK MANAGEMENT



MURANG'A UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE

OF

**BACHELOR OF COMMERCE/BACHELOR PURCHASING AND
SUPPLIES MANAGEMENT**

COURSE CODE: HBC 2109/HPS 2304

COURSE TITLE: INSURANCE AND RISK MANAGEMENT

DATE: 10TH DECEMBER

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory

Answer TWO(2) questions

Marks are indicated alongside the questions

MRUC observes ZERO tolerance to examination irregularities



HBC 2109 INSURANCE AND RISK MANAGEMENT

QUESTION ONE

- (a) Giving relevant examples, discuss the main ways in which Hazards can be classified. (10 Marks.)
- (b) Peter 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)
- (c) 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)

(Total 30 Marks)

QUESTION TWO

- a) Risk Management is a strategic management issue that requires top management support. Discuss the relevance of Risk management at this level. (12 Marks)
- b) Identify and explain FOUR principal methods organizations use to reduce risks in these modern times (8Marks)

(Total 20 Marks)

QUESTION THREE

- (a) In the cases given below, identify the risks highlighted and ,supporting your recommendation, advise on the specific insurance/assurance policies to be effected to deal with the risk.
- (i) Maendeleo bank worried that there might be default on loans due to premature death of the borrowers (2 Marks)
- (ii) An Lenga juu airline worried that passengers might be injured or die on its premises (2 Marks)
- (iii) A surgeon in Afya Bora Hospital is worried that he could be sued if death or disability arises from an operation(2 Marks)
- (iv) Tom worried that his business laptop may be accidentally lost or damaged (2 Marks)
- (v)(a) Kimongo who has bought a new car on loan worried that it might be stolen (2 Marks)
- (b) Giving relevant examples, discuss the importance of insurance to you as a student. (4 marks)
- (c) Differentiate the roles played by the Association of insurance in Kenya and the Insurance regulatory Authority respectively. (6 Marks)

(Total 20 Marks)

HBC 2109 INSURANCE AND RISK MANAGEMENT

QUESTION FOUR

- (a) Briefly explain the intermediaries operating within the insurance market. (7 Marks)
- (b) State in what respects the contract of life insurance is different from other types of insurance. (6 Marks)
- (c) Explain why despite its importance, insurance has not been embraced by many people in Kenya. (7 Marks)

(Total 20 Marks)