



MURANG'A UNIVERSITY COLLEGE (MRUC)
(A *Constituent College* of Jomo Kenyatta university of Agriculture & Technology)

SCHOOL OF COMMERCE AND ECONOMICS

UNIVERSITY EXAMINATION 2013

SPECIAL / SUPPLEMENTARY

FOR THE DEGREE OF BACHELOR OF COMMERCE BBIT

HBC 2109: INSURANCE AND RISK MANAGEMENT

DATE: 6TH MAY, 2014

TIME: 2 HOURS

INSTRUCTIONS

Answer Questions *ONE* and any *OTHER TWO* Questions.

Compulsory Question (30 marks)

Q1. All businesses take risks. They are inherent part of our economic system. The risks taken differ in nature and in context. Risk is taken as an inevitable consequence if any one wishes to benefit from business.

- (a) From the above narrative, you are required to explain the various risks that business community is exposed to and how it deals with those risks. (6 marks)
- (b) In your own opinion, explain why risks are inseparable from businesses. (6 marks)
- (c) Differentiate between pure and speculative risks. Give examples in each case as regards business operations. (6 marks)
- (d) State the importance of insurance to the community. (6 marks)
- (e) Explain the term "underwriting" the business risks (6 marks)

(Total: 30 marks)

Answer *ANY TWO* questions

- Q2. (i) Individuals are highly encouraged to take insurance covers owing to the various risks that individuals are exposed to.
In the light of this statement state the various risks that individuals are exposed to and how they deal with them. (7 marks)

- (ii) Explain the various methods of managing risks. (6 marks)
- (iii) Highlight the various principles of insurance. (7 marks)

(Total: 20 Marks)

Q3(i) State the role played by the federation of Kenya Insurers. (6 marks)

(ii) What are various classes/types of insurances in Kenya. Explain the types of risks that they cover. (8 marks)

(iii) Why do you think that insurance is a science? (4 marks)

(Total 20 marks)

Q4(i) Explain the careers in the insurance industry and show why many students do not take the insurance as a career (6 marks)

(ii) Insurance regulations is an important aspect in the insurance industry. Elucidate the statement. (5 marks)

(iii) The following play a very crucial role in the insurance industry

(a) Actuaries

(b) loss adjusters

(c) Under writers

Explain their roles in the insurance industry. (9 marks)

(Total : 20 marks)

Q5(i) Briefly explains the various types of Hazards and show the importance of their classification. (6 marks)

(ii) Define risk management and state *three* essential objectives of risk. (5 marks)

(iii) In your own opinion, explain what should be done to promote insurance industry in Kenya. (5 marks)

(iv) Show how liability and property risks are important to a business person. (4 marks)

(Total: 20 marks)