

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

SCHOOL OF BUSINESS AND ECONOMICS

SPECIAL/SUPPLEMENTARY

BACHELOR OF HUMAN RESOURCE MANAGEMENT

THIRD YEAR SECOND SEMESTER EXAMINATION

HEH 2310 INSURANCE AND RISK MANAGEMENT

DATE:

TIME: 2 HOURS

**INSTRUCTIONS**

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

**Question one**

- a) The Insurance sector has had unprecedented number of its firms collapse in the recent times; it appears the regulator has not been effective in executing its mandate. As an insurance and risk scholar diagnose SIX reasons that have led to such collapse. (6 Marks)
- b) Formulate FOUR effective mandates that the regulator should pursue to steer the sector in the right track. [4 Marks]
- c) Discuss FOUR risks and challenges that may occur should the collapsed firms not put their houses in order and resume operations on time? [4 Marks]
- (d) Explain the essential features that must subsist for insurable interest to apply (10 Marks)
- e) 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 2**

- (a) Briefly discuss the circumstances under which an insurer may pay less than indemnity. (10 Marks)
- (b) Briefly discuss the main ways in which risk control can be exercised. (10 Marks)

**(Total 20 marks)**

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**Question 3**

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. [8 Marks]

**(Total 20 marks)**

**Question 4**

(a) Briefly explain the professional careers available in the insurance industry (7 marks)

(b) Discuss the emerging challenges that the Insurance industry is facing (7 marks)

(c) Highlight the role played by the Association of Kenya Insurers (6 marks)

**(Total 20 marks)**