



**TECHNICAL UNIVERSITY OF MOMBASA**  
***Faculty of Business and Social Studies***

DEPARTMENT OF BUSINESS STUDIES

UNIVERSITY EXAMINATIONS FOR DEGREE IN  
BACHELOR OF BUSINESS ADMINISTRATION  
BACHELOR OF COMMERCE

**BMS 4202: RISK MANAGEMENT AND INSURANCE**

END OF SEMESTER EXAMINATIONS

**SERIES: APRIL 2015**

**TIME: 2 HOURS**

**INSTRUCTIONS:**

- Answer Question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

***This paper consists of Two printed pages***

---

**QUESTION 1 (Compulsory)**

Maji Masafi Limited is a local multi-business enterprise established by Mr. Akili Nyngi and Mr. Mapesa. The initial business was in water purification and distribution, reaching a market in the local county. This business was extended to include soft-drink business, facilitated by building-bulk of fresh fruits from the County and neighbouring counties. The third business is in milling and the distribution of maize meal. In all these businesses, there is adequate equipment, machinery, material storage and distribution systems. The management of Maji Masafi intends to adopt an appropriate risk management strategy:

- a) Highlight the various risk exposures inherent in the company. **(8 marks)**
- b) Using appropriate examples, explain the various insurance types suitable for the company. **(12 marks)**

- c) Recommend various measures necessary to control risks in the company. **(10 marks)**

## **QUESTION 2**

- a) “You insure all that is in your possession regardless of ownership”. Discuss. **(12 marks)**
- b) What is the importance of a proposal form in insurance contracts? **(8 marks)**

## **QUESTION 3**

- a) The principle of contribution renders the principle of indemnity ineffective. Discuss. **(12 marks)**
- b) Justify the need for compulsory insurance types in Kenya. **(8 marks)**

## **QUESTION 4**

- a) Government supervision of the insurance sector is unnecessary and in fact a contravention of the rights and freedoms enshrined in the constitution. Discuss. **(12 marks)**
- b) What are the major objectives of a risk management programme. **(8 marks)**

## **QUESTION 5**

- a) Explain the ways in which HIV/AIDS pandemic is a threat and also a challenge to insurance in Kenya. **(10 marks)**
- b) Explain the role of motor assessors in facilitating insurance business. **(10 marks)**