



TECHNICAL UNIVERSITY OF MOMBASA
Faculty of Business and Social Studies

DEPARTMENT OF BUSINESS STUDIES

UNIVERSITY EXAMINATIONS FOR DEGREE IN
BACHELOR OF COMMERCE

BMS 4202: RISK MANAGEMENT AND INSURANCE

END OF SEMESTER EXAMINATIONS

SERIES: DECEMBER 2014

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)

- a) Discuss the reinsurance concept. **(10 marks)**
- b) Define risk and clearly discuss the major types of risk. **(10 marks)**
- c) Differentiate between the doctrine of utmost good faith and the doctrine of caveat emptor. **(10 marks)**

QUESTION 2

- a) Discuss the various techniques that are used to manage risk. **(12 marks)**
- b) Clearly explain **FIVE** insurance service providers clearly indicating the role of each in the sector. **(8 marks)**

QUESTION 3

- a) Insurable risks have several characteristics. Highlight and discuss any **FIVE** of these characteristics. **(15 marks)**
- b) Who are insurers and how do they make money. **(5 marks)**

QUESTION 4

- a) Discuss any **FIVE** insurance policies under the liability insurance. **(10 marks)**
- b) Define indemnity and then show the different types of insurance contracts that seek to indemnify an insured. **(10 marks)**

QUESTION 5

- a) Highlight and explain types of insurance. **(8 marks)**
- b) Define a claim. **(2 marks)**
- c) Explain how a claim department of an insurer works. **(10 marks)**