

TECHNICAL UNIVERSITY OF MOMBASA
SCHOOL OF BUSINESS
DEPARTMENT OF BUSINESS ADMINISTRATION

HIGHER DIPLOMA IN HUMAN RESOURCE MANAGEMENT

BMG 3304: RISK MANAGEMENT AND INSURANCE

END OF SEMESTER EXAMINATIONS

SERIES: APRIL/MAY 2016

TIME: 2 HOURS

INSTRUCTIONS:

- This paper consists of Sections **A** and **B**.
- Section **A** is Compulsory. Answer any **TWO** questions in Section **B**.
- Mobile phones are not allowed into examination room.
- Cheating leads to disqualification.
- This paper consists of Three printed pages.*

Question One

- a) Differentiate between the following classifications of risk giving examples
- i) Pure risk and speculative risk. (6 mks)
 - ii) Fundamental risk and Particular risk (6 mks)
- b) You attend a strategic management meeting in your firm and a senior manager says that he does not see the need for the organization wasting resources on managing risk. Explain to the managers why the organization should manage risk (10 mks)
- c) Explain any **FOUR** methods of handling risk (8 mks)

Question Two

- a) Explain SIX techniques of identifying risk in modern business (12 mks)
- b) Explain FOUR internal risks that may face an organization (8 mks)

Question Three

- a) With the aid of a diagram, explain the risk management process in the organization (14 mks)
- b) In practice, some risks can be insured against while others are not. Highlight reasons why a risk may not be insurable (6 mks)

Question Four

- a) Explain **SIX** principles of insurance (12 mks)
- b) What is the role played by the government in risk management? (8 mks)

Question Five

- a) Define the following terms in insurance
- i) Co-insurance (3 mks)
 - ii) Re-insurance (3 mks)
 - iii) Banc assurance (3 mks)
 - iv) Micro insurance (3 mks)

- v) Sharia compliant insurance (3 mks)
- vi) Captive insurers (3 mks)
- vii) Underwriters (2 mks)