

TECHNICAL UNIVERSITY OF MOMBASA
SCHOOL OF BUSINESS
DEPARTMENT OF BUSINESS ADMINISTRATION

HIGHER DIPLOMA IN HUMAN RESOURCE MANAGEMENT

BMG 3101: 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 Two printed pages.*

Question One

- a) An organization has many methods of managing risk at its disposal. What are the factors to be considered when choosing between retention and transfer of risk? (10 mks)

- b) What is the role played by the following players in the insurance industry?
 - i) Underwriters (3 mks)
 - ii) Brokers (3 mks)
 - iii) Agents (2 mks)

- c) Explain any SIX functions of a risk manager (12 mks)

Question Two

- a) The objectives of risk management can be classified into pre-loss objectives and post-loss objectives. Explain any THREE pre-loss objectives. (6 mks)

- b) Explain the various information gathering techniques that exist in risk identification process. (8 mks)

- c) Outline SIX external risks that may face an organization (6 mks)

Question Three

- a) Explain the types of insurance covering various exposures (10 mks)

- b) Explain the distinguishing characteristics between insurance and wagering (10 mks)

Question Four

- a) Explain FIVE characteristics of insurance (10 mks)

- b) You work with an insurance company in Mombasa. Explain the requirements that must be fulfilled before a pure risk can be insured. (10 mks)

Question Five

- a) Explain the distinguishing features of an insurance contract (12 mks)

- b) Explain the exceptions to the principle of indemnity (8 mks)