

**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 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)