



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY EXAMINATION FOR:

BACHELOR OF COMMERCE II/ BACHELOR OF BUSINESS

ADMINISTRATION II

BMS 4202: RISK MANAGEMENT AND INSURANCE

END OF SEMESTER EXAMINATION

SERIES: DECEMBER 2016

TIME: 2 HOURS

DATE: 6 Dec 2016

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

Do not write on the question paper.

Question ONE (Compulsory)

- Explain the concept of risk management process indicating the steps. (14 Marks)
- Distinguish between a contract of *caveat emptor* and a contract of *uberrimae fidei* (10 Marks).
- Using relevant local examples, discuss the major types of pure risks. (6 marks)

Question TWO

- Explain any 4 types of compulsory insurance in Kenya. What justification could account for such services? (14 Marks).
- The Government of the Republic of Kenya intervenes in the insurance sector. Is this intervention necessary? Justify your point of view. (6 Marks).

Question THREE

- a) What are the essentials of insurable interest? (8 Marks).
- b) Highlight the major risks facing the Technical University of Mombasa and their associated perils and hazards (12 Marks)

Question FOUR

- a) Explain the major challenges facing the insurance sector in Kenya today. Illustrate with examples. (10 Marks).
- b) Illustrate with examples the relationship between indemnity, subrogation and contribution (10 Marks).

Question FIVE

- a) Explain any five service providers in the insurance sector indicating the roles played by each (10 Marks).
- b) Explain the main components of an insurance policy cover detailing the importance of each component (10 Marks).