



# TECHNICAL UNIVERSITY OF MOMBASA

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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.**

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## **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).