

TECHNICAL UNIVERSITY OF MOMBASA

EXAMINATION RUBRIC

SCHOOL OF BUSINESS

DEPARTMENT OF BUSINESS ADMINISTRATION

PAPER: COMMON

**COURSE/CLASS: BACHELOR OF COMMERCE II / BACHELOR OF BUSINESS
ADMINISTRATION II**

UNIT CODE: BMS 4202

UNIT NAME: RISK MANAGEMENT AND INSURANCE

SERIES: May 2016

PAPER DURATION: 2 Hours

NO. OF STUDENTS: 250

INSTRUCTIONS TO CANDIDATES: Attempt **Question 1** and any other **TWO** questions.
Question 1 is compulsory

Name of setter: Dr. Kilungu Matata

Name of Moderator:

Q1. (Compulsory)

- a) The risk management process requires every organization to identify the risk exposures facing it. Explain some the methods that can be used to do so in an institution of higher education in Kenya (10 marks).
- b) Insurance contracts are contracts governed by insurable interest. What are the essentials of insurable interest? (8Marks)
- c) Using relevant local examples, the major risks facing the County Government of Mombasa and their associated perils. (12 marks)

Q2.

- a) Self-insurance is a costly venture. Discuss . (10 Marks).
- b) Explain the main components of an insurance policy cover detailing the importance of each component (10 Marks).

Q3.

- a) Explain the ways in which terrorism has affected the insurance sector in Kenya over the recent past. Illustrate with examples. (8 Marks).
- b) Illustrate with examples the relationship between indemnity, subrogation and contribution (12 Marks).

Q4.

- a) The insurance contract is an aleatory contract. Explain (6 Marks).
- b) Explain the major steps followed in designing and implementing an organizations enterprise risk programme (ERP) (14 Marks).

Q5.

- a) Compulsory insurance has been a common practice in Kenya. What justification could account for such services? (10 Marks).
- b) The Government of the Republic of Kenya intervenes in the insurance sector. Is this intervention necessary? Justify your point of view. (10 Marks).