TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Business Administration

UNIVERSITY EXAMINATION FOR:

BACHELOR OF BUSINESS ADMINISTRATION

BACHELOR OF COMMERCE

BACHELOR OF BUSINESS AND OFFICE MANAGEMENT

BMS 4202 : RISK MANAGEMENT AND INSURANCE

SPECIAL/SUPPLEMENTARY EXAMINATION

SERIES:AUGUSTPickyear2025

TIME:2HOURS

DATE: Pick DateAug2025

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of five questions. Attemptquestion ONE (Compulsory) and any other TWO questions.

Do not write on the question paper.

Question ONE

ABC Manufacturing recently faced a surge in insurance premiums due to multiple workplace accidents and property damage. As the risk manager, develop a risk management and insurance plan covering:

a) Risk assessment (10 marks)

b) Risk mitigation strategies (10 marks)

c) Insurance plan (10 marks)

Question TWO

XYZ Electronics, a major consumer electronics manufacturer, is evaluating insurance coverage for its inventory. As the risk management consultant, assess if the company's inventory meets insurable risk criteria and make a recommendation. (20 marks)

Question THREE

a) ABC Logistics experienced a major accident resulting in vehicle and cargo damage. As the risk manager, evaluate how the following insurance principles apply:

i) Indemnity (5 marks)

ii) Utmost Good Faith (5 marks)

b) In the rapidly growing economy of Econonia, analyse the role of insurance in economic stability and growth. (10 marks)

Question FOUR

a) XYZ Corporation, a multinational company, seeks advice on insurance policies and insurable interest. As the consultant, explain:

i) Types of insurance policies (5 marks)

ii) Essentials of insurable interest (5 marks)

b) As Chief Risk Officer of ABC Insurance Company, evaluate how reinsurance and co-insurance support risk management using the following:

i) Reasons for buying reinsurance (5 marks)

ii) Define co-insurance (2 marks)

iii) Role of an insurance underwriter (3 marks)

Question Five

a) As Claims Manager of ABC Insurance, address exceptions to the principle of indemnity that may apply to certain claims. (10 marks)

b) As a compliance officer at the Insurance Regulatory Authority (IRA), analyse the regulatory measures taken to ensure market stability and protect consumers. (10 marks)