

**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**P.O. Box 972-60200 – Meru-Kenya.**

**Tel: 020-2069349, 061-2309217. 064-30320 Cell phone: +254 712524293, +254 789151411**

**Fax: 064-30321**

**Website:** [**www.must.ac.ke**](http://www.must.ac.ke) **Email:** [**info@must.ac.ke**](mailto:info@must.ac.ke)

**University Examinations 2015/2016**

FIRST YEAR, SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE

AND

THIRD YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHEOR OF PURCHASING AND SUPPLIES MANAGEMENT

**BFB3150: INSURANCE AND RISK MANAGEMENT**

**DATE: NOVEMBER 2015 TIME: 2HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30 MARKS)**

1. Risk management provides a clear and structured approach to identify risks. Identify and discuss the benefits of managing risks (10 Marks)
2. Identification and evaluation of risks is a key responsibility of risk owners. Describe the range of risks to which corporate organizations are exposed to. (10 Marks)
3. Insurance premiums must be sufficient. What does this imply? (5 Marks)
4. When selecting an Insurance provider, due diligence must conducted. Prepare a due diligence checklist for Meru University of Science and Technology (5 Marks)

**QUESTION TWO (20 MARKS)**

1. Differentiate between risk hedging and risk avoidance (6 Marks)
2. There are no specific rules on how risks should be identified. The process requires

a multidimensional approach and initiative. Discuss (14 Marks)

**QUESTION THREE (20 MARKS)**

1. Identify and describe the components of a general insurance contract (10 Marks)
2. Using illustrations, demonstrate how weak internal controls and weak corporate governance can be major sources of risks (10 Marks)

**QUESTION FOUR (20 MARKS)**

1. What is the relationship between risk peril and risk hazard? (4 (Marks)
2. Describe the various financial risks that entrepreneurs and businesses in Kenya are exposed to

(6 Marks)

1. Highlighting the meaning of risk assessment, conduct a risk assessment for Meru University

of Science and Technology (10 Marks)

**QUESTIONFIVE (20 MARKS)**

1. Highlighting their meanings, show why operational and strategic risks are most prevalent risks

in an organization. .(10 Marks)

1. Describe the three categories of life assurance policies (6 Marks)
2. Describe any four factors consideration in rating and considered of life premium (4 Marks)