**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

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**University Examinations 2014/2015**

FIRST YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE AND BACHELOR OF BUSINESS INFORMATION TECHNOLOGY

AND

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

**BFB 3150: INSURANCE AND RISK MANAGEMENT**

 **DATE: AUGUST 2015 TIME: 2HOURS**

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

**QUESTION ONE (30 MARKS)**

1. Using relevant examples, distinguish between physical and moral hazards (6 Marks)
2. Explain the meaning of the following terms and concepts:
3. Risk Mitigation (3 Marks)
4. Insurance underwriting (3 Marks)
5. Strategic risks (3 Marks)
6. Risk appetite (3 Marks)
7. Risk tolerance (3 Marks)
8. Discuss any four methods of risk communication. (4 Marks)
9. Discuss the role of life insurance to both individual, community and the nation (5 Marks)

**QUESTION TWO (20 MARKS)**

1. Identify and describe any five types of general insurance. (10 Marks)
2. Using relevant examples, distinguish between proprietary and captive insurance (10 Marks)

**QUESTION THREE (20 MARKS**

1. Describe the four ways ownership of policy and their benefits can be transferred. (10 Marks)
2. Explain any five methods Meru University of Science and Technology can use to identify risks. (10 Marks)

**QUESTION FOUR (20 MARKS)**

1. Utmost Good Faith Principle (Doctrine of Uberimae) requires some facts be disclosed in insurance regarding risks whereas others need not be. Explain this statement. (15 Marks)
2. Describe any five common policy riders under the medical cover. (5 Marks)

**QUESTION FIVE (20 MARKS)**

1. Identify any discuss any four internal stakeholders to Meru University of Science and Technology and show how they can be affected by a risk incidence. (10 Marks)
2. Describe the procedure for death claims. (5 Marks)
3. What is subrogation in the insurance discipline? (5 Marks)