



UNIVERSITY EXAMINATIONS 2020/2021
SCHOOL OF BUSINESS & PUBLIC MANAGEMENT
OPEN BOOK EXAM.

FIN 2101: Insurance and Risk Management.
(BPL and BCOM - FT)

DATE:

TIME:

INSTRUCTIONS: Answer all questions

QUESTION ONE (20 MARKS)

- a) A group of students studying a unit in risk management approach you as a risk manager, to help in carrying out a survey in their course. They argue that many of the challenges faced by risk managers are often similar to those faced by other managers but in your view, this is not true. Discuss any five reasons that you would use to defend or support your argument (5 Marks)
- b) The World Bank Group, which consists of three independent units that deal with public and private sectors has currently embarked on joint ventures among its three units. You have been tasked to evaluate the decision into the joint venture. Discuss the benefits of the joint venture with respect to risk management. (5 Marks)
- c) There are several historical factors that brought the need for insurance system across the globe. Discuss any FIVE such factors that have propelled the development of insurance business in the country, Kenya. (10 Marks)

QUESTION TWO (15 MARKS)

Retail Trade Association of Kenya (RETRAK) is worried that some of its biggest chain stores are currently in limbo and are afraid of losing these entities. They recently hired you as a Risk and compliance manager of Tuskys Chain to rescue the company from complete collapse.

- (i) Which tools will you use to identify all inherent risks in the company.
 - (ii) What are some of the risks you would identify based on the tools identified above?
 - (iii) Which strategies will you employ to address some of the identified risk.
- (15 Marks)

QUESTION THREE (15 MARKS)

The Insurance regulatory authority (IRA) decided to embark on serious sensitization campaign on the importance of Insurance framework in the country. This is with an aim of increasing insurance penetration in the country from the current 2% to 12% in the next two years. They have engaged you to:

- (i) Document reasons that has led to this low insurance product penetration in the last 30 years.
- (ii) Develop a proposal on ways the authority can attain the 12% penetration levels in the next two years based on your findings in (i) above.

(15 Marks)