

(University Of Choice)

**MASINDE MULIRO UNIVERSITY OF SCEINCE AND TECHNOLOGY**

**(MMUST)**

**UNIVERSITY SUPPLEMENTARY EXAMINATIONS**

**2018/2019 ACADEMIC YEAR**

**FIRST YEAR SEMESTER II EXAMINATIONS**

**FOR THE DEGREE**

**OF**

**BACHELOR OF COMMERCE**

**COURSE CODE: BCB 109**

**COURSE TITLE: INSURANCE AND RISK MANAGEMENT**

**DATE: FRIDAY, 27/9/2019 Time: 12:00-2:00 PM**

**INSTRUCTIONS TO CANDIDATES**

Question ONE (1) is Compulsory

Answer ANY OTHER TWO (2) questions

*This paper consists of two printed pages. Please Turn Over*

***QUESTION ONE (30 Marks): Read the following case and answer the questions that follow.***

Underwriting involves examining application forms, supporting documents such as appraisals or bills that verify the value property or medical reports that verify the health condition of an individual, looking at insurance maps that provide information relevant to the statistical possibility of certain types of loss, reviewing statistical data applicable to the risk to be insured, reviewing company reports regarding the application and evaluating site inspection reports. Upon a thorough examination of all the data, underwriters then assign rates to the application, or decline to issue a policy if it does not meet underwriting standards. During the entire process, the underwriting department frequently communicates with agents, inspectors, adjusters and other field personnel.

1. Briefly describe the various classes of risks that organizations face. 10 marks
2. Before a risk is insured against, the risk evaluation process has to be undertaken. What are the factors analyzed in this process. 10 marks
3. Insurance isn’t like gambling, it operates on certain key principles that must be observed. Clearly explain any four of these. 10 marks

**QUESTION 2**

1. You have been hired as a risk management expert in an organization. Briefly describe the techniques you would use in identifying risks. 10 marks
2. Outline some of the total direct and indirect expenditures dedicated to mitigating the risk exposures confronting an organization in pursuit of its business objectives. 10 marks

**QUESTION 3**

1. Differentiate the following types of life assurance, giving the characteristics of each. 10 marks
2. Term assurance
3. Permanent life assurance
4. Justify why insurance companies have to engage in corporate social responsibility. 10 marks

 **QUESTION** **4**

1. The modern insurance business has to be regulated because of various problems and issues. Analyze some of them. 10 marks
2. Organizations have been forced to opt for insurance to certain reasons beyond their control. Describe some of the common drivers of risk facing organizations. 10 marks