



## **GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2017/2018 ACADEMIC YEAR TWO  
SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 230**

**COURSE TITLE: INTRODUCTION TO RISK MANAGEMENT AND INSURANCE**

**EXAMINATION DURATION: 3 HOURS**

**DATE: 11/04/18**

**TIME: 2.00-5.00 PM**

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### **INSTRUCTION TO CANDIDATES**

- **The examination has SIX (6) questions**
- **Question ONE (1) is COMPULSORY**
- **Choose any other THREE (3) questions from the remaining FIVE (5) questions**
- **Use sketch diagrams to illustrate your answer whenever necessary**
- **Do not carry mobile phones or any other written materials in examination room**
- **Do not write on this paper**

**This paper consists of TWO (2) printed pages**

*please turn over*



**QUESTION ONE (COMPULSORY)**

- (a) Describe the steps in conducting the a HAZOP process [5 marks]
- (b) Explain the following concepts in insurance [10 marks]
- i. Micro insurance
  - ii. Banc assurance
  - iii. Social insurance
  - iv. Captive Insurance
- (c) Explain the consideration that affect the choice between retention and transfers [10 marks]

**QUESTION TWO**

- (a) Distinguish between the concept of moral hazard and adverse selection in insurance [5 marks]
- (b) What are some of the pitfalls that one needs to be wary of when carrying out a Hazid process [10 marks]

**QUESTION THREE**

- (a) Discuss the relationship that between risk and reward [5 marks]
- (b) Differentiate between the concept of conventional insurance to that of sharia compliant in managing the occurrence of risk [10 marks]

**QUESTION FOUR**

- (a) Define the characteristics of good risk management practices [5 marks]
- (b) Describe the role of government and other stakeholders in risk management [10 marks]

**QUESTION FIVE**

- (a) Explain function of risk manager in an organization [5 marks]
- (b) Explain some of the risks facing organizations today [10 marks]

**QUESTION SIX**

- (a) Describe the concept insurance [1 marks]
- (b) Discus the seven principles of insurance [14 marks]

