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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 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**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 16/08/2021 TIME: 12.00-2.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) 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)**

1. Establishing a risk policy is an important inclusion in any organization today. Explain why it is important to have a risk policy (10 marks)
2. Risk treatment describes the identification and implementation of the range of options for treating risk. Discuss five methods organizations can use to treat risks (10 marks)
3. As the insurance industry grows there has been new trends that have developed in recent times all seeking to address different needs. Explain the following concepts as used in insurance.
4. Sharia insurance (2 Marks)
5. Micro insurance (2 Marks)
6. Banc assurance (2 Marks)
7. Social insurance (2 Marks)
8. Captive Insurance (2 Marks)

**QUESTION TWO**

1. Globalization enables the world systems to converge in a manner that boundaries are abolished. Discuss the effects of globalization on risk management (10 marks)
2. In any organizations there are benefits that will accrue in having a risk management department. Explain the roles of risk management department (10 marks)

**QUESTION THREE**

1. Risk is the combination of the probability of an event and its consequences. Discuss any five of risks faced by organizations (10 marks)
2. Explain five methods of risk identification and their application in the process of managing risks (10 marks)

**QUESTION FOUR**

1. A common mistake in hazard identification is to screen out or discard some incidents because they are perceived to be extremely unlikely or of low consequence. Explain five other mistakes in HAZID (10 marks)
2. Risk Measurement is that part of risk management that deals with determining the possible impact or consequences of a certain risk event happening. Discuss five methods of risk measurement in organizations (10 marks)

**QUESTION FIVE**

1. Explain the three types of capital market instruments available to an organization to raise funds for financing its risk management goals (6 marks)
2. Using examples, discuss the seven principles of insurance as applied in risk management (14 marks)