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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR THREE**

**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 AND INSURANCE**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 06/04/2021 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. While the growth in information technology has come with considerable advantages it has also presented challenges to risk managers. Discuss some of the challenges posed by the growth in Information Technology [10 Marks]
2. You have been newly appointed as the Risk Manager of Timbarak Enterprises. The management is seeking your advice as to how to proceed to reverse this alarming trend of risk exposure. Advise the management on steps of risk management process [10 marks**]**
3. Compare and Contrast Conventional insurance concept and Sharia Compliant insurance [10 Marks]

**QUESTION TWO**

1. Explain why risk identification is critical to a risk management Process [10 marks]
2. Describe the history and development of the modern practice of insurance [10 Marks]

**QUESTION THREE**

1. Explain five main factors that have contributed to the rapid growth in risk management 10 Marks
2. Distinguish between speculative and catastrophe risks and explain why such risks are generally not insurable. [5 marks]
3. Explain the limitations of insurance as a risk management tool [5 Marks]

**QUESTION FOUR**

1. Trace the historical development of the hazard and operability process (Hazop) and its significance to risk management [10 marks]
2. Explain how event tree analysis(ETA) is used as risk evaluation tool in Management of risk [10 Marks]

**QUESTION FIVE**

1. Describe Features of a good Hazard Identification Process [5 Marks]
2. Explain five **Main** pitfalls that one needs to be wary of when carrying out a Hazid process? [5 Marks]
3. Discuss the role of the following stakeholders in risk management: [10 marks]
4. The board of directors
5. The audit department
6. The regulatory authorities