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**University Examinations 2015/2016**

FIRST YEAR SECOND SEMESTER EXAMINATION FOR THE

DEGREE OF

BACHELOR OF COMMERCE

THIRD YEAR FIRST SEMESTER BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

**BFB 3150: INSURANCE AND RISK MANAGEMENT**

**DATE: AUGUST 2015 TIME: 2 HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two***questions.

**QUESTION ONE (30 MARKS)**

1. Explain critically the meaning of the terms “Insurance Management” and “Risk Management.” (6 marks)
2. Explain the objectives of a risk management program both before and after occurrence of loss. (12 marks)
3. As a risk financing technique, planned retention, commonly known as self insurance is becoming a popular way of financing potential loss. Clearly outline and explain four methods of Self insurance (8 marks)
4. Discuss the principles of Contribution and subrogation as used in Insurance contract. (4 marks)

**QUESTION TWO (20 MARKS)**

1. In the recent years, many companies have strategically formed risk management departments to manage all aspects of loss and insurance management. Explain the role of the Risk Management department in an organization. (12 marks)
2. Discuss the essential characteristics of a valid insurance contract (8 marks)

**QUESTION THREE (20 MARKS)**

1. Modern business cannot function properly without Insurance and Risk Management. Discuss (10 marks)
2. Describe the risk management process commonly used by Kenyan Organizations. (10 marks)

**QUESTION FOUR (20 MARKS)**

1. In the management of risk exposures, a risk manager should analyze all the elements of loss exposure. Briefly discuss the elements that the risk manager should consider in management of risk. (8 marks)
2. Briefly discuss the various techniques of identifying risks in an organization (12 marks)

**QUESTION FIVE (20 MARKS)**

1. Discuss with clear practical examples the below principles of insurance
2. Principle of Indemnity (5 marks)
3. Principle of Utmost good faith. (5 marks)
4. You have newly been employed by XYZ Insurance Ltd to manage the personal Insurance portfolio. Discuss the types of personal insurance policies currently available in the Insurance market. (10 marks)