



The Co-operative University of Kenya

END OF SEMESTER EXAMINATION AUGUST-2017

EXAMINATION FOR THE BACHELOR OF COOPERATIVE BUSINESS

UNIT CODE: HBC 2109

UNIT TITLE: INSURANCE & RISK MANAGEMENT

DATE: 4TH AUGUST, 2017

TIME: 2:00 PM – 4:00 PM

INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

QUESTION ONE

- a) Define the following, giving an example of each;
- i. Risk management (4 Marks)
 - ii. Insurance (4 Marks)
- b) Explain three types of risks that can be insured by private companies. (6 Marks)
- c) Discuss FIVE Principles of Insurance giving examples in reference to each principle. (10 Marks)
- d) Explain the importance of Reinsurance. (6 Marks)
- (Total: 30 Marks)**

Section B: Answer ANY TWO Questions (40 Marks)

QUESTION TWO

- a) Discuss the risk management process. (10 Marks)
- b) Explain the branches of insurance and specifically explain the marine insurance policy. (10 Marks)
- (Total: 20 Marks)**

QUESTION THREE

- a) Define Re-insurance and discuss two basic methods of re-insurance. (10 Marks)
- b) Explain two theories of Risk, giving a clear example of each. (10 Marks)
- (Total: 20 Marks)**

QUESTION FOUR

- a) Discuss two emerging issues facing insurance sector in Kenya. (10 Marks)
- b) The Management of ABC Sacco Society is interested in understanding the meaning of risk mitigation techniques. The CEO is aware that you have extensive knowledge in risk and request you to prepare training materials. Discuss risk mitigation techniques that you will include in your training material. (10 Marks)
- (Total: 20 Marks)**

QUESTION FIVE

- a) ABC Ltd is a company dealing in Foreign exchange business for the last two years. Due to the volatile operating condition the company intends to establish a risk management department, discuss five main functions that the department will be charged with. (10 Marks)
- b) Discuss the parties to an Insurance contract giving their rights and responsibility. (10 Marks)
- (Total: 20 Marks)**