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 **GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2018/2019 ACADEMIC YEAR TWO**

**FIRST 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: 27/11/18 TIME: 3.00-5.00 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. Explain why risk identification is critical to a risk management Program **[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. Advise the management on steps of risk management process **[10 marks]**
3. Distinguish between speculative and catastrophe risks and explain why such risks are generally not insurable. **[5 marks]**
4. Discuss the similarities and differences of Var and portfolio methods of risk measurement
 **[5 marks]**

**QUESTION TWO**

1. Insurance has its own limitations as a tool of risk management’. Discuss this statement with specific reference to criticism advanced. **[10 marks]**
2. Insurance has a great impact on the socio-economic development of any nation. Explain the contribution of insurance to the Kenyan economy and its society. **[10 marks]**

**QUESTION THREE**

1. Explain Key factors that have contributed to the rapid growth in risk management **[5 marks]**
2. Discuss the role of the following stakeholders in risk management: [**10 marks]**
3. The board of directors
4. The audit department
5. The regulatory authorities
6. Trace the historical development of the hazard and operability process (Hazop) and its significance to risk management **[5 marks]**

**QUESTION FOUR**

1. Compare and contrast the concept of conventional insurance to that of sharia compliant **[10 marks]**
2. Explain the consideration that affect the choice between retention and transfers **[10 marks]**

**QUESTION FIVE**

1. 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 in risk Management. **[10 marks]**
2. Discuss some of the possible sources of risk financing **[5 marks]**
3. Explain how event tree analysis(ETA) is used for risk evaluation **[5 marks]**