



GARISSA UNIVERSITY

**UNIVERSITY EXAMINATION 2017/2018 ACADEMIC YEAR TWO
FIRST SEMESTER EXAMINATION**

SUPPLEMENTARY/SPECIAL 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: 3 HOURS

DATE: 20/03/18

TIME: 2.00-5.00 PM

INSTRUCTION TO CANDIDATES

- **The examination has SIX (6) questions**
- **Question ONE (1) is COMPULSORY**
- **Choose any other THREE (3) questions from the remaining FIVE (5) 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 THREE (3) printed pages

please turn over



QUESTION ONE (COMPULSORY)

- (a) What is meant by the term insurance? **[2 marks]**
- (b) Discuss the low frequency and high frequency risks, giving details of their severity and examples **[8 marks]**
- (c) Explain the various ways of dealing with risk **[5 marks]**
- (d) Highlight some of the desirable traits that an insurance officer should possess. **[5 marks]**
- (e) Give a discourse on life assurance. **[5 marks]**

QUESTION TWO

Explain the following concepts, giving examples.

- (a) Excess fee **[3 marks]**
- (b) General insurance **[3 marks]**
- (c) Insurance contract **[3 marks]**
- (d) under writing **[3 marks]**
- (e) policy document **[3 marks]**

QUESTION THREE

- (a) Highlight five principles of insurance. **[10 marks]**
- (b) Explain main categories of insurance companies. **[5 marks]**



QUESTION FOUR

(a) Fill out the blank spaces in the following risk register.

[5 marks]

Table 1 a Simple Risk Register

Risk element	Likelihood value	Impact value	Weighting of hazard
Front gate not available in chosen design	9	0.01	
Earthquake	0.01	10	
Heavy snow	3	3	
Heavy rain	6	2	
flood	7	3	

(b) Briefly discuss five methods of handling risk.

[10 marks]

QUESTION FIVE

(a) What is meant by reinsurance

[3 marks]

(b) Discuss the necessity of reinsurance.

[5 marks]

(c) Why is insurance a superior way of dealing with insurance

[7 marks]

QUESTION SIX

(a) Discuss in details the essence of insurance regulatory authority

[5 marks]

(b) Comprehensively discuss the role of government in insurance

[10 marks]

