



**MERU UNIVERSITY COLLEGE
OF SCIENCE & TECHNOLOGY**

P.O. Box 972-60200 Meru - Kenya. Tel: 020-2092048, 020 2069349
Fax: 020-8027449

University Examinations 2011/2012

FIRST YEAR, SECOND SEMESTER EXAMINATIONS FOR THE DEGREE OF
BACHELOR OF COMMERCE.

HB C 2118: INSURANCE AND RISK MANAGEMENT

DATE: APRIL 2012

TIME: 2 HOURS

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

QUESTION ONE (30 MARKS)

- a. Explain clearly the concept of risk (7 Marks)
- b. Distinguish between pure and speculative risk pointing out the need for that classification. (7 Marks)
- c. Explain the principal methods of handling risk in a modern organization. (10 Marks)
- d. Explain how the law of large number supports the operation of insurance mechanism. (6 Marks)

QUESTION TWO (20 MARKS)

- a. Explain the relevant benefit of insurance to the vision 2030. (10 Marks)
- b. Outline the significance of insurance from individual point of view. (10 Marks)

QUESTION THREE (20 MARKS)

- a. Discuss the principle of subrogation as used in the insurance. (10 Marks)
- b. Explain clearly coverage of money insurance and all the exclusions. (10 Marks)

QUESTION FOUR (20 MARKS)

- a. Outline the functions of a proposal form. (5 Marks)
- b. Explain the pre-requisites to a chain. (7 Marks)
- c. What are the functions of a insurance agent? (8 Marks)