

**UNIVERSITY OF KABIANGA**

**UNIVERSITY EXAMINATIONS**

**2015/2016 ACADEMIC YEAR**

**THIRD YEAR FIRST SEMESTER EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 320**

**COURSE TITLE: RISK MANAGEMENT**

**DATE: 10TH DECEMBER, 2015**

**TIME: 9.00 A.M-12.00 P.M**

**Instructions:**

Answer question **ONE** and any other **THREE** questions.

**QUESTION ONE**

1. Discuss any **three** objectives of risk analysis. (6 marks)
2. Outline **three** purposes achieved by recording acceptable risk levels. (6 marks)
3. Explain **three** methods employed in risk assessment. (6 marks)
4. Using examples, explain the following terms within the context of insurance.
5. Pooling of losses. (2 marks)
6. Indemnification. (1 marks)
7. Principle of Utmost Good Faith. (2 marks)
8. Endorsement and Riders. (2 marks)

**QUESTION TWO**

1. Explain **two** reasons for regulation of the insurance industry. (4 marks)
2. Explain the following terms used in risk assessment.
3. Risk ranking. (4 marks)
4. Risk comparison. (4 marks)
5. Illustrate the importance of drawing risk dependency models in risk management. (3 marks)

**QUESTION THREE**

1. A contract may exclude or place limitations on the coverage of certain property. Explain any **three** reasons for exclusions. (6 marks)
2. Describe **three** techniques used in risk control. (9 marks)

**QUESTION FOUR**

1. Discuss the elements of the fire triangle. (6 marks)
2. Explain **two** strategies used by organizations to reduce explosion risk. (6 marks)
3. Discuss the principle of Subrogation. (3 marks)

**QUESTION FIVE**

1. Explain the use of risk description tables. (3 marks)
2. Identify and discuss any **three** headlines included in the risk description tables. (9 marks)
3. Explain the use of hazard indices in risk management. (3 marks)