

**W1-2-60-1-6**

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2014/2015**

**SPECIAL/SUPPLEMENTARY YEAR I SEMESTER II EXAMINATON FOR THE DEGREE OF BACHELOR OF COMMERCE/SUPPLY CHAIN MANAGEMENT**

**HBC 2109/HPS 2304: RISK MANAGEMENT AND INSURANCE**

**DATE:AUGUST 2015 TIME: 2 HOURS**

**INSTRUCTIONS:** Answer question one (compulsory) and any other two questions.

**QUESTION ONE**

a. Briefly explain the benefits of risk diversification as a risk management strategy.

(8 marks)

b. It is said that most Africans are not familiar with risk management as part of personal management.

i. Explain why this is the case. (5 marks)

ii. Explain how this culture can be changes. (5 marks)

c. Discuss the main challenges facing the insurance industry in Kenya. (8 marks)

d. With the aid of relevant examples distinguish between fundamental and particular risk.

(4 marks)

**QUESTION TWO**

a. Describe desirable attributes for insurable risk. (10 marks)

b. Describe the main disadvantages of self insurance. (10 marks)

(10 marks)

**QUESTION THREE**

a. Explain the main methods of settlement of insurance claims. (10 marks)

b. “Insurance is a mechanism of distributing the losses of few among many Discuss.

(10 marks)

**QUESTION FOUR**

a. Explain the strategies of multinational company can use to reduce exposure to a host government take over. (10 marks)

b. Explain the main risks in investments that organizations face in Kenya today.

(10 marks)

**QUESTION FIVE**

a. Discuss in detail five key principles that govern insurance operations.

(10 marks)

b. Explain the main justification for state regulation of insurance. (10 marks)