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**University Examinations 2014/2015**

FIRST YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR DEGREE OF BACHELOR OF COMMERCE

**HBC 2118/BFB 3150: INSURANCE AND RISK MANAGEMENT**

**DATE: OCTOBER 2015 TIME: 2 HOURS**

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

**QUESTION ONE (30 MARKS)**

1. Discuss the main categorizations of severity loss. (5 Marks)
2. Identify and discuss the various risk management services offered by risk management firms (10 Marks)
3. Discuss the main causes of risks in business organizations. (10 Marks)
4. Discuss the various risk communication tools. (5 Marks)

**QUESTION TWO (20 MARKS)**

Modern business cannot function properly without insurance and risk management. Discuss. (20 Marks)

**QUESTION THREE (20 MARKS)**

1. Briefly discuss the various techniques of identifying risks in an organization. (10 Marks)
2. Discuss the practical measures for handling the risk of fire in an organization. (10 Marks)

**QUESTION FOUR (20 MARKS)**

1. Discuss with clear practical examples the principle of subrogation. (10 Marks)
2. Explain with examples how a manager can determine risk financing. (10 Marks)

**QUESTION FIVE (20 MARKS)**

1. Describe the risk management process commonly used by Kenyan organizations. (10 Marks)
2. Discuss the responsibility of a manager in ensuring effective risk control in any organization. (10 Marks)