

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

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2014/2015**

**YEAR 2 SEMESTER II EXAMINATION FOR THE DIPLOMA IN BUSINESS ADMINISTRATION**

**HCB 0220: RISK MANAGEMENT**

**DATE: APRIL 2015 TIME: 1 HOURS**

**INSTRUCTIONS: Answer Question One and Any Other Two Questions**

**QUESTION ONE (30marks)**

1. Define the following terms as used in business management;
2. Enterprise risk (2marks)
3. Specific risk (2marks)
4. Pure risk (2marks)
5. Risk management (2marks)
6. Explain three objectives of risk management (6marks)
7. i. Briefly discuss the common Risk identification methods (10marks)

ii. Explain three sources of financial risks (6marks)

**QUESTION TWO (15marks)**

1. Discuss personal risks (3marks)
2. Briefly discuss how the following personal risks affects individuals and families
3. Risk of pre-mature death (2marks)
4. Risk of insufficient retirement (2marks)
5. Risks of poor health (2marks)
6. Discuss the benefits of risk management (6marks)

**QUESTION THREE (15marks)**

Briefly discuss the steps involved in risk management (15marks)

**QUESTION FOUR (15marks)**

1. Identify the major financial risks (3marks)
2. Risks can be classified into several distinct classes. Briefly discuss the following risk classes
3. Speculative risks (2marks)
4. Diversifiable risks (2marks)
5. Non-diversifiable risks (2marks)
6. Briefly discuss the instruments used by banks to manage risks (6marks)