



## **MASENO UNIVERSITY**

### **UNIVERSITY EXAMINATIONS 2016/2017**

**FOURTH YEAR SECOND SEMESTER EXAMINATION FOR  
THE DEGREE OF BACHELOR OF BUSINESS  
ADMINISTRATION WITH INFORMATION TECHNOLOGY**

#### **MAIN CAMPUS**

#### **ABA 421: INSURANCE RISK MANAGEMENT**

Date: 25<sup>th</sup> July, 2017

Time: 3.30 - 6.30pm

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#### **INSTRUCTIONS:**

- Answer Question ONE and any other THREE



### QUESTION ONE

- a) Describe the steps involved in risk management process. (7 Marks)
- b) Discuss the various approaches of dealing with risks. (8 Marks)
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- c) Ann insured her Property against fire for Kshs. 40,000 with insurer X and for Kshs. 80,000 with insurer Y. There occurs a fire and the damage is estimated at Kshs. 30,000. Ann filed her claim with both the insurers together and recovered the full amount of loss i.e., Kshs. 30,000 from X.

**Required:**

Explain the position of X in this case. (10 Marks)

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### QUESTION TWO

Explain the various risk identification methods (15 Marks)

### QUESTION THREE

- a) Describe the Steps involved in risk assessment (10 Marks)
- b) A, B and C are three contiguous houses insured against fire. An earthquake causes house A to fall and as a consequence fire breaks out and spreads to house B where an explosion occurs and house C is wrecked. House C is insured against fire.

**Required:**

Advise the owner of house C in this matter. (5 Marks)

### QUESTION FOUR

With the aid of an examples give a brief review to shareholders of a new firm that has been established on the risk control techniques. (15 Marks)

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### QUESTION FIVE

- a) One of the principles of insurance is utmost good faith under which disclosure is essential. Discuss some of the facts which need not be disclosed

by the insurer or insured.

(8 Marks)

b) Distinguish between Assignment and Nomination of life policy. (7Marks)

**QUESTION SIX**

a) Distinguish between the following terms:

i) Reinsurance and double insurance

(5 marks)

ii) Insurance and assurance

(5 marks)

b) Discuss the categories of insurance covers.

( 5 marks)