



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
4TH YEAR 2ND SEMESTER 2024/2025 ACADEMIC YEAR
MAIN CAMPUS

COURSE CODE: BAB1412

COURSE TITLE: INSURANCE RISK MANAGEMENT

EXAM VENUE: LAB 6

DATE: 15/04/2025

EXAM SESSION: 9.00 – 11.00 AM

TIME: 2 HOURS

INSTRUCTIONS:

- i. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- ii. Candidates are advised not to write on the question paper.**
- iii. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

QUESTION ONE

- a. Risk financing is one of the broad categories of risk treatment techniques. By use of relevant examples in each case, discuss the role of *risk financing* with specific reference to its distinct elements in a named organization you are familiar with **(6 marks)**
- b. Discuss three *pre-loss* and two *post-loss* objectives with reference to an organization you are familiar with. **(10 marks)**
- c. You have been recently hired as the Risk Manager in a reputable organization. As part of your job description, you are to explain to the Board of Directors how to your strategic approach in managing risk faced by the organization. By use of appropriate examples, describe clearly the Risk management process **(12 marks)**
- d. Assuming you are the CEO of a leading business enterprise, describe the risk treatment technique that you would consider to be most appropriate for handling a risk with a low frequency and a high level of severity within your organization **(4 marks)**
- e. The world has been grappling with the adverse effects of terrorist attacks. Come up with four distinct causes of terrorism and for each cause, suggest remedial measures that you would advise a third world Country to put in place to mitigate against the same? **(8 marks)**

QUESTION TWO

- a) By use of relevant examples, discuss the role of a Risk Management Manual and a Risk Management Policy Statement in a named organization you are familiar with **(10 marks)**
- b) Contingent planning is vital in any organization that places top priority to issues of risk management. Discuss the major contents of a good contingent plan **(10 marks)**

QUESTION THREE

- a. Using relevant examples in each case explain how you would employ both passive and proactive measures to handle risk in a given organization **(10 marks)**
- b. Education and training is the only measure that is known to reduce both the probability and severity of loss. Explain five main points to be considered while undertaking an education and training program in an organization **(10 marks)**

QUESTION FOUR

- a. In some sense, a risk manager must be a “jack of all trades” because of the breadth of his or her activities. In the light of this statement, elucidate *five* areas in which a Risk manager should be knowledgeable, and explain why this would be useful **(10 marks)**
- b. Using relevant examples discuss the advantages and disadvantages of using *retention* as a risk management technique in an organization. **(10 marks)**

QUESTION FIVE

- a) An effective risk management program would exhibit various principles including a core principle, sustaining principles, and defining principles. Discuss these principles with reference to a named organization of your choice. **(10 marks)**
- b) In a large, multi-division organization, risk management may be centralized or decentralized. Which approach, in your opinion, is likely to produce the greatest benefits and why **(10 marks)**