



MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS

2018/2019 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTER

SCHOOL OF BUSINESS AND ECONOMICS

BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BCM 2110

**COURSE TITLE: INTRODUCTION TO RISK AND
INSURANCE**

DATE: 15th APRIL, 2019

TIME: 11.00AM-1.00PM

INSTRUCTIONS TO CANDIDATES

Question **ONE** is compulsory

Answer any other **THREE** questions

This paper consists of 2 printed pages. Please turn over

QUESTION ONE

- a) A “risk” is the possibility that harm (death, injury or illness) might occur when exposed to a hazard in your workplace. Hazard is Condition or situation that creates or increases chance of loss in an insured risk, separated into two kind identify it with explanation **(6marks)**
- b) What is the difference between a peril and a hazard **(4marks)**
- c) You have been appointed a to carry out a study on how a company could management risk, advice the management the process the could adopt. **(20marks)**

QUESTION TWO

Insurance has evolved as a process of safeguarding the interest of people from loss and uncertainty. It may be described as a social device to reduce or eliminate risk of loss to life and property. Insurance contributes a lot to the general economic growth of the society by provides stability to the functioning of process. Discuss the statement. **(15marks)**

QUESTION THREE

- a) An individual may have more than one policy on the same property and in case there was a loss and he were to claim from all the Insurers then he would be obviously making a profit out of the loss which is against the principle of Indemnity. Using an example explain how insured should lodge claims **(10 marks)**
- b) An army officer insured under a personal accident policy, which excluded accident directly or indirectly due to war during war time went to the railway line to inspect the sentries. While on the visit he was hit by a train and he died as a result of the accident. Can the insurance compensate it yes or not .Explain It ? **(5marks)**

QUESTION FOUR

Discuss various principle which applicable to general insurance **(15 marks)**

QUESTION FIVE

- a) Once risks have been identified and assessed, identify techniques use manage the risks **(10marks)**
- b) Mr. Sudhir Kumar has insured his house for ksh.5Milion and suffers a loss ofksh.1 milion due to fire. At the time of loss the surveyor finds that the actual market value of the house isksh.10 million. Determine the claim value, **(5marks)**