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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2017/2018 ACADEMIC YEAR TWO**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 230**

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

**EXAMINATION DURATION: 3 HOURS**

**DATE: 09/08/18 TIME: 2.00-5.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has SIX (6) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other THREE (3) questions from the remaining FIVE (5) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of TWO (2) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

1. Define the term risk management  **[2 marks]**
2. Describe the steps in conducting the a HAZOP process **[8 marks]**
3. Compare and contrast the concept of conventional insurance to that of sharia complaint **[5 marks]**
4. Explain various techniques and tools for risk identification  **[10 marks]**

**QUESTION TWO**

1. Explain the steps in risk management process  **[5 marks]**
2. Discuss the emerging trends in insurance  **[5 marks]**
3. Outline the role of government in risk management **[5 marks]**

**QUESTION THREE**

1. Describe major social and economic burden of risk to the society **[10 marks]**
2. Explain function of risk manager in an organization **[5 marks]**

**QUESTION FOUR**

1. Explain how event tree analysis(ETA) is used for risk evaluation **[5 marks]**
2. Compare and Contrast the concept of moral hazard and adverse selection in insurance **[5 marks]**
3. Explain the consideration that affect the choice between retention and transfers **[5 marks]**

**QUESTION FIVE**

1. Define the term insurance  **[1 marks]**
2. Discus the seven principles of insurance **[14 marks]**

**QUESTION SIX**

1. What are the possible sources of risk financing **[7 marks]**
2. Describe some of the pitfalls that one needs to be wary of when carrying out a Hazid process  **[4 marks]**
3. Discuss the main challenges facing organizations in risk management today **[4 marks]**