MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING BANKING AND FINANCE

………… YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BMS 202: RISK MANAGEMENT

DATE: **TIME:**

INSTRUCTIONS:

MACHAKOS UNIVERSITY COLLEGE

ISO 9001:2015 Certified

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING BANKING AND FINANCE

RISK MANAGEMENT

BMS 202

DATE ………. ……. TIME: 3 HOURS

SEPTEMBER- DECEMBER SEMESTER 2019

EXAM FOR BCOM YEAR 3 SEM 1

(ACCOUNTING, FINANCE, MARKETING, HRM AND PROCUREMENT)

INSTRUCTIONS

Answer question one and any other two questions.

SECTION A

QUESTION ONE

a) Risk and insurance are two inseparable terms in risk management and yet they are distinct in their approach. You are required to:

i. Describe the two terms identifying their differences (3 marks)

ii. Discuss any five types of risks known to you (5 marks)

b) As a risk manager, you are faced with several challenges. You are often surrounded by people, colleagues and management who do not understand" risk management". In your effort to explain this phenomenon, you are required to:

i. Describe the need for risk management policy (give four points) in organizations (8 marks)

ii. Explain any four principles of risk management (8 marks)

iii. Explain any three other ways of risk management function apart from taking insurance cover to manage risks. (6 marks)

SECTION B

QUESTION TWO

a) Identify any company of your choice in Kenya and discuss its risk management process. (12 marks)

b) Explain the meaning of a *hazard* as used in insurance and briefly give three types of hazards (8 marks)

QUESTION THREE (20 MARKS)

a) Managers in general especially in developing countries face many challenges in their work**.** However, risk management managers encounter a number of key peculiar characteristics which tend to distinguish their specific problems. Discuss and high light at least five of these characteristics. (10 marks)

b) Identify any four international risks businesses face in Kenya (10 marks)

QUESTION FOUR (20 MARKS)

a) Discuss three risk management strategies (8 marks)

b) Explain, as a risk control strategy, consideration you would undertake to reduce likelihood of losses in a business environment (12 marks)

QUESTION FIVE (20 MARKS)

a) Discuss any four benefits of risk management any company of your choice in Kenya (12 marks)

b) Highlight any four benefits of insurance as a tool for managing risks (8 marks)