



# MACHAKOS UNIVERSITY

University Examinations 2021/2022 Academic Year

SCHOOL OF BUSINESS, ECONOMICS AND HOSPITALITY AND TOURISM

MANAGEMENT

DEPARTMENT OF BUSINESS ADMINISTRATION AND FINANCE

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BMS 202: RISK MANAGEMENT

DATE: 24/8/2022

TIME: 2.00-4.00 PM

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## INSTRUCTIONS

*Answer question one and any two questions.*

### SECTION A

#### QUESTION ONE

- a) Describe what you understand by risk management. (8 marks)
- b) Discuss any six benefits of a well-prepared risk management policy statement. (12 marks)
- c)
  - i. Briefly explain three classes of risk retention. (6 marks)
  - ii. Identify any four advantages of risk retention. (4 marks)

### SECTION B

#### QUESTION TWO (20 MARKS)

- a) Describe the characteristics of the following types of risks. (10 marks)
  - i. Fundamental Risk
  - ii. Speculative risk
  - iii. Static Risks
  - iv. Dynamic Risks
  - v. Pure Risk
- b) 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)

**QUESTION THREE (20 MARKS)**

- a) Discuss any five socio-economic benefits of insurance as a risk management tool.(10 marks)
- b) Describe any four risk management strategies in Kenya. (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) What do you understand by personal risk management. (8 marks)
- b) Explain the steps involved in personal risk management. (12 marks)

**QUESTION FIVE (20 MARKS)**

- a) Discuss any four challenges in the risk management process of any company of your choice in Kenya. (12 marks)
- b) Explain and briefly highlight any four methods of managing international market risks. (8 marks)