
CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS.

**THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
COMMERCE AND BACHELOR OF COOPERATIVE MANAGEMENT**

BCOM 341: RISK MANAGEMENT

STREAMS: BCOM/BCOP Y3S1

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 5/12/2018

2.30 P.M - 4.30 P.M

INSTRUCTIONS:

- **Answer Question ONE and any other TWO Questions.**
- **Do not write anything on the question paper**

QUESTION ONE

- (a) The risk management team of Kamakia Manufacturing Company Ltd agreed with their risk management consultant that risk management is a process. However, they resolved to do away with risk measurement, and monitoring and review to save on time and cost. This decision to them was in harmony with the company's objective of "cost control". With your knowledge on risk management, explain whether you agree or disagree with management, supporting your position with 5 concrete reasons. [10 Marks]
- (b) The Board of Directors of Malezi Company Limited resolved in their board meeting to establish a risk management department to handle all their risk exposures, which they discovered were major threats to their assets and income. Explain any four possible methods they can use in identifying risks. [12 Marks]
- (c) Frequency and severity are the guiding principles in decision making in risk management. Explain this statement in the light of risk treatment. [8 Marks]

QUESTION TWO

- (a) Majority of organization's senior management have always argued that they do not need to have risk management department to manage their risks. They have always done it without risks management department. Using practical examples, clearly explain any five possible evidences they could use to support their assertion. [10 Marks]

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- (b) Assume you have been assigned a responsibility to handle all matters of risk for Chuka University, and your first priority is to initiate a risk management culture by creating awareness. Demonstrate how you can communicate internally to all the stakeholders.

[10 Marks]

QUESTION THREE

- (a) Analyze the key features of a typical risk register.

[10 Marks]

- (b) Write brief notes on the following as used in risk management

- (i) Risk management policy statement

[5 Marks]

- (ii) Risk management manual

[5 Marks]

QUESTION FOUR

- (a) Discuss the major elements of effective monitoring and review in the risk management process.

[10 Marks]

- (b) The concept of risk management can be traced back to the ancient times, when various communities had their own ways of managing risks. Clearly explain any five landmarks in the development of risk management up to where Kenya is as a country.

[10 Marks]

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