

CHUKA



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CHUKA. EMBU & IGEMBE

**EXAMINATION FOR THE AWARD OF
DIPLOMA IN PROCUREMENT AND LOGISTICS MANAGEMENT, DIPLOMA IN
ACCOUNTANCY AND DIPLOMA IN INSURANCE**

DIBM 0242/DIRM 0112: RISK AND INSURANCE

STREAMS: DIBM/DIRM

TIME: 2 HOURS

DAY/DATE: TUESDAY 10/12/2019

11.30 AM – 1.30 PM

INSTRUCTIONS:

Answer Question One and any other Two Questions

Question One

- (a) Using examples, differentiate between the following terms
- (i) Static and Dynamic risks. [4 marks]
 - (ii) Pure and speculative risks [4 marks]
 - (iii) Particular and fundamental risks. [4 marks]
- (b) Some business people believe that it's a waste to purchase insurance. Discuss the importance of businesses purchasing various insurance. [10 marks]
- (c) Explain any four methods used in providing indemnity. [8 marks]

Question Two

- (a) Explain reasons why the Kenya Government find it necessary to control and regulate insurance industry. [10 marks]
- (b) Explain five principles of insurance applied in the insurance market. [10 marks]

Question Three

- (a) Global competition is a reality many businesses cannot ignore. In light of this, the business owners have a justification to develop plans and strategy to manage these global as well as local risks. Discuss any five techniques that can be used in management of risks. [10 marks]
- (b) Using the aid of a diagram, explain the levels of risk. [8 marks]
- (c) Differentiate between material and immaterial facts in insurance. [2 marks]

Question Four

- (a) Explain five sections of a typical insurance policy document used in the Kenyan market. [10 marks]
 - (b) All risks are not insurable. Discuss. [10 marks]
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