

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EMBU AND THARAKA CAMPUSES

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 341: RISK MANAGEMENT

STREAMS:

TIME: 2 HOURS

DAY/DATE: THURSDAY 12/04/2018

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS:

- **Answer QUESTION ONE and any other TWO questions.**
- **Your answer should be clear and precise.**
- **Do not write on the question paper.**

QUESTION ONE

- (a) Giving relevant examples differentiate between the following terms as used in risk management.
- (i) Objective and Subjective risk. (2 marks)
- (ii) Core Business risk and Safety Margin. (2 marks)
- (b) Explain the role of Risk Management in an organization. (5 marks)
- (c) Explain measures that can be applied to mitigate credit risks. (5 marks)
- (d) Describe how other departments could be involved in risk management. (6 marks)
- (e) Explain factors that a risk manager should consider in deciding which risk management technique is appropriate. (6 marks)
- (f) Explain two roles of each of the following in risk management
- (i) Employee Safety specialists and employee benefit specialists (2 marks)
- (ii) Claims Analyst (2 marks)

QUESTION TWO

- (a) In determining the appropriate method of risk management, a matrix can be used that classifies the various loss exposures according to frequency and severity. The matrix can be a useful guide to the risk manager. Explain (12 marks)
- (b) Explain the need for continuous review of risk management programmes. (8 marks)

QUESTION THREE

- (a) Describe five risk identification techniques that an organization may use to identify the firm risks. (10 marks)
- (b) Briefly explain the contents of a good risk management programme. (6 marks)
- (c) Explain the following terms.
 - (i) Issues Log (2 marks)
 - (ii) Risk Register (2 marks)

QUESTION FOUR

- (a) Risk management process is a detailed plan that if well adhered to saves the organizations many losses. Discuss a typical risk management process for a manufacturing firm. (6 marks)
 - (b) Describe the contents of a good risk management manual. (8 marks)
 - (c) Illustrate with the use of examples, three main types of risk exposures that a typical company may face. (6 marks)
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