**CHUKA UNIVERSITY**
**FACULTY OF BUSINESS STUDIES**
**DEPARTMENT OF BUSINESS ADMINISTRATION**
**CIBM 00114: RISK AND INSURANCE**

**SPECIALM EXAMS**

**Instructions: Answer question one and any other two**

**QUESTION ONE**

A) State and explain five characteristics of insurable risk (10 mks)
B) The insurance industry operates under certain principles. Provide an outline of these principles in the Kenya business sector and analyze how these principles have impacted on the insurance business and risk Management in general. (10mks)

**A)** Risk is the salt and sugar of life. Elaborate on this statement and clearly discuss the burden/cost of risk (10mks)

**QUESTION TWO**

**A).** All facts material to an insured peril should be disclosed. Explain the facts that need not to be disclosed making reference to the principle of utmost good faith (10mks)

**B)** State and explain the various classifications of risks (10mks)

**QUESTION THREE**

A) State and explain essential conditions that must be fulfilled for an insurance contract to take effect (10 mks)
B) Explain the various functions of insurance regulatory authority (10mks

**QUESTION FOUR**

A) State and explain four methods in which an insurance company can employ to indemnify an insured person upon happening of certain contingent (10mks)

B) Explain the benefits of insurance to the society (10mks)