

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

B. COMM (HONOURS) INSURANCE AND RISK MANAGEMENT

APPLIED RISK MANAGEMENT : CIN 2107

NOVEMBER/DECEMBER 2004 FIRST SEMESTER EXAMINATION

DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Answer **ALL** Questions from Section A
2. Answer **ONE** Question from Section B
3. Answer **ONE** Question from Section C
4. Write clearly and legibly.

SECTION A

Question 1

List three types of hazards and give one example of each type. **[6 marks]**

Question 2

Explain these the following in terms of risk management.

- | | |
|-----------------------|------------------|
| (i) hedging | [3 marks] |
| (ii) utility theory | [3 marks] |
| (iii) systematic risk | [3 marks] |

Question 3

Select **one** out of the following three traditional departments that can be found in a firm.

- (a) production department
- (b) marketing department
- (c) Finance department

- (i) List the major functions of the department you have selected. **[5 marks]**
- (ii) Describe the role played by the risk management department in managing the risks that the selected department is exposed to. **[10 marks]**

[Total : 15 marks]

SECTION B

Question 4

For purposes of identifying risks, design:

- (i) a checklist for a motor fleet of 200 vehicles. [15 marks]
 - (ii) a questionnaire for a work force of 3000 people. [15 marks]
- [Total : 30 marks]

Question 5

Discuss practical ways that a firm can use to manage:

- (a) social risks [15 marks]
 - (b) liability risks [15 marks]
- [Total 30 marks]

Question 6

Discuss the advantages and disadvantages of a captive insurance company.

[30 marks]

SECTION C

Question 7

Explain how insurance can be used as a tool for creating value for a firm.

[30 marks]

Question 8

Discuss the change drivers that are making it more imperative for organizations to institutionalize risk management.

[30 marks]

END OF EXAMINATION PAPER

