

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

B.COMM INSURANCE AND RISK MANAGEMENT

APPLIED RISK MANAGEMENT (CIN 2107)

JULY/AUGUST 2006 SUPPLEMENTARY EXAMINATION

DURATION: 3 HOURS

INSTRUCTIONS TO CANDIDATES

- 1. Answer 4 questions ONLY.**
-

QUESTION 1

Define risk management. [25 marks]

QUESTION 2

“Attempting to eliminate risk is attempting impossibility”. Discuss. [25 marks]

QUESTION 3

- (a) Identify the drawbacks of traditional risk identification methods. [20 marks]
- (b) Suggest 2 method/models that can compliment traditional risk identification methods. Clearly outline the operation of the models. [15 marks]

QUESTION 4

Catastrophic losses have become common and are likely to increase in occurrence in the future.

- (a) Evaluate the relevance of insurance in financing these losses. [10 marks]
- (b) What other alternative can you suggest for handling this type of risk? [15 marks]

QUESTION 5

Alternative risk transfers have become fashionable. Advise a banking corporation on how 5 alternative transfers could be used in the management of particular risks in the organization. [25 marks]

QUESTION 6

Design a risk management programme for a local municipality of your own choice.
[25 marks]

QUESTION 7

Discuss the limitation of insurance as a risk management tool. [25 marks]

QUESTION 8

Advise a microfinance institution on how to curb the following risks: Credit risk, interest rate risk, market risk and legal risks.
[25 marks]

END OF EXAMINATION