

**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.**
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**QUESTION 1**

- (a) Critique four risk management definitions. **[10 marks]**
- (b) In your own words discuss and state a definition that appropriately reflects the actual nature of risk management. **[15 marks]**

**QUESTION 2**

“Attempting to eliminate risk is attempting the impossible”. Discuss. **[25 marks]**

**QUESTION 3**

- (a) Identify the drawbacks of two traditional risk identification methods. **[10 marks]**
- (b) Suggest two models that can compliment traditional risk identification methods. Clearly outline the operations of the suggested 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) Briefly discuss two alternatives that can be used for handling this type of risk? **[15 marks]**

**QUESTION 5**

Advise a banking corporation on five alternative risk transfer methods that could be used in the management of its particular risk exposures. [25 marks]

**QUESTION 6**

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

**QUESTION 7**

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

**QUESTION 8**

Advise a microfinance institution on how to curb the following risks:

- (a) Credit risk.
- (b) Interest rate risk.
- (c) Market risks
- (d) Legal risks.
- (e) Liquidity risks

[25 marks]

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**END OF EXAMINATION**