

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS  
CHUKA / EMBU / CHOGORIA  
EXAMINATION FOR THE AWARD OF  
CERTIFICATE IN BUSINESS MANAGEMENT**

**CIBM 00114: INSURANCE AND RISK MANAGEMENT**

**STREAMS: CIBM**

**TIME: 2 HOURS**

**DAY/DATE: WEDNESDAY 24/3/2021**

**2.30 PM – 4.30 PM**

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**INSTRUCTIONS:**

- Answer Question One (Compulsory) and any other Two.
- Do not write anything on this question paper.

**QUESTION ONE**

- a) Discuss four techniques of handling risk. [8 Marks]
- b) Explain the various types of hazards. [4 Marks]
- c) Briefly discuss the following
- (i) Premium [2 Marks]
  - (ii) Uncertainty [2 Marks]
  - (iii) Acceptable risk [2 Marks]
  - (iv) Reinsurance [2 Marks]
- d) In line with the principle of utmost good faith, the insured is required to disclose all material facts that can influence the judgment of an insurer. Explain material facts that the insurer is required to disclose. [10 Marks]

**QUESTION TWO**

- a.) Explain the various classes in which risk can be categorized. [10 Marks]
- b.) Explain the objectives of regulating Insurance services. [10 Marks]

**QUESTION THREE**

- a) Explain the factors that limit the principle of indemnity. [10 Marks]
- b) Explain five characteristics of Insurance. [10 Marks]

**QUESTION FOUR**

- a.) Analyze the reinsurance sector in Kenya outlining its significance to the national economy. [10 Marks]
  - b.) Discuss the challenges associated with the marketing of insurance services in Kenya. [10 Marks]
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