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UNIVERSITY EXAMINATIONS 2024/2025

SECOND YEAR FIRST SEMESTER EXAMINATION FOR DEGREE OF BACHELOR
OF BUSINESS INFORMATION TECHNOLOGY

BFB 3150: INSURANCE AND RISK MANAGEMENT

DATE: JANUARY 2025

TIME: 2 HOURS

INSTRUCTIONS: Answer Question ONE and any other TWO questions.

QUESTION ONE (30 MARKS)

- a) Differentiate between the following terms as used in risk management and insurance
 - i. Peril and hazard (2 marks)
 - ii. Pure risk and speculative risk (2 marks)
- b) The presence of risk results in burdens on society. Explain burden that risk bring to society (6 marks)
- c) Avoidance is one of the methods of risk control. Explain two disadvantages of avoidance (4 marks)
- d) One Characteristics of an Ideally Insurable Risk is that The loss should be unintentional and unexpected by the insured and outside the insured 's control. Explain two reasons for this requirement (4 marks)
- e) Explain the main Purposes of Insurable interest: (6 marks)
- f) Explain the three principal methods of regulating insurers (6marks)

QUESTION TWO (20 MARKS)

- a) A risk manager has several sources of information that he or she can use to (L) identify the preceding loss exposures. State and explain each of these sources of information. (10 marks)
- b) Explain the Legal characteristics of insurance contracts (10 marks)



QUESTION THREE (20 MARKS)

- a) Explain the meaning of underwriting and elucidate the Sources of underwriting information (12 marks)
- b) The principle of indemnity is one of the fundamental legal principles of insurance. Discuss the exceptions to Principle of Indemnity (8marks)

QUESTION FOUR (20MARKS)

- a) Insurers are subject to numerous laws and regulations. Explain the principal areas which insures are regulated (10 marks)
- b) Insurance contracts contain three major types of exclusions namely Excluded perils, Excluded losses and Excluded property. Cleary explain why are Exclusions Necessary in insurance contracts (10 marks)

QUESTION FIVE (20MARKS)

- a) Explain the disadvantages of non- insurance transfer used in risk management . (6 Marks)
- b) There are two main categories of hazards in business operations namely the physical hazards and the moral hazards. Discuss each of them using relevant examples. (6 Marks)
- c) Insurers are regulated by the states for several reasons. state and explain the reasons why insurers are regulated. (8 Marks)

