



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

**UNIVERSITY MAIN EXAMINATIONS
2022/2023 ACADEMIC YEAR
THIRD YEAR FIRST SEMESTER EXAMINATIONS
FOR THE DEGREE
OF
BACHELOR OF EDUCATION**

COURSE CODE: BCB 109

COURSE TITLE: INSURANCE AND RISK MANAGEMENT

DATE: MONDAY, 5TH /12/2022 **TIME:** 8:00 - 10:00AM

INSTRUCTIONS TO CANDIDATES

1. This paper consists of two parts, A and B.
2. Question **one** is **Compulsory**
3. Answer **Any other THREE** Questions in part B
4. Include all supporting calculations in your answers where appropriate.

TIME: 3 Hours

MMUST observes ZERO tolerance to examination cheating



QUESTION ONE (COMPULSORY) (30 MARKS)

Insurance Coverage Developed for Pandemic (and Non-Damage) Business Interruption

Some insurance products have been developed to offer explicit coverage for business interruption losses suffered as a result of an infectious disease outbreak, either as a specialty stand-alone policy or as an endorsement to a policyholder's existing business interruption coverage. In 2018, for example, a specific coverage for financial losses due to outbreaks, epidemics or pandemics was made available although there has reportedly been almost no take-up.

The Insurance Services Office in the United States developed two optional endorsements for commercial property policies applicable to business interruption losses as a result of business closures related to COVID-19 in February 2020 although it is too early to determine whether insurers will seek to offer that coverage. There are also a few commercial insurance policies that specifically include pandemics as a covered peril in some markets (such as a property and liability policy tailored to dentist practices in Canada. In addition, some coverage has been developed for non-damage business interruption which is meant to respond to any interruption to business that does not involve physical damage to the insured premises or a building in proximity to the insured premises (which would include pandemics unless specifically excluded under the terms of the coverage). However, non-damage business interruption remains a specialty coverage with limited penetration.

- a. Other than the situation explained above, an organization's own internal operations can be a serious risk factor forcing the firm to get an insurance cover. Use suitable examples to explain this. 10 marks
- b. Organizations all over the world, just like the above American case, face risks which drive them to take insurance cover. Identify the various risks faced, in relation to the above case. 10 marks
- c. Insurance may not fix all risk related issues for an organization because of barriers that may be known to it or not. Identify them and explain how they can be managed.

2 a) Certain factors occur in the wide world that affect an organization's ability to fulfill its objectives, be they personal or organization related. Use suitable examples to explain this situation. 10 marks

b) From an insurer's perspective, not all pure risks are insurable. What reasons are used to justify this stance? 10 marks

3 a) Assume you have been hired as a risk expert and you want to carry out a risk analysis in your organization to identify the hazards you are exposed to. Identify them and explain how they can be controlled. 10 marks

b) Is an insurance cover a valid contract? Explain with suitable examples. 10 marks

4 a) Using suitable examples, explain how organizations can use hazard and Operability Studies (HAZOP) in risk identification. 10 marks

b) In property insurance, the basic method for indemnifying the insured is based on the *actual cash value* of the damaged property at the time of loss. Identify three methods that can be used by the courts to determine the actual cash value. 10 marks

5 a) A risk register may not be the best tool for use by a firm to sort its insurance issues. Justify. 10 marks

b) Insurance and ethics cannot be detached. Explain using relevant examples. 10 marks

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**MASINDE MULIRO UNIVERSITY OF
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(MMUST)**

**UNIVERSITY MAIN EXAMINATIONS
2022/2023 ACADEMIC YEAR**

**FIRST YEAR FIRST SEMESTER EXAMINATIONS
FOR THE DIPLOMA
IN
BUSINESS MANAGEMENT**

COURSE CODE: DBA 223

**COURSE TITLE: STOCK CONTROL AND STORES
MANAGEMENT**

DATE: MONDAY, 5TH /12/2022

TIME: 9:00 – 11:00AM

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer other TWO questions
Do not write anything on the question paper

MMUST observes ZERO tolerance to examination cheating

Equipment leasing company moving to the cloud

Bob, the risk manager for a growing equipment leasing company, was surprised to find that the cost of cyber insurance was three times what he had paid just a few years before. Looking at the fine print of the 100-page cyber insurance policy document, he realized that in addition to the price advantages, many risks were covered. The insurance coverage was not limited to attacks due to ransomware. According to Daniel Gabriel, Principal at RSM Risk Advisors, "It's very common for a policy to cover only up to a certain amount for ransomware. Or, they may cover if that ransomware was 'user-caused,' meaning, launched by clicking on a link, but not if there are no technical controls in place to prevent it."

In Bob's case, the biggest risk driver was the leasing company's recent transition from on-premise to cloud. They stored sensitive financial information, including personally identifiable information, on 25 cloud-based servers.

In addition to helping with IT implementation and managed services, RSM provided the leasing company with tactical advice on mitigating cyber risk and evaluating insurance options. "Primarily, we make sure four things are in place: Privileged Access Management, Multi-Factor Authentication, controlled access to accounts, and monitoring.

Required:

- a. Explain the benefits that accrue to businesses that have transferred their financial burdens of losses to an insurance Company. (10 marks)
- b. Discuss any five principles that guide insurance contracts (10 marks)
- c. Inspection of stores is important to any organization. Discuss the significance of this practice (10 marks)

Question Two

- a. Why would organizations prefer to hold larger inventories despite the resultant disadvantages that could accrue (10 marks)
- b. Explain any 5 materials that can be carried into the store room (10 marks)

Question Three

- a. Citing relevant examples, discuss the following conditions of stores
1. Serviceable stores
 2. Unserviceable stores
 3. Obsolete stores
 4. Finished stores
 5. Unused stores (10 marks)
- b. Inventories play a significant role in any organization. Discuss (10 marks)

Question Four

- a. Stores organization is a very critical component in every store. Explain any five objectives of stores organization (10 marks)
- b. Discuss the advantages that accrue to an organization that employs electronic record keeping (10 marks)

Question Five

Mr. Otieno is a storekeeper at Velvet enterprises. The condition for any stores department to function effectively is to have well coded stores.

- a. Explain to him the importance of complying with this requirement (10 marks)
- b. What attributes should Mr. Kimani possess in order to perform well in his duties (10 marks)