

The
Management
University
of Africa



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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF COMMERCE

INS 314: RISK MANAGEMENT AND LIFE INSURANCE

DATE: 14TH APRIL 2026

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

ORGANIZATIONAL RISK MANAGEMENT

Organizations face uncertainties that can disrupt operations, affect finances, or harm reputations. Effective risk management requires a structured process that identifies potential hazards, assigns responsibility, evaluates likelihood and impact, and implements mitigation strategies. Risk management is proactive, aiming to minimize losses while ensuring organizational objectives are achieved.

Required:

- a) Explain the term risk management in the context of organizations. **(3 marks)**
- b) Examine four key organizational risks that may significantly affect operations. **(4 marks)**
- c) Describe four effective strategies organizations can adopt to manage identified risks. **(8 marks)**
- d) Explain four types of risk assessment approaches and indicate when each is appropriately applied. **(4 marks)**
- e) Assess six characteristics that make business risks insurable and briefly explain each. **(6 marks)**

QUESTION TWO

- a) Mortality tables and risk profiles guide life insurance and employee benefit planning. Organizations must recognize mortality differentials due to age, sex, social class, and underwriting selection to effectively price and design policies.

Required:

- i. Explain the relevance of mortality in actuarial calculations. **(2 marks)**
- ii. Discuss seven key factors that influence mortality experience in insured populations. **(7 marks)**
- b) Examine three cardinal rules that organizations should follow to manage employee-related risks. **(6 marks)**

QUESTION THREE

- a) Underwriters rely on accurate information to evaluate risks and price insurance appropriately. Sources include data from applicants, external databases, field investigations, and professional consultations.

Required:

Describe three primary sources, three secondary sources, and three tertiary sources of underwriting information. **(10 marks)**

- b) Explain five reasons why underwriters seek detailed information about risks and applicants. **(5 marks)**

QUESTION FOUR

- a) Organizations use multiple techniques to limit exposure to potential losses. Risk control includes avoidance, reduction, and mitigation, while financing options include transfer or retention strategies.

Required:

- i. Explain risk control in an organizational context. **(2 marks)**
ii. Explain two risk control techniques with examples. **(4 marks)**
b) Assess two risk financing techniques and illustrate how they help manage organizational exposures. **(4 marks)**
c) Examine five categories of risk retention and briefly explain each. **(5 marks)**

QUESTION FIVE

- a) Examine five core characteristics of life insurance. **(10 marks)**
b) Explain three basic types of life insurance policies and their key features. **(5 marks)**

QUESTION SIX

- a) Health coverage protects individuals from financial hardship due to illness or injury. Health Maintenance Organizations (HMOs) provide integrated care under prepayment arrangements.

Required:

Describe five key areas of coverage typically offered under health insurance policies.

(10 marks)

- b) Explain the role of HMOs in healthcare delivery, their financing model, and their contribution to health services in Kenya. **(5 marks)**