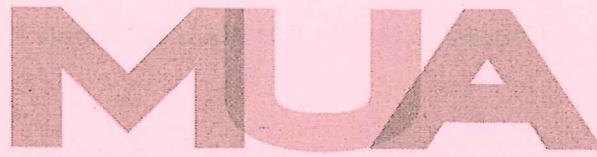


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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF COMMERCE

INS 411 : RISK ASSESSMENT, CONTROL & FINANCE

DATE: 10<sup>TH</sup> AUGUST 2023

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:

**KENYA ELECTIONS 2022**

This year's election is unusually difficult to predict because of shifting alliances in Kenyan politics, and the emerging co-operation between established dynasties – highlighted by the President's choice of a former rival as his successor and not his own deputy president. Social media makes it easier for factions to spread rumours or misinformation, and to mobilize support, helping normalize expectations and tolerance for violence and unrest.

The combination of these and other factors points to an unpredictable, and potentially unstable, security environment in the country during and after the campaigns period. (*Source: SF Group, 2022*)

**Required:**

- a) Define the term risk. **(1 mark)**
- b) An election is an event that poses several risks. Identify and discuss these risks at the following levels:
- i) Personal level. **(8 marks)**
  - ii) Microeconomic level. **(8 marks)**
  - iii) Macroeconomic level. **(8 marks)**

**QUESTION TWO**

- a) Differentiate between risk management, risk assessment and risk analysis. **(3 marks)**
- b) Risk assessment is a six-step process. Comprehensively discuss this process. **(12 marks)**

**QUESTION THREE**

- a) With examples, explain the meaning of risk financing. **(3 marks)**
- b) Explain how risks can be managed in the following ways:
- i) Risk retention **(3 marks)**

- ii) Risk transfer (3 marks)
- iii) Risk avoidance (3 marks)
- iv) Risk reduction (3 marks)

**QUESTION FOUR**

- a) Define what risk assessment objective is. (3 marks)
- b) Discuss six instruments which a risk manager may use to identify risks. (12 marks)

**QUESTION FIVE**

- a) Compare risk control and risk refinancing. (3 marks)
- b) Discuss implementation of risk management programme. (12 marks)

**QUESTION SIX**

- a) State three benefits of probabilities in determining risk. (3 Marks)
- b) Analyze four types of derivatives. (12 Marks)

