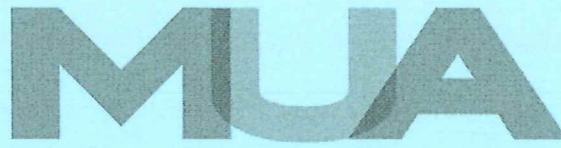


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**

**SCHOOL OF MANAGEMENT AND LEADERSHIP**

**DEGREE OF BACHELOR OF COMMERCE**

**INS 323: CORPORATE RISK MANAGEMENT**

**DATE: 11<sup>TH</sup> DECEMBER 2024**

**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:

**Risk Assessment and Analysis: A Case of Horizon Properties**

Horizon Properties is a medium-sized construction company planning to undertake a major infrastructure project. Horizon Properties offers a full range of pre-construction and construction services. They employ more than 100 dedicated staff members; each one is a specialist in their own right. Whether it being brickwork, plasterwork, formwork, plumbing or electrical our staff will ensure that quality is upheld at all times. Horizon Properties have a strict health and safety policy. Employees get accustomed to this policy when followed on a daily basis.

The management team wants to perform a thorough risk assessment and analysis to ensure the project's success. They need to identify, assess, and analyze potential risks to develop appropriate mitigation strategies based on the risks such as delays due to weather, cost overruns, supply chain disruptions, safety incidents, regulatory changes, equipment failures and labor shortages.

**Required:**

- a) Assess the five steps involved in the risk assessment and analysis process and how the steps apply in Horizon Properties' case (10 marks)
- b) Propose how the management will identify potential risks for their construction projects (3 marks)
- c) Evaluate how the company can use a risk matrix to assess and prioritize its risks (6 marks)
- d) Examine three mitigation strategies that the management team can develop for the highest priority of risk (6 marks)

**QUESTION TWO**

- a) Evaluate three risks associated with international business (8 marks)
- b) Assess six methods that can be used to manage translation risk (9 marks)

### QUESTION THREE

- a) Subrogation is a legal principle in which an insurer, having paid a loss to the insured, steps into the shoes of the insured to pursue any third parties responsible for the loss. Illustrate how subrogation works in motor vehicle insurance (6 marks)
- b) Discuss three risk factors that the hospitality industry faces (9 marks)

### QUESTION FOUR

- a) Assess the three steps a construction manager can take in order to prioritize risk (6 marks)
- b) Discuss three risk management strategies that managers can undertake to mitigate each factor (6 marks)
- c) Highlight three risk financing methods in Kenya (3 marks)

### QUESTION FIVE

- a) Describe four successful strategies an organization can use to manage risk (8 marks)
- b) Assess seven requirements of insurability of business risks (7 marks)

### QUESTION SIX

- a) "An insurance policy shall not provide compensation to the policyholder that exceeds their economic loss. This limits the benefit to an amount that is sufficient to restore the policyholder to the same financial state they were in prior to the loss."

**Required:**

- i. Identify the insurance principle from which the statement above is drawn (2 marks)
- ii. Evaluate the rationale behind the principle identified in (i) above (3 marks)
- b) Discuss five benefits of risk management (10 marks)

