



**UNDERGRADUATE UNIVERSITY EXAMINATIONS**

**SCHOOL OF MANAGEMENT AND LEADERSHIP**

**DEGREE OF BACHELOR OF COMMERCE**

**INS 421 : EMERGING ISSUES IN INSURANCE AND RISK MANAGEMENT**

**DATE: 9<sup>TH</sup> 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:**

**REGULATION OF THE INSURANCE INDUSTRY: SELF-REGULATION VERSUS REGULATION BY GOVERNMENTAL AUTHORITY**

Governmental regulatory bodies around the world seem not to have adequate long lasting laws and regulations that can effectively curb the ever increasing criminal activities and civil wrongs committed within the various sectors of the economy under their jurisdictions. Regulations seem to lag behind the pace of cybercriminal schemers. The insurance sector is in a state of cognitive dissonance as to the extent to which to embrace self-regulation and regulation by governmental authorities. Regulatory bodies have a responsibility, as delegates of governments, to protect public interests and rights of insured parties as well as to safeguard insurers from fraudulent insured parties.

More legislations and regulations may be beneficial in protecting the interests of the public, but at the same time they slow down the adoption of innovativeness. Self-regulation would enhance more flexibility, creativity and innovativeness among participants in the insurance industry but could however, fail to adequately assure protection of members of the public. Regulations by the governmental regulatory authorities seem indispensable. The right balancing between self-regulation and regulation by a governmental authority is required in the contemporary world.

**Required:**

Based on issues addressed in the foregoing discussion and knowledge gained from studying Emerging Issues in Insurance and Risk Management at the Management University of Africa:

- a) Discuss five broad scope of issues covered by regulatory laws of varying jurisdictions. **(5 Marks)**
- b) Describe five justifications for self-regulation of the insurance industry in your country. **(10 Marks)**

- c) Assess five rationales for the need of regulation by a governmental authority in your country, citing illustrations. **(10 Marks)**

## QUESTION TWO

- a) Differentiate the mode of operation of 'Facultative Reinsurance' and 'Treaty Reinsurance' using appropriate examples. **(5 Marks)**
- b) Describe five classifications of risks that face individuals and businesses showing why they should be prudently insured against. **(10 Marks)**

## QUESTION THREE

- a) Using illustrations, examine two roles of 'risk management manual' in a listed company. **(5 Marks)**
- b) Evaluate five rationales for the rampant growth of reinsurance business in the 21<sup>st</sup> Century giving examples drawn from around the globe. **(10 Marks)**

## QUESTION FOUR

- a) Discuss the significance of four steps carried out by commercial entities as an integral part of their 'risk management process'. **(6 Marks)**
- b) Analyse three types of hazards encountered by individuals and organizations, giving appropriate examples of each. **(9 Marks)**

## QUESTION FIVE

- a) Appraise the merits of two contemporary marketing distribution channels that are used by insurance firms in your country. **(5 Marks)**

- b) Draw an appropriate diagram of the 'risk treatment matrix', and assess four approaches of handling risks, illustrating situations that require each approach. **(10 Marks)**

### QUESTION SIX

- a) Examine five exclusions commonly found in policy documents pertaining engineering-related insurance policy. **(5 Marks)**
- b) Not all risks are insurable. Justify the foregoing statement by describing five preconditions of insurability of risks and the underlying reasons. **(10 Marks)**