KISII UNIVERSITY

UNIVERSITY EXAMINATIONS
PART – TIME EXAMINATIONS
EXAMINATION FOR THE AWARD OF THE DEGREE OF
BACHELOR OF EDUCATION (ARTS)
LEVEL 1 BLOCK 2
SESSION EXAMINATION 2021/2022
[JULY, 2022]

BUST 321: BUSINESS LAW

STREAM: L2 B2   **TIME: 2 HOURS**

DAY: MONDAY 4.00 PM – 6.00 PM   **DATE: 4/07/2022**

INSTRUCTIONS

1. *Do not write anything on this question paper.*
2. *Answer question ONE [COMPULSORY] and any other THREE questions.*

QUESTION ONE

a) Define the term "risk" and explain how you understand "objective risks".

(10marks)

b) Explain any five techniques to manage risk.   (10marks)

c) Write short notes on the following fundamental legal principles used in insurance:

   i. Principle of indemnification   (5marks)

   ii. Principle of utmost good faith   (5marks)

QUESTION TWO

a) University enterprises (Kisii University), the university's investment wing intends to develop a risk register. However, there is need to convince the management which has remained adamant to provide funds for the same. You have been hired as consultant by Kisii University Management why a risk register is needed. Explain in detail the facts you will put to secure funding from the university management for Kisii University for this important process.   (10marks)

b) After putting up a Bungalow in Kileleshwa Nairobi, the Abdikadir family has resorted to taking insurance for the house. The idea of taking insurance for the house fronted by the wife and Abdikadir seems to resist the idea. As a Business Management student who has comprehensive idea?   (10marks)

QUESTION THREE

a) Define the term " Risk Management"   (5marks)

b) With the help of a diagram, explain the steps in risk management process.   (15marks)

QUESTION FOUR

a) West Kenya Company Limited, Located in Kiambu County has appointed you as a risk manager on a five year contract. The concept of employing a risk manager has been occasioned by numerous investments that the company has undertaken in Southern Sudan that involve a wide range of risks. Give a detailed explanation of the functions that you will be required to undertake. (10marks)

b) The time taken by China Hu Company to construct a small bridge is normally distributed with mean of 400 labour hours and standard deviation of 100 labour hours

i. What is the probability that the bridge gets constructed between 350 and 450 hours? (5marks)

ii. If the company promises to construct the bridge in 450 labour hours and agree to pay a penalty of 1000 US Dollars for each labour hours spent in excess of 450, what is the probability that the company will charge a penalty of at least 20000 US Dollars. (5marks)

QUESTION FIVE

a) Define Joint Venture and Alliances in risk Management giving their benefits and risks. (10marks)

b) Discuss the meaning of:

i) Captive insurance

ii) ii) Bank Insurance (10mks)