



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF AGRICULTURAL SCIENCES EXAMINATION
POP EXAMINATION 2021 45578

Programme: Agricultural Extension and Management

Course Title: Agricultural Risk Management

Course Code: AEA 507

Credit Unit: 2

Total Score: 70Marks

Time Allowed: 2Hours

INSTRUCTION: Answer three (3) questions in all.

1a. What are the five (5) salient deductions underline the nature of agricultural risk? (10marks)

b. Explain briefly the effects of Risk on the following sub-headings:

- i. Production
- ii. On-Farm and off-farm diversification
- iii. Investment
- iv. Welfare of Producers (3 x 4 = 12marks)

c. Differentiate between Idiosyncratic risk and Systemic risk with suitable examples (2marks)

2a. Define risk management. (3marks)

b. Explain any ten (10) principles involve in risk management. (15marks)

c. State the five (5) objectives of risk management process. (5marks)

3a. What do you understand by risk assessment? (3marks)

b. i. Elaborate on exposure as one of the variables for assessing risks (4marks)

ii. State and explain the terms in which exposure can be expressed (6marks)

c. Assuming that enterprise "A" is "most likely" to give a net return of ₦50 per hectare. An "optimistic" estimate of net returns is ₦150, and a "pessimistic" estimate is a loss of ₦100 per acre. If the optimistic and pessimistic outcomes each occur one year in six, calculate the expected value of enterprise A. (10marks)

4a. Discuss briefly on the history of Nigerian Agricultural Insurance Corporation (NAIC) (10marks)

b. State the vision and mission statement of Nigerian Agricultural Insurance Corporation (NAIC) (4marks)

c. i. Define indemnity insurance. (3marks)

State any four (4) conditions necessary for a farmer to be qualified for indemnity insurance (6marks)