



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2021_2 EXAMINATION

COURSE CODE: BFN421 **CREDIT UNIT: 2**

COURSE TITLE: RISK MANAGEMENT AND INSURANCE

TIME ALLOWED: 2 Hours

INSTRUCTIONS:

- 1. Attempt question Number one (1) and any other two (2).**
- 2. Question number 1 is compulsory and carries 30 marks, while the other questions carry 20 marks each**
- 3. Present all your points in coherent and orderly manner**

- 1a. The chosen method of identifying risks by a risk manager may depend on culture, industry practice and compliance. The detection methods can be established in templates. In essence, relevant templates can be developed for detecting source, problem, or event. Discuss five (5) common methods of risk identification. **10 marks**
- 1b. There are many ways through which the risk manager can generate information for use in detecting the risk exposure embedded in the operations of a given organization. Hence, the relevant information can be generated from both internal sources and external sources. Discuss these sources under internal and external. **20 marks**
- 2a. Risk can be classified into internal and external risk. Discuss five (5) of those risks that are internal to business **10 marks**
- 2b. Strategic risk, according to The Institute of Risk Management, is said to be future oriented and can arise when certain things happen. Explain the five (5) circumstances that can give rise to strategic risk. **10 marks**
- 3a. The attitude to risk differs from one individual to another. Discuss the three (3) attitudes of individuals to risk **10 marks**
- 3b. Discuss the various costs inherent in the nature of risk **10 marks**
4. All forms of risk do not just occur in the operations of any business entity. The occurrence of any risk is normally precipitated by some factors. Identify and discuss five (5) of such factors. **20 marks**