



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2023_2 EXAMINATIONS

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 a coherent and orderly manner**

1a. All businesses face risks regardless of their size of operations, location, types of products produced, or services rendered to the public. It is instructive to note that unmitigated risks can spell enormous consequences such as the collapse of operations, failure, and financial losses. Therefore, the understanding of such risks by entrepreneurs can help them determine the necessary measures to be adopted in protecting their businesses and investment generally. Business risks range from internal risks to external risks. You are required to discuss five (5) external risks. **(15 marks)**

1b. Expound on any five (5) determinants of effective management of project risk **(15 marks)**

2a. Explain the term risk **(5 marks)**

2b. Describe the deductions that can be made regarding the nature of risk **(15 marks)**

3a. Explain these terms:

- i. Subjective Risk
- ii. Objective Risk
- iii. Risk Aversion
- iv. Risk Neutral

(8 marks)

3b. In insurance parlance or business, hazards are categorized into two. With five (5) examples each, discuss these hazards. **(12 marks)**

4. Following the assertion of Kpodo (1989), review the inherent benefits of risk management to developing economies under three (3) categories **(20 marks)**