



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2020_1 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

1. (A) In clear language, explain the following terms:

- (i) Business Stakeholders
- (ii) Inside Stakeholders
- (iii) Outside Stakeholders
- (iv) Business risk

12 Marks

(B) Identify and explain five (5) Inside Stakeholders of a business entity and how they are affected by risk. **18 Marks**

2. (A) Explain why do some financial analysts, managers and investors invest in risky businesses in spite of the consequences of risk. **12 Marks**

(B) State four (4) deductions that are inherent in the nature of risk. **8 Marks**

3. Name and explain five causes of risk. **20 Marks**

4. Identify and explain four (4) methods of handling operational risks to which cooperate entities are exposed. **20 Marks**

5. Enumerate and discuss four (4) methods of risk detection. **20 Marks**