



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF AGRICULTURAL SCIENCES EXAMINATION
POP EXAMINATION 2021 45678

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)