



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja
Faculty of Management Sciences, Department of Financial Studies
2024 1 EXAMINATION

COURSE CODE: BFN 421.

Credit Unit: 2.

COURSE TITLE: RISK MANAGEMENT AND INSURANCE

TIME ALLOWED: TWO HOURS

INSTRUCTIONS: 1. Attempt Question 1 and any other two (2) Questions.
2. Question 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.

1. (a) Explain the relationship between risk aversion and uncertainty (10 Marks)
- (b) Identify and explain various forms of cost associated with losses arising from risk (10 Marks)
- (c) Distinguish between private cost and social cost in relation to risk (10 Marks)

2. What are the benefits accruing to the following from effective risk management?
 - (a) Business Entities (7 Marks)
 - (b) The national Economy (7 Marks)
 - (c) Individual (6 Marks)

Total (20 Marks)

3. Risk identification is the first step towards risk management and depends on culture, industry practice and compliance. Mention and explain five methods of risk Identification/detection commonly used by most organizations (20 Marks)

4. What are the major techniques employed by corporate organizations in managing its risks? (20 Marks)