UTHM
Universiti Tun Hussein Onn Malaysia

UNIVERSITI TUN HUSSEIN ONN MALAYSIA

FINAL EXAMINATION
SEMESTER I
SESSION 2019/2020

COURSE NAME	:	RISK MANAGEMENT
COURSE CODE	:	BWB 43903
PROGRAMME CODE	:	BWQ
EXAMINATION DATE	:	DECEMBER 2019/JANUARY 2020
DURATION	:	3 HOURS
INSTRUCTION	:	ANSWER **ALL** QUESTIONS

TERBUKA

THIS QUESTION PAPER CONSISTS OF **THREE (3)** PAGES

Q1   Based on risk management processes in an organization, answer the following questions:

   (a)   Explain **THREE (3)** of the risk management process by giving **TWO (2)** point each.

(15 marks)

   (b)   Describe personal risk and justify **THREE (3)** major types of personal risk that associated with great financial insecurities.

(14 marks)

Q2   Physical hazard, moral hazard and morale hazard are difference from each other. Elaborate in details and provide an appropriate example to differentiate between these hazards.

(9 marks)

Q3   (a)   Based on **Table Q3**, sketch a graph showing the probability distribution.

(5 marks)

Table Q3

Possible Outcome (x_i)	Probability (p_i)
RM 0	0.7
RM 100	0.4
RM 500	0.2
RM 1000	0.1
RM 1500	0.06
RM 2500	0.04

   (b)   Compute the expected loss, variance and standard deviation before risk pooling.

(8 marks)

   (c)   Amanda and Wilson decided to pool their risk for accidental losses. Calculate their probability distribution, expected loss, variance and standard deviation after pooling risk.

(14 marks)

Q4   (a)   Describe the following situation. Provide a relevant example along with the suitable risk management technique.

      (i)   High frequency with low severity.

(6 marks)

      (ii)   Low frequency with high severity.

(6 marks)

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(b)   Elaborate in details, the purpose and intention of financial risk management.

                                                                            (6 marks)

Q5   a)   Discuss **FOUR (4)** benefits of insurance.

                                                                        (12 marks)

     b)   Madam Saidah bought her car for RM 108000, five years ago. Today, the value of her car is RM 50000. One day, her car was stolen from the parking garage of her house. Suggest and explain an appropriate legal principles can be applied in this case.

                                                                        (5 marks)

–   **END OF QUESTIONS**   –