

UNIVERSITY EXAMINATIONS

UNIVERSITEITSEKSAMENS

**RMN111Z**

October/November 2016

RISK MANAGEMENT I

Duration 2 Hours

70 Marks

EXAMINERS

FIRST

SECOND

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MRS LB LOUW

Closed book examination

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The paper consists of nine (9) pages

Make sure the following information appears on the cover of your answer book

- your student number
- your identification number
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PLEASE CONSIDER THE MARK ALLOCATION OF EACH QUESTION AND THE TOTAL TIME LIMITATION (TWO HOURS) WHEN ANSWERING THE QUESTIONS THIS PAPER CONSISTS OF FIVE (5) QUESTIONS. ANSWER ALL FIVE (5) QUESTIONS

[TURN OVER]

QUESTION 1

In order to manage risk, it is important to understand what risk means. Define the following terms that relate to risk and risk management

1.1 Risk evaluation (4)

1.2 Risk transfer (2)

1.3 Risk management (6)

1.4 Hazard (3)

[TURN OVER]

1 5 Risk financing

(1)

[16]

QUESTION 2

The main focus of risk management is the reduction of losses and therefore it is vital to understand the causes of loss **illustrate** the loss causation model in the space provided below

(12)

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[12]

[TURN OVER]

QUESTION 3

Risk financing is defined as the provision of appropriate and adequate funding measures to pay for the losses that do occur. In light of this statement, answer the following questions

3.1 There are two options in financing loss retention financing and external financing. List any six (6) external financing options (6)

3.2 Risk management involves dealing with all aspects of pure risk in an organisation. List the five (5) risk management techniques (5)

[11]

[TURN OVER]

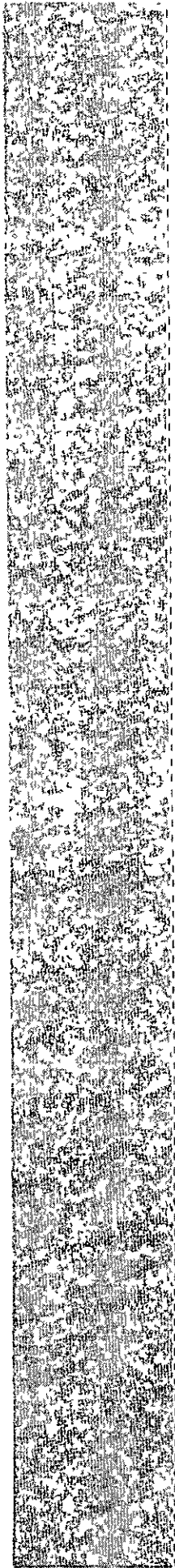
QUESTION 4

4.1 Cost of risk is defined as the monetary value of an organisation's exposure to pure risk. Cost of risk includes administrative expenses, cost of controlling risk, cost of losses and cost of insurance. **Briefly** explain the elements of the cost of controlling risk. (6)

4.2 There are various techniques for frequency analysis. One of these methods is the human reliability analysis. **List** the factors that affect human reliability, as well as the disadvantages of the human reliability analysis. (10)

[16]

[TURN OVER]

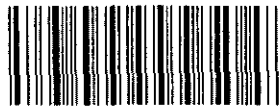


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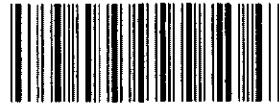
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