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RMN111Z

JANUARY/FEBRUARY 2017

RISK MANAGEMENT I

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UNIVERSITY EXAMINATIONS

UNIVERSITEITSEKSAMENS



**RMN111Z
RRM111N**

January/February 2017

RISK MANAGEMENT I

Duration 2 Hours

70 Marks

EXAMINERS
FIRST
SECOND

MRS CL RIELANDER
MRS LB LOUW

Closed book examination.

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The paper consists of eleven (11) pages

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

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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.

QUESTION 1

Select the correct answer to the following questions

1 1 How is risk defined?

- (1) Risk is a management function.
- (2) Risk has no potential for profit
- (3) Risk is the presence of uncertainty
- (4) Risk has the potential of either loss or gain.

a	b	c	d
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1 2 What is pure risk?

- (1) It is a management function
- (2) It is the presence of uncertainty
- (3) It carries the potential of either loss or gains
- (4) It results in loss, damage, disruption, or injury

a	b	c	d
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1 3 What is described by the largest foreseeable loss which is reasonably conceivable?

- (1) Normal loss expectancy (NLE)
- (2) Maximum foreseeable loss (MFL)
- (3) Estimated maximum loss (EML)
- (4) Compensation for occupational injuries and disease (COID)

a	b	c	d
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1 4 Risk is part of everyday life and can be categories in two dimensions What are they?

- (1) Likelihood and frequency
- (2) Likelihood and consequence
- (3) Consequence and severity
- (4) Hazards and risk

a	b	c	d
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[TURN OVER]

1 5 Risk classification is fundamental to the study of risk management. For which type of risks is it also important?

- (a) Speculative and specific risks
- (b) Pure and speculative risks
- (c) Fundamental and particular risks
- (d) Market and financial risks

(1) a & c

(2) b & d

(3) b & c

(4) a, b, c & d

a	b	c	d
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1 6 What are the three categories of workplace stress?

- (1) Biological, chemical, physical
- (2) Medicinal, safety, hazard
- (3) Chemical, fire, safety
- (4) Chemical, health, biological

a	b	c	d
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1.7 What does the control measures of the post-contact stage of control include?

- (1) Rules
- (2) Procedures
- (3) Training
- (4) Emergency preparedness

a	b	c	d
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1.8 What does employee benefits include?

- (1) Road accident fund protection
- (2) Environmental management
- (3) Pension fund and medical aid
- (4) Leadership

a	b	c	d
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1.9 What does safety and health, environmental programmes, and production process control form part of?

- (1) General risk control systems
- (2) Risk management process
- (3) Specific risk control systems
- (4) Pension risk control systems

a	b	c	d
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1.10 What does emergency preparedness, rescue operations, and incident investigation form part of?

- (1) Pre-contact stage of control
- (2) Contact stage of control
- (3) Specific risk control systems
- (4) Post-contact stage of control

a	b	c	d
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[10]

[TURN OVER]

QUESTION 2

Indicate whether the following statements are **true or false**.

- 2.1 Risk management can be defined as a management function whose objective is the protection of people, assets, and earnings by investigating the potential for loss from pure risk, and the provision of funds to recover from losses that do occur

True	False
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- 2.2 Risk control is the provision of appropriate levels and standards of protection for people, assets, and earnings to avoid or minimise hazards which have been identified and evaluated in an organisation.

True	False
------	-------

- 2.3 Maximum possible loss (MPL) is the maximum cost of a loss that could result from single event conditions, including failure of risk control measures

True	False
------	-------

- 2.4 Normal loss expectancy (NLE) is the maximum cost of loss that could result from a single event given that all risk control measures operate as expected.

True	False
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- 2.5 Estimated maximum loss expectancy (EML) is the maximum cost of loss that could result from a single event when a critical risk control measure fails, but ancillary risk control measures operate as expected

True	False
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[TURN OVER]

- 2 6 An incident is an unplanned, unexpected, and undesired event that results in physical harm to a person and/or damage to property. It is usually the result of a fortuitous contact with a source of energy above the threshold of the body or structure.

True	False
------	-------

- 2 7 An accident is an unplanned, unexpected, and undesired event that results in physical harm to a person and/or damage to property. It is usually the result of a fortuitous contact with a source of energy above the threshold of the body or structure.

True	False
------	-------

- 2 8 Risk is part of everyday life and can be categorized in two dimensions, namely likelihood and frequency.

True	False
------	-------

- 2 9 Safety and health, environmental programmes, and production process control form part of the risk management process.

True	False
------	-------

- 2 10 Specific risk control systems include compliance with legislation.

True	False
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[10]

QUESTION 3

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

- 3 1 Risk evaluation (4)

[TURN OVER]

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