POLITEKNIK
Jabatan Pengajian Politeknik

EXAMINATION AND EVALUATION DIVISION
DEPARTMENT OF POLYTECHNIC EDUCATION
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION
JUNE 2012 SESSION

P5312: RISK MANAGEMENT

DATE : 17 NOVEMBER 2012 (SATURDAY)
DURATION : 2 HOURS (8.30 A.M. – 10.30 A.M.)

This paper consists of **SEVEN (7)** pages including the front page.
Essay (6 questions – answer 4 questions)

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THE CHIEF INVIGILATOR**

QUESTION 2

(a) Physical inspection is a technique used to examine physical property. Explain:

   i. Preparation for the inspection

(8 marks)

   ii. Action taken after inspection

(3 marks)

(b) What is the risk that can be identified by using Dow index and elaborate the steps involved.

(7 marks)

(c) Checklist is one technique whereby the risk manager uses questionnaires as a medium to identify risk. List down:

   i. **FOUR (4)** advantages of checklist.

(4 marks)

   ii. **THREE (3)** types of checklist.

(3 marks)

INSTRUCTION:

This section consists of **SIX (6)** questions. Answer **FOUR (4)** questions only .

QUESTION 1

(a) Scaffold equipment manufactures and sells scaffolds and ladders that are used by construction firms. The products are sold directly to independent retailers in Malaysia. The company's risk manager knows that the company could be sued if a scaffold or ladder is defective and someone injured. Since the cost of product liability insurance has increased, the risk manager is considering other techniques to threat company's loss exposures.

   i. Describe **TWO (2)** other techniques besides insurance that can be used by the risk manager to deal with company's products liability exposures.

(6 marks)

   ii. Explain briefly the steps in the risk management process.

(10 marks)

(b) To ensure effective implementation of the programme, attention should be devoted to the issuing of a policy statement, drafting a risk management manual and cooperation with other department. Identify the risk management manual.

(9 marks)

QUESTION 4

The data below show the claim register for Maya Hotel.

Name	Age	Nature	Cost (RM)
Grant,J	18	Sprained ankle	42
Smith,R	38	Baggage	72
Aida	25	Money	84
Swan,I	30	Clothes	90
Firdaus	22	Broken leg	98
Nadzirah	30	Foot injury	180
Farah	35	Lost camera	142
Izzah	36	Lost camera	44
Arif	25	Personal effect	80
Nurbayah	38	Baggage	74
Fadzlina	19	Clothes	73
Hafidz	23	Damaged clothing	44
Anuar	23	Lost camera	80
Hafifi	18	Broken wrist	84
Sahidah	40	Leg injury	90
Nurul huda	18	Sprained ankle	44
Naziran	60	Lost camera	180
Sufian	50	Stolen car	90
Hayati	19	Lost effect	84
Zahar	65	Money	72
Sidayu	60	Neck injury	84
Hafizi	40	Stolen camera	44
Norhidayah	39	Stolen anklet	112
Hasinawati	37	Broken leg	100
Suzana	18	Broken wrist	90
William,T	21	Personal effect	72
Cobb,B	60	Neck injury	142
zara	38	Lost camera	84

QUESTION 3

(a)   Law of large number is also used in risk management beside insurance:

    i.   What is law of large numbers ?

                                  (3 marks)

    ii.   Why is the law of large numbers important to private insurers?

                                  (3 marks)

(b)   Explain the condition that should be present if retention is used to handle a loss exposure?

                                  (6 marks)

(c)   Briefly explain the following risk management technique:

    i.   Loss control

    ii.   Non-insurance transfer

    iii.   Retention

    iv.   Avoidance

                                    (13 marks)

QUESTION 6

(a) Casinos and lotteries have increased in popularity in recent years. The method of wagering at casinos is interesting. Most games of chances are designed to have repeated small bets rather than a single large bet.

    i. What type of risk is created when someone gambles at casinos or plays a lottery?

    ii. Why are the games designed in this way?

(16 marks)

(b) Planned retention is referred to as self insurance. Elaborate **THREE (3)** methods of planned retention (self insurance).

(9 marks)

Calculate :

(a) Construct a Frequency table that consist of :
    i. Class width
    ii. Tally marks
    iii. Frequency
    iv. Midpoint
    v. Accumulated frequency

(7 marks)

(b) Mean (5marks)

(c) Median (4 marks)

(d) Mode (4 marks)

(e) Standard deviation (5 marks)

QUESTION 5

(a) Contingency planning should be prepared by the organization for preventing and coping with actual or potential loss. What are **THREE (3)** elements that should be involved in preparing contingency planning?

(7 marks)

(b) Describe:

    i. Computer risk control

(4 marks)

    ii. Terrorism risk control

(4 marks)

(c) Fire is important to extinguish as soon as possible before flash over. Identify extinguishment tools used to extinguish fire in flame zone.

(10 marks)