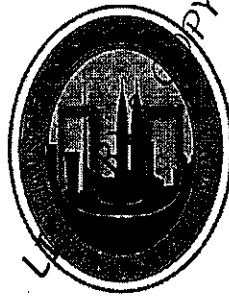


CONFIDENTIAL



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

FINAL EXAMINATION
JANUARY 2016 SEMESTER

SUBJECT CODE : EEB30403
SUBJECT TITLE : MANAGING BUSINESS RISK
LEVEL : BACHELOR
TIME / DURATION : 3.00 PM - 6.00 PM / 3 HOURS
DATE : 27th MAY 2016

INSTRUCTIONS TO CANDIDATES

1. Please CAREFULLY read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of TWO (2) sections; Section A and section B.
4. Answer FOUR (4) questions in Section A and THREE (3) questions ONLY in Section B.
5. Please write your answers on the answer booklet provided.
6. Answer all questions in English language ONLY.
7. This question paper must not be removed from the Examination hall.

THERE ARE 3 PAGES OF QUESTIONS EXCLUDING THIS PAGE.

SECTION A (Total: 40 marks).

INSTRUCTION: Answer FOUR (4) questions ONLY.

Please use the answer booklet provided.

Question 1

a) Distinguish the term Hazard and Peril.

(4 marks)

b) Briefly describe **THREE (3)** categories of hazard that increases the possibility of losses.

(6 marks)

(Total: 10 marks)

Question 2

List and briefly explain **FIVE (5)** tools in identifying existing and potential risk for an organisation.

(10 marks)

Question 3

Personal property is subject to loss exposure by numerous perils. List and briefly explain **FIVE (5)** tangible personal properties and its values that are expose to loss.

(10 marks)

Question 4

Briefly explain **FIVE (5)** basic legal requirements in order to make an agreement to be legally enforceable and qualify as contract.

(10 marks)

Question 8

a) Define the term 'Risk Management'

(2 marks)

Identify and explain the **FOUR (4)** distinctive role of Risk Manager.

(8 marks)

Total: 10 marks)

SECTION B (Total: 60 MARKS)

INSTRUCTION: Answer **THREE (3)** questions ONLY

Please use the **answer booklet** provided

Question 1

From the business perspectives, every business organisations are exposed to risk and loss. Thus, a comprehensive risk management is crucially needed. However, risk is uncertain and may result in adverse consequences resulted in the probability of loss cannot be reduced to zero. Large losses from risks with low probability and high severity may continue to occur. This condition has made the risk management to adopt contingency planning in anticipation of the possible potential losses to reinforce the risk control measures that had been adopted.

Discuss in detail why it is important to adopt risk management techniques of **Contingency Planning** by outlining the **key components** of an effective contingency planning. Provide relevant examples in your discussion.

(20 marks)

Question 2

Risk financing plays a significant role in attaining the pre-loss objective of risk management by eliminating uncertainty to the minimum level by arranging for funds to be available when losses occur. It also supports the post-loss objective of risk management by utilising the funds available for an effective recovery process.

Discuss in detail the advantages and disadvantages of risk financing technique between **commercial insurance** and **captive insurance** relative to the frequency and severity. Provide relevant example in your discussion.

(20 marks)

Question 3

Discuss in detail on product liability that faced by the **seller of product** and **supplier of product** on regard to **Express Undertaking** and **Implied Undertaking** by using relevant example and appropriate section(s) of Sale of Goods Act 1957 and Consumer Protection Act 1999.

(20 marks)

Question 4

Global Merchandise Sdn. Bhd is a Malaysian based company that manufactures menswear. As a result from the strategic decision in expanding their business, the company decided to expand their business by setting up a wholly own subsidiary in India. The chosen location was influenced by abundant of sources in factors of production and a huge market size. However, the company is not sure about the risks that they may encounter in their expansion to India. From the Risk management perspective, carry out a critical analyse and discuss in detail on **Macro** and **Micro Level Risk Profiling** for their expansion to India.

(20 marks)

END OF EXAMINATION PAPER