



AMREF INTERNATIONAL UNIVERSITY
SCHOOL OF PUBLIC HEALTH
DEPARTMENT OF HEALTH SYSTEMS MANAGEMENT AND DEVELOPMENT
BACHELOR OF SCIENCE IN HEALTH SYSTEMS MANAGEMENT AND
DEVELOPMENT
END OF SEMESTER EXAMINATION JANUARY-APRIL 2026
HMD 225 HEALTH INSURANCE AND RISK

TIME: Two Hours
Date : 7th April 2026
TIME : Two (2) Hours Start-----5:00PM-----End...7:00PM

INSTRUCTIONS TO CANDIDATES

- 1) This exam is out of 70 marks
- 2) Section-A is compulsory with a Total of 30 Marks
- 3) Answer any TWO (2) questions in Section B

Read carefully the additional instructions preceding each section.

Section A – 30 Marks

1. Matching Test (5 marks)

Instructions: Match each item in Column A with the most appropriate description in Column B. Write the correct letter (A–E) next to each number. Each correct match carries 1 mark.

Column A

1. Risk Assessment
2. Risk Avoidance
3. Risk Sharing
4. Property Insurance
5. Role of Risk Manager

Column B

- A. Distributing potential losses among multiple parties
- B. Evaluating the likelihood and impact of identified risks
- C. Protecting physical assets against loss or damage
- D. Eliminating activities that expose an organization to risk
- E. Developing and implementing risk control strategies

Column A					
Column B					

2. State two reasons why health insurance helps individuals manage unexpected medical expenses. (2 marks)
3. State one benefit of risk pooling for insurance companies. (1 mark)
4. State one difference between underwriting and claims management in health insurance. (1 mark)
5. Explain how risk classification influences premium setting. (1 mark)
6. Scenario Question (20 marks total)

A private clinic in Nairobi has been experiencing several operational challenges: frequent staff injuries, rising costs of medical malpractice claims, and increased maintenance expenses for aging medical equipment. The board has asked the risk officer to propose solutions to strengthen the clinic's risk management framework and reduce insurance-related costs.

Answer the following:

- a) Distinguish between the terms *risk* and *hazard*. (5 marks)
- b) Identify five risks the clinic may be facing. (5 marks)
- c) Recommend strategies for risk avoidance, risk reduction, and risk transfer. (5 marks)
- d) Identify five key performance indicators (KPIs) for monitoring risk management effectiveness in the clinic. (5 marks)

Section B – Answer any TWO questions (20 marks each)

- 7. Discuss five ways in which effective leadership supports the integration of quality management and risk management in healthcare organizations. (20 marks)
- 8. Explain five fundamental principles that guide the functioning of the insurance industry. (20 marks)
- 9. Using the concept of professional indemnity insurance, analyze five ways it protects healthcare workers from financial and legal consequences of professional errors, and evaluate its limitations as a risk control tool. (20 marks)