**FORM 2 B/STUDIES M/SCHEME**

1. **Outline four benefits of pooling of risks to an insurances company**
2. It enables the insurance company to create a common pool of funds out of the premiums paid
3. It enables the insurance company to compensate those who suffer loss when the risks insured against occur
4. It enables the insurance to spread the risks over a large numbers of insured thereby reducing the burden on each of them
5. Surplus funds from the pool can be invested in the economy by the insurance company
6. The insurance company can use funds from the common pool to its operational costs
7. It enables the insurance company to calculate the insurance company to be paid by each insured
8. It enables the insurance to determine whether to re-insure itself with another insurance company or not
9. **Highlight four essentials of warehouse**

a) Suitable location

b) Proper buildings design

c) Appropriate equipment

d) Safety facilities

c) Good transport system

e) Good communication

f) Adequate space

g) Appropriate staff

h) Appropriate special facilities

I) Proper recording system

1. **Outline four reasons why Jitahidi High School would prefer to transport its 60 -students to music festival in Nairobi by train rather than public Bus**

\*Relatively secure no many case of theft

\*Fixed timetable enables transporter to plan for transport

\*Economical for transporting especially for long distances

\*minimum cases of accidents

\*no cases of traffic jams

\*can carry big capacities.

**4. Outline four circumstances under which the government may find it necessary to participate in business activities.**

1. To prevent the exploitation of consumers by business people. Such exploitation may include selling of commodities at high prices or selling poor quality commodities.
2. To provide essential goods and services in areas where private business do not operate due to low profitability
3. To provide essential goods and services which the private sector is unable because they require high capital e.g. electricity
4. To attract foreign investors into the country by initiating major business projects which attract foreign investors
5. To stimulate economic growth and development in the country
6. To provide very sensitive goods and services which cannot be left in the hands of the private sector e.g. fire arms
7. To create employment opportunities through initiating projects which create jobs
8. To prevent dominance of foreign investors in the economy. It does this by investing in areas where the local people are unable to invest in
9. **Highlight four factors that may interfere with the effectives of face to face communication**
10. Where there is age difference
11. Poor timing
12. Where there are pronunciation problems
13. Differences in language between the communicating parties
14. Where the receiver has hearing problems
15. Where unfamiliar terminologies are used
16. In case of poor listening by the receiver
17. In case there is noise in the environment
18. Inability of the receiver to understand gestures accompanying face-to-face communication
19. Where the message is long and detailed making the receiver lose concentration
20. **Outline four features of labour as a factor of production**
21. It is a basic factor of production
22. It cannot be stored
23. It cannot be separated from the labourer
24. Its saleable
25. It is human, with ability to think and capacity to get annoyed
26. Labour is mobile
27. **A farmer s house valued at ksh 1,200,000 was insured against fire for sh 900,000 under the “with average clause”. Fire occurred and damaged the house causing a loss of ksh. 500,000. Determine the value of compensation due to the farmer**

***COMPENSATION = (900,000/1,200,000) X 500,000 = 375, 000***

1. **Outline four factors that an entrepreneurs should consider before setting up a manufacturing business**
2. Availability of raw materials
3. Availability of labour
4. Potential market
5. Security in the area
6. Existing infrastructures
7. Legal requirements
8. Source/availability of capital
9. Level of technology
10. Auxiliary services