



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS & ECONOMICS

**UNIVERSITY EXAMINATION FOR THE DEGREE BACHELOR OF BUSINESS
ADMINISTRATION WITH IT**

4TH YEAR 1ST SEMESTER 2022/2023 ACADEMIC YEAR

MAIN CAMPUS

COURSE CODE: BAB 1411

**COURSE TITLE: INSURANCE THEORY & PRACTICE EXAM
VENUE:**

DATE: 07/12/2022

EXAM SESSION: 9.00-11.00AM

TIME: 2 HOURS

INSTRUCTIONS:

- i. **Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- ii. **Candidates are advised not to write on the question paper.**
- iii. **Candidates must hand in their answer booklets to the invigilator while in the examination room.**

QUESTION ONE

- a. Describe three major types of personal risks (3 marks)
- b. Explain four underwriting considerations under Group life insurance (4 marks)
- c. Briefly describe four main forms of hazards from an insurer's point of view (4 marks)
- d. Discuss the role of three major stakeholders in the Insurance Industry (6 marks)
- e. For risk to be insurable, it must depict certain features. By use of relevant examples, explain three features/requirements of an *insurable risk* (3 marks)
- f. What is the role of an Insurance Certificate in Motor Insurance? (4 marks)
- g. In November 2021, Mr. Walubengo insured his property valued at Kshs 9,000,000 against the peril of fire with A, B and C insurance companies for Sum insured of Kshs. 3,000,000, 2,000,000, and 5,000,000 respectively. If he suffered a loss of Kshs. 4,000,000 on the night of 10th August, 2022 as a result of fire, how much would be his indemnification (if any) from each insurance company based on the principle of *Contribution*? (6 marks)

QUESTION TWO

- a) Describe four major types of property insurance in the market today (8 marks)
- b) By use of relevant examples, explain the role of three forms of *Risk Financing* (6 marks)
- c) *Contribution* is corollary to Indemnity. Explain (6 marks)

QUESTION THREE

- a) By use of appropriate examples, describe four basic characteristics of Insurance (8 marks)
- b) Discuss the role of Liability Insurance in an organization you are familiar with (12 marks)

QUESTION FOUR

a. Life assurance is one of the oldest forms of Insurance. By use of examples, explain four distinct features of a Life assurance contract **(12 marks)**

b. Commercial insurers prefer to insure pure risks rather than speculative risks. By use of relevant examples, discuss 4 types of pure risk **(8 marks)**

QUESTION FIVE

a. By use of relevant examples, discuss ten benefits of Insurance to Society **(10 marks)**

b. Insurable interest is one of the fundamental principles of Insurance. Discuss five examples that show its existence in real life **(10 marks)**