



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
4TH YEAR 1ST SEMESTER 2023/2024 ACADEMIC YEAR
MAIN CAMPUS

COURSE CODE: BAB1411

COURSE TITLE: INSURANCE THEORY & PRACTICE

EXAM VENUE:

DATE: DECEMBER, 2023

EXAM SESSION:

TIME: 2 HOURS

INSTRUCTIONS:

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

Question One (Compulsory)

- a) Insurance can be defined from the viewpoint of several disciplines. In the light of this statement, give the Contractual and Functional definitions of insurance (4 marks)
- b) Mr. Mkonobirika insured his property with Q, R and S insurance companies for Kshs. 2,000,000/=, 4,000,000/= and 6,000,000/=, respectively, against the peril of Fire for the period 12th June 2023 to 11th June 2024. In the light of the principle of Contribution, how much would each of the insurance companies pay to Mr.Mkonobirika if he suffered a loss of Kshs.3,000,000 as a result of a fire that occurred on the night of 24th October 2024? (*show your working*) (12 marks)
- c) By use of appropriate local examples from an organization you are familiar with, explain the basic requirements of an insurable risk? (6 marks)
- d) Differentiate between “pure risk” and “speculative risk” (4 marks)
- e) Using examples, differentiate between the insurance terms peril and hazard (4 marks)

Question Two

- a) Discuss *Liability insurance*, clearly bringing out its various types (12 marks)
- b) Mention and explain four types of Motor insurance in Kenya. (8 marks)

Question Three

- a) Discuss ten benefits of insurance to the Kenyan society? (10 marks)
- b) By use of appropriate examples, discuss the connection between the proposal form and policy document with regard to claims and disputes in insurance contracts? (10 marks)

Question Four

- a) Discuss the role of Reinsurance as a useful component within the Kenyan insurance market? (10 marks)
- b) With the help of appropriate examples, discuss the salient features of a valid contract of insurance. (10 marks)

Question Five

- a) Using examples, explain the basic insurance principle of Insurable interest (8 marks)
- b) Discuss *risk financing* and *risk control* in the light of a named organization you are familiar with (12 marks)