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 JANUARY-APRIL 2017 ACADEMIC YEAR
KISII CAMPUS-PART TIME

COURSE CODE: ABA 407

COURSE TITLE: INSURANCE THEORY AND PRACTICE.

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 (30 Marks)

 a) Discuss the essentials of risk management   (5marks)
  ii) Explain briefly the Principles of Insurance Contracts   (10 marks)

  iii) Discuss the importance of Reinsurance among business organizations (5marks)

b).   Explain why insurance firms do hesitate to give out policies that may cover natural disasters
                                                                                      (5marks)

c) Explain the importance of risk perception among procurement officers in business enterprises
                                                                                      (5marks)

QUESTION TWO (20 Marks)

i) Discuss the difference between speculative risk and pure risk in the supply chain (4marks)

ii) Explain the meaning of the term insurable Interest   among supply chain stakeholders

(3marks)

iii) Discuss the key steps that are followed when executing the risk management process in the supply chain activities   (13marks)

QUESTION THREE (20 Marks)

a) Financial institutions prefer crime insurance than regular property insurance. Discuss this statement using relevant examples.   (10marks)
b) Explain the term Life Assurance   (5marks)
c) Discuss the importance of Workers Compensation Insurance   (5marks)

QUESTION FOUR (20 Marks)

a). Discuss the circumstances under which the following insurance provisions are important   to the policy holder in an insurance contract:

i) Entire Contract Clause   (3marks)

ii) Suicide Clause   (3marks)

iii) Change- of -Plan provision   (3marks)

b) Risk management is a management tool for handling events that might adversely impact the business. Discuss.   (7 marks)
c) Distinguish between Insurance and Gambling   (4marks)

QUESTION FIVE (20 Marks)

Discuss the major functions of insurance and insurance firms in the context of their service to users of insurance products.   (20 marks)

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KISII LEARNING CENTRE

ABA 407: INSURANCE THEORY AND PRACTICE:

Course Content/ outline

Session (3 hours)	Content description	Remarks
	Introduction - Definition; terms in applied in insurance, essentials of insurance contract assurance and insurance, - regulation of insurance; history of insurance; - the role of insurance in Kenya, nature and scope of insurance markets; agents, brokers under limited; - Principles of insurance concepts; individual insurable interest, utmost Good faith subrogation; proximation contribution.	
	- Classification of insurance; General insurance; property insurance, five insurance accident insurance; Burglary and theft, House hold insurance, special perils, consequence loss insurance; marine insurance motor, insurance liability insurance	
	CAT 1 and Assignment 1	
	- Workers compensation insurance life assurance contracts; - History of life assurance	
	- life assurance underwriting practical use of life assurance, life assurance procedure forms - Health disability insurance	
	CAT 2 Assignment 2	
	- Plan of life assurance contracts; Terms assurance which life assurance annuities, types of personal and long-term assurance; personal accident sickness; insurance permanent health insurance, procedures of making claim.	
	- risk management process - essentials of risk management - Factors which influence the assessment of risks	

	CAT 3	
	End semester examinations. **JANUARY APRIL 2017**	

REFERENCE: George Rejda: Principles of Risk Management and Insurance (1992)