



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND
TECHNOLOGY**

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

2016/2017 ACADEMIC YEAR

NAMBALE CAMPUS

COURSE CODE: ABA 407

COURSE TITLE: INSURANCE THEORY AND PRACTICE

EXAM VENUE: STREAM: (BBA)

DATE: EXAM SESSION:

TIME: 2 HOURS

Instructions:

- 1. Answer ALL questions in section A and ANY other 2 Questions in section B.**
- 2. Candidates are advised not to write on question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

QUESTION ONE

a) John who is newly appointed as a manager of millennium insurance company is still new in the insurance industry, he has approached to advice him on the type of Motto insurance policies. What advice can you give? (10 Marks)

b) There are some basic principles of insurance contracts which apply almost to all types of insurance policies. Explain. (10 Marks)

c) Insurance contract is a contract like any other form of contract, state briefly on the different type of the essentials of a valid insurance contract? (10 Marks)

QUESTION TWO

a) Risk has become an integral part of life considering the environment of all sphere of life

I. Define the term Risk (2 Marks)

II. Highlight the main type of Risk (8 Marks)

b) The insurance marketing in Kenya is regulated by Insurance Regulatory Authority. Explain the main functions of the Authority. (10 Marks)

QUESTION THREE.

a) Kiplagat covered his life with Bidii Insurance Company. Bidii Insurance has listed terminal illness among those perils it does not cover when taking the policy, Kiplagat concealed the fact that he had contracted AIDS virus. In his death after three months later, Bidii Insurance Company learns that Kiplagat died of AIDS.

I. Explain the legal principles involved. (6 Marks)

II. Advice the Bidii Insurance Company. (4 Marks)

b) Kirui who carries on insurance business in Busia, approaches you to advice him on importance of insurance towards the community leaving in Busia town towards their businesses. (10 Marks)

QUESTION FOUR

a) Premium is the price for insurance service. Explain the main factors considered when determining premium to be paid by insured. (10 Marks)

b) In relation to contract of insurance distinguish between subrogation and contribution. (10 Marks)

QUESTION FIVE

Write short concise explanatory notes on any four of the following:

(a) Double insurance (5 Marks)

(b) Reinsurance (5 Marks)

(c) Assurance and Insurance (5 Marks)

(d) Indemnity (5 Marks)