



**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 IST SEMESTER 2018/2019 ACADEMIC YEAR**

KISII CAMPUS-PART TIME

COURSE CODE: ABA 407

COURSE TITLE: INSURANCE THEORY AND PRACTICE.

EXAM VENUE: STREAM: (BBA)

DATE: 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 (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 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)