JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS
**UNIVERSITY EXAMINATION FOR THE DEGREE OF LOGISTICS AND SUPPLY
CHAIN MANAGEMENT WITH I.T**
2ND YEAR 1ST SEMESTER 2018/2019 ACADEMIC YEAR
NAIROBI CITY LEARNING CENTRE

COURSE CODE: BBM 3221

COURSE TITLE: INSURANCE THEORY AND PRACTICE

EXAM VENUE: 12TH FLR ROOM 1   **STREAM: (BLSCM)**

DATE: 5/12/2018   **EXAM SESSION: 2:00 – 4:00PM**

TIME: 2 HOURS

INSTRUCTIONS:

1. Answer question one (compulsory) and any other two 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

QUESTION ONE

    (a) Identify and explain any four principles of insurance   **(8mark)**

    (b) Explain any **Five** functions of a risk manager   **(5marks)**

    (c) Peter has a property valued at Ksh.1000,000 and is insured by insurers A,B and C at

        ksh.200,000,300,000 and 500,000 respectively and a loss of ksh.100,000 occurred. Show

        how the loss will be met   **(6 marks)**

    (d) Outline any **four** characteristics of insurable risk   **(4 marks)**

    (e) In the recent past, companies have been faced with many risks and hence the need to manage them. Why do companies manage risk?   **(7 marks)**

QUESTION TWO

    (a) What are the benefits of insurance   **(6 marks)**

    (b) For good risk management, a risk management process has to be followed. Explain any **three** techniques and tools that a firm can use to identify exposures to risk?

        (9 marks)

    (c) Distinguish between a peril and hazard   **(4 marks)**

QUESTION THREE

    (a) Explain the steps in risk management process   **(10 marks)**

    (b) Outline the role of Government in risk Management **(10 marks)**

QUESTION FOUR

    (a) Highlight any five factors that an insurance company takes into consideration when

        determining premiums in life assurance   **(10 marks)**

    (b) With the help of examples explain the difference between fundamental risk and particular

risk **(5 marks)**

(c) Differentiate between whole life assurance and endowment insurance **(5 marks)**

QUESTION FIVE

Briefly explain the following terms as used in insurance

(i) Coinsurance

(ii) Deductibles

(iii) Endorsement and Riders

(iv) Captive insurance

(Each 5 marks)