



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF LOGISTICS
AND SUPPLY CHAIN MANAGEMENT
3RD YEAR 1ST SEMESTER 2018/2019 ACADEMIC YEAR
MAIN CAMPUS**

COURSE CODE: BLM 3313

COURSE TITLE: LOGISTICS INSURANCE

EXAM VENUE:

DATE: DECEMBER, 2018

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) Briefly explain the scope of cover accorded by the following policies in addressing various Logistics insurance needs:
- (i) Motor insurance policy (4 marks)
 - (ii) Endowment Life Assurance policy (4 marks)
 - (iii) Group Health Insurance policy (4 marks)
- b) Explain *reinstatement memorandum* as used in insurance contracts (2 marks)
- c) Using examples from logistics issues, explain *extensive clauses* as used in insurance contracts (4 marks)
- d) “Although the right to insure actually vests in anyone who is deemed to have insurable interest in the subject matter of insurance, there are some parties who do not have contractual capacity to enter into binding contracts of insurance while others have statutory authority to do so”. Discuss this statement from the viewpoint of Logistics insurance (6 marks)
- e) Using examples, explain *Endorsements* as used in insurance contracts (2 marks)
- f) Distinguish between *conditions* and *warranties* as applied to insurance contracts and illustrate the effect of breach in each case with regard to Logistics insurance (4 marks)

Question Two

- a) Discuss the main risk categories in an organization of your choice. (10 marks)
- a) Risk Identification is one of the most important tasks in Logistics insurance. Describe five distinct ways of identifying risk in a given organization (10 marks)

Question Three

- a) Discuss why an insurance policy may pay less than full indemnity by use of suitable examples. (8 marks)
- b) “Subrogation is corollary to Indemnity”. How does this impact on logistical risks within an organization you are familiar with? (12 marks)

Question Four

- a) Discuss the role of insurance brokers in Logistics insurance matters. **(10 marks)**
- b) Explain the role of the Insurance Regulatory Authority (IRA) in Kenya. **(10 marks)**

Question Five

- a) XYZ company Ltd insured its assets against fire loss under three different policies, A, B and C as shown below:

Policy	Sum Insured (Kshs)	Value At Risk (Kshs)	Loss (Kshs)
A	5,100,000/=	6,000,000/=	2,400,000/=
B	4,200,000/=	6,000,000/=	1,200,000/=
C	1,500,000/=	4,500,000/=	1,800,000/=

If the policies are subject to the Special condition of average, what is the liability of the insurer under each policy ? **(6 marks)**

- b) Discuss the risk exposures in the procurement process in an organization you are familiar with. **(14 marks)**
