KENYATTA UNIVERSITY

SUPPLEMENTARY/SPECIAL EXAMINATION 2020/2021

EXAMINATION FOR THE DEGREE OF BACHELOR OF LAWS

LCC 303: LAW OF INSURANCE

OCTOBER, 2021 **TIME: 2 HOURS**

INSTRUCTIONS:

1. Answer **ALL** questions
2. Support your answer with relevant illustrations from case law, statutory provisions and any other references
3. Your writing must be **NEAT** and **LEGIBLE**.
4. Your answer booklet must bear your assigned **REGISTRATION NUMBER**, both on the cover and every written page therein.
5. Do not scribble or draft answers on the inner or outer cover pages or your answer booklet.
6. Do not write anything except your **REGISTRATION NUMBER** on this question paper.
7. **ALL** Kenyatta university Examinations rules apply as if they were contained herein.

1. Five years ago, Amos registered a company, Sun Ltd, with a view to expanding his transport business. Amos was the sole shareholder of the company and its only director. Shortly thereafter, he transferred his lorry to the company in consideration of 1000 shares worth Kshs 2,000,000.

   Before the transfer he had insured the lorry with Star Insurance Company for Ksh 2,500,000.

   Subsequent to its registration the company bought a van for Ksh 3,000,000 which it insured with Bidii insurance Company for Ksh 1,500,000 and Anasa Insurance Co. for Ksh 1,700,000.

   On the day when the company collected the van from the sellers, it was involved in an accident and was extensively damaged. It has since been established through police investigation that Peter, the driver of the car involved in the accident and owned by Z Limited was to blame.

Advice the parties on their legal standing with regard to arrangements entered into.

[30 Marks]

2. The requirement of good faith in contracts of insurance is a departure from the general principle of the parties' responsibility in establishing the relevant facts pertaining to the subject matter of their agreement.

   Discuss this statement in the light of decided cases. [20 Marks]

3. Critically evaluate the dispute resolution mechanism enshrined in the Insurance Act.

   [20 Marks]