KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2019/2020

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE

BMS 101: INTRODUCTION TO INSURANCE

DATE: Monday, 2nd November 2020 **TIME:** 2.00 p.m. - 4.00 p.m.

INSTRUCTIONS:

Question One carries 30 marks and the other questions carry 20 marks each.

Answer QUESTION ONE and any other TWO questions.

QUESTION ONE

(a) Differentiate between risk avoidance and risk retention giving an example in each case. (4 marks)

(b) With the aid of an example in each case, explain **three** components of risk. (6 marks)

(c) Explain the benefits of insurance in the following perspective. (10 marks)

(i) Economic

(ii) Social

(d) Describe **five** elements of insurable loss. (10 marks)

QUESTION TWO

(a) Explain the traditional form of insurance in Kenya. (6 marks)

(b) Explain the applications of principles of insurance to the insurance industry in Kenya. (8 marks)

(c) Describe **three** types of non-insurance transfers. (6 marks)

QUESTION THREE

(a) With the aid of examples of insurance products, explain the laws applicable to contract of insurance. (10 marks)

(b) Explain **three** types of risk controls that could be applied in a typical organization. (6 marks)

(c) Discuss the insurable interest principle of insurance. (4 marks)

QUESTION FOUR

(a) Explain **three** roles of an insurance underwriter. (6 marks)

(b) Describe **four** key players in the insurance market in Kenya. (8 marks)

(c) Explain **three** challenges to the development of the insurance industry in Kenya. (6 marks)