

CHUKA



UNIVERSITY

COLLEGE

UNIVERSITY EXAMINATIONS

**THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF
BACHELOR OF COMMERCE**

BCOM 342: AGRICULTURAL INSURANCE

STREAMS: BCOM Y3S2

TIME: 2 HOURS

DAY/DATE: THURSDAY 5/4/2012

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

Answer Question 1 and any other TWO Questions.

1. The 2009 severe drought in Kenya had left several farmers with huge financial losses and a good number of them are thinking of abandoning the farm enterprise as a way of dealing with uncertainties. However, the ministry of agriculture in conjunction with an insurance company from Britain is involved in educating farmers about the agricultural risks and their management.
 - (a) Discuss the various risks that are faced by farmers. [5 marks]
 - (b) Discuss the agricultural risk management options available in Kenya for livestock farmers in drought stricken areas. [6 marks]
 - (c) Explain why agricultural insurance is the most effective risk management method. [10 marks]
 - (d) Despite the availability of agricultural insurance as the most feasible approach to managing agricultural risks, not all such risks are insurable. Explain why this is so. [7 marks]
2.
 - (a) Explain the terms and conditions of general livestock insurance. [10 marks]
 - (b) Using relevant examples, explain five sources of agricultural risks. [10 marks]
3.
 - (a) You have been invited to a young farmers club meeting in your county in your capacity as agricultural insurance student. Explain to them the hail handling procedure. [10 marks]

(b) Giving practical examples explain your understanding of the following terms as used in agricultural insurance.

- (i) Subrogation [2 marks]
- (ii) Arbitration clause [2 marks]
- (iii) Personal liability insurance [2 marks]
- (iv) Dead farming stock [2 marks]
- (v) Average clause [2 marks]

4. (a) Discuss the coverage of employers' liability insurance policy. [10 marks]

(b) What are the main inclusions of standard fire insurance? [10 marks]
