

JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

COURSE CODE: ABA 407 INSURANCE THEORIES AND PRACTICE

(MAIN CAMPUS Y4S1)

INSTRUCTIONS: ANSWER QUESTION ONE AND ANY TWO

QUESTION ONE

- (a) As a manager with British Insurance Brokers, explain how the following principles will apply to Mr Bonuke's motor policy, giving relevant examples where possible. Supposing further that Mr. and Mrs. Bonuke are also considering effecting a term assurance policy, advice how each of these principles apply.
- (i) Subrogation **(4 marks)**
- (ii) Contribution **(4 marks)**
- (iii) Indemnity **(4 marks)**
- (b) Describe the essential features of a valid insurance contract. **(8 marks)**
- (c) Insurance like most industries in Kenya presents society with both economic and social benefits
Discuss **10 marks**

QUESTION TWO

- (a) Despite Kenya's insurance industry's privileged position in the East Africa Community (EAC) and COMESA, poor service quality is still evident in the industry. Citing examples you are familiar with. Discuss the industry's shortcomings. Explain what the industry can do to tackle these deficiencies **12marks**
- (b) Discuss various methods of providing indemnity **8marks**

QUESTION THREE

- (a) Discuss key features of insurance contracts that distinguish them from other contract of caveat emptor **10 marks**
- (b) Define Risk management and outline the steps in the risk management process **10 marks**

QUESTION FOUR

- (a) Discuss reasons for state regulation of the insurance industry in Kenya **10 marks**
- (b) Discuss various factors will underwriter consider in premium determination for marine insurance **10 marks**

QUESTION FIVE

- (a) Discuss various forms of risks covered in property insurances in Kenya **12marks**

(b) Write short notes on the following

- (i) Loss adjusters and Loss assessors **4marks**
- (ii) Insurance agents and Insurance brokers **4mark**

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OF SCIENCE AND TECHNOLOGY**

SCHOOL OF BUSINESS AND ECONOMICS(main campus)

Course Code	ABA 407
Course Name	Insurance Theory and Practice
Instructor	DR BONUKE M.JOHN
Course Description	The course provides a comprehensive overview of the theory, functioning, management and legal background of the insurance industry. The course will cover the theories underlying major type of insurance products; the characteristics of the contractual agreements pertaining to insurance products; the structure of the insurance industry and its impact on the pricing of insurance products; the operation of insurance companies and the need for government regulations of the industry. It will provide a basis to accessible, non-technical style, knowledge beginning with an examination of the insurance concept, its guiding principles and legal rules before moving on to an analysis of the market, its players and their roles and relationships.
Course Objective	<ul style="list-style-type: none"> • Introduce the Learners to the concepts of risk and risk management that are essential for the identification of risk and the effective assessment of the exposures to loss of properties, human lives, and business operations • Enable the Learners understand the underlying ideas behind insurance transactions, together with the legal and financial principles that permit these concepts to function in the real world. • Introduce the Learners to the current structure of the insurance industry and the functions and operations of insurance institutions. • Provide the Learners with an understanding of the role of life and health insurance, property-liability insurance, and employee benefits in the management of a business firm. • Enable the Learners understand the logistics of loss exposures of properties, human lives, business operations, and the financial consequences as a result of the occurrence of a loss.
Course outlines	<p>Week 1: - An Overview of terms and definitions applied in insurance</p> <ul style="list-style-type: none"> - Essentials of insurance contracts - Assurance and Insurance and regulations of insurance. <p>Week 2: - History and role of insurance in Kenya</p> <ul style="list-style-type: none"> -Nature and scope of insurance markets, Agents, Brokers and Underwriters <p>Week3:- Principles and concepts of insurance</p> <p>Week 4 :- Individual insurable interest</p> <ul style="list-style-type: none"> • Utmost Good faith

	<ul style="list-style-type: none"> • Subrogation • Proximation contribution <p>Week 5/6: - Classification of insurance General insurance, Property insurance, Fire insurance, Accident insurance, Burglary and theft insurance, Household insurance, Special peril insurance, Consequence loss insurance, Marine insurance, Motor vehicle insurance</p> <p>Week 7: - Liability insurance and workmen compensation insurance</p> <p>Week 8:- Life assurance contracts ,Life assurance underwriting and practical use of Life insurance</p> <p>Week 9:- Life assurance produre forms and factors influencing risk assessment</p> <p>Week 10:- Life assurance contracts and Terms of life assurance annuities.</p> <p>Week 11:-Types of personal and longterm assurances such as:-personal accident assurance,sicknessassurance,permanaent health insurance</p> <p style="padding-left: 40px;">-Procedure of making claims</p>						
Teaching Methodology	The course will be conducted through Lectures, exercises and practical assignments						
Course Evaluation	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Continuous Assessment Tests</td> <td style="text-align: right;">30%</td> </tr> <tr> <td>Final written Examination</td> <td style="text-align: right;">70%</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">100%</td> </tr> </table>	Continuous Assessment Tests	30%	Final written Examination	70%	Total	100%
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Recommended Texts	<ol style="list-style-type: none"> 1. The modern law of insurance.Andrew McGee. 3rd ed. London: LexisNexis, 2011. 2. Motor insurance: theory and practice. Kenneth Cannar. 2nd. London: Witherby, 1994. 3. “Risk Management &Insurance”,HarringtonNiehaus, 2nd Edition, McGraw Hill. 4. Fire insurance: theory and practice by Gamlen, Edwin H; Francis, H. W; Smith, T. R. (Thomas Richard), 1903- 5. Atkinson A and J Micklewright (1991), Unemployment Compensation and Labor Market Transitions: A Critical Review, <i>Journal of Economic Literature</i> 29, 1679-1727. 						

Prepared By

Lecturer

DR BONUKE .M. JOHN Signed Date
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Confirmed By

Dean School of Business and Economics

Name: Signed
Date