

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

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

BCOM 344: AUTOMOBILE INSURANCE

STREAMS: BCOM Y3S2

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 10/8/2016

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

- **Answer question one and any other two questions**
 - **Do not write on the question paper**
1. (a) Using practical market examples ,critically analyze the rationale behind motor insurance in Kenya. (6marks)
 - (b) Explain the following and their role in automobile insurance in Kenya
 - (i) Cover notes. (5marks)
 - (ii) Yellow/ green cards. (5marks)
 - (c) Compare and contrast between aviation and motor insurance. (8marks)
 - (d) Explain the meaning and relevance of “knock for knock agreement” in private auto. (6marks)
2. ABC insurance company ltd is a new comer in the Kenyan insurance market and wants to specialize in motor insurance business only. You have been assigned a responsibility as a

- senior underwriter. Explain to your CEO, how you can classify motor vehicle for profitable underwriting. (15marks)
- (b) Explain what is meant by “uninsured motorist” in automobile insurance. (5marks)
3. (a) With reference to specific questions, explain how a proposal form can be used for effective risk assessment and rating in automobile insurance underwriting. (15marks)
- (b) Evaluate why ‘medical payment coverage’s’ is referred to as first party benefit and its practicality in the Kenyan market. (5marks)
4. (a) Clearly describe the claims process of a typical automobile insurance company in Kenya. (12marks)
- (b) Discuss the key provisions of the RTA CAP 405 of the laws of Kenya in respect to a motorist. (8marks)
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