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**University Examinations 2015/2016**

SECOND YEAR, FIRST SEMESTER EXAMINATION FOR THE DIPLOMA IN BUSINESS ADMINISTRATION.

**BFD 2204: PRINCIPLES OF INSURANCE.**

**DATE: AUGUST 2016 TIME: 11/2 HOURS**

**INSTRUCTIONS: -** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30 MARKS)**

1. Explain the following terms as used in insurance (10 marks)
2. Insurance contract
3. Risk
4. Premium
5. Insurer
6. Insured
7. Explain the three functions of insurance. (6 marks)
8. “There are broadly two types of insurance”. State and explain them. (4 marks)
9. Apart from insurance, explain any other three methods of handling risks. (6 marks)
10. Distinguish between insurance companies and re-insurance companies. (4 marks)

**QUESTION TWO (20 MARKS)**

1. Like any other market, insurance market is composed of several parties. State and explain these parties. (10 marks)
2. Discuss at least five principles of insurance. (10 marks)

**QUESTION THREE (20 MARKS)**

1. Discuss the key service provider in an insurance market. (10 marks)
2. Discuss the objectives of risk management. (10 marks)

**QUESTION FOUR (20 MARKS)**

1. Describe the risk management process. (10 marks)
2. Discuss at least five characteristics of insurable risks. (10 marks)

**QUESTION FIVE (20 MARKS)**

1. Distinguish between the following
2. Financial and non-financial risks (2 marks)
3. Pure and speculative risks (2 marks)
4. Discuss the three main components of risk. (6 marks)
5. Discuss at least five classes of general insurances. (10 marks)