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**University Examinations 2014/2015**

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

**DBA 1324: PRINCIPLES OF INSURANCE**

**DATE: DECEMBER 2014 TIME: 1**$\frac{1}{2}$ **HOURS**

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

**QUESTION ONE**

1. Explain the following terms as used in insurance (8 marks)
2. Cover note
3. Hull-insurance
4. Risk Management
5. Pure risks
6. Explain reasons that warrant various insurance companies to manage risks (6 marks)
7. Explain the principles of insurance highlighting the purpose of each (10 marks)
8. Give points of distinction between endowment policy and whole life policy

(6 marks)

**QUESTION TWO**

1. Explain the term risk (4 marks)
2. Explain the characteristics of insurable risks. Give examples in each case (8 marks)
3. Discuss the insurance products in Kenya today (8 marks)

**QUESTION THREE**

1. You are the Chief Executive Officer of a large manufacturing company in an urban area. Advice the risk manager on the types of policies that he would take to protect the company (10 marks)
2. Explain the reasons why the Kenyan government pays so much attention on the insurance industry (4 marks)
3. Discuss the circumstances under which an insurance company would not compensate the insured in the event of loss (6 marks)

**QUESTION FOUR**

1. Explain the differences between wagering and insurance (6 marks)
2. Discuss the characteristics of general insurance (8 marks)
3. Giving examples distinguish between hazards and perils (6 marks)

**QUESTION FIVE**

1. Highlight the contents of a policy document (6 marks)
2. Discuss the reasons why insurance company re-insure with Kenya re-insurance company

(6 marks)

1. With suitable examples, differentiate between the following classes of risks
2. Personal risks and business risks
3. Fundamental and particular risks
4. Static and dynamic risks