

**W1-2-60-1-6**

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2016/2017**

**YEAR II/IV EXAMINATION FOR THE DIPLOMA IN INFORMATION TECHNOLOGY/BUSINESS ADMINISTRATION**

**HCB 0207: INSURANCE AND RISK MANAGEMENT**

**DATE: JULY 2017 TIME: 1.5 HOURS**

**INSTRUCTIONS: Answer question one (compulsory)and any other two questions.**

QUESTION ONE (30 MARKS)

a. i. Distinguish between a peril and a hazard giving an example in each case.

 (2 marks)

 ii. Discuss four classes of pure risk. (8 marks)

b. Discuss any five objectives of the insurance consumers federation of Kenya (ICFK)

 (10 marks)

c. Muli insured his car for sh 50000. He was involved in an accident and his car was damaged. He subsequently claimed for compensation from his insurer who accepted to pay him. The value of the damage was estimated at sh 40000 and the scrap value was sh 10000.

 i. State any two options open to Muli in relation to his insurer in this case. In explaining your answer, discuss the doctrine(s) relevant in each case. (5 marks)

 ii. Suppose Muli had been involved in several accidents previously and had not disclosed these facts to his insurer, who then found out when Muli made the claim. State what the outcome would be by supporting your answer with the relevant doctrine. (5 marks)

QUESTION TWO (15 MARKS)

a. Identify eight circumstances under which an insured person may not be compensated in the event of a loss. (8 marks)

b. Explain seven circumstances under which an insurance contract may be terminated.

 (7 marks)

QUESTION THREE (15 MARKS)

a. Briefly explain seven items of information that would be contained in an insurance policy. (7 marks)

b. Explain eight roles played by the insurance industry in promoting economics development of a country. (8 marks)

QUESTION FOUR (15 MARKS)

a. Explain any five differences between life assurance and general assurance.

 (5 marks)

b. Discuss the following terms as used in insurance business.

 i. Insurable interest

 ii. Subrogation

 iii. Co – insurance

 iv. RE-insurance

 v. Under writer

QUESTION FIVE (15 MARKS)

a. Explain the following classes of insurance giving two examples of policies falling under each of them. (10 marks)

 i. Life and health insurance

 ii. Liability insurance

 iii. Property insurance

 iv. Pensions insurance

 v. Transport insurance.

b. Briefly explain any five future anticipated changes in the insurance industry.(5 marks)