

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

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

BCOM 343: INSURANCE LAW

STREAMS: BCON Y3 S1

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 24/3/2021

8.30 AM – 10.30 AM

INSTRUCTIONS:

- Answer question ONE (Compulsory) and any other Two.
- Do not write on the question paper.

QUESTION ONE

(a) Insurance contract have certain legal characteristics that distinguish them from other contracts, Explain. [10 Marks]

(b) Jane effected a fire policy on a tractor on his estate. He later sold the tractor to a one man company of which he was the only shareholder. The tractor was destroyed in a fire and the insurers refused to pay the claim decide, [4 Marks]

(c) A wall of a building was damaged in Chuka town and remained standing for several weeks. The country government for the sake of public safety ordered it demolished. While demolishing it, the wall damaged the adjoining building owned by Mugambi.

Required:

(i) Indicate the proximate cause of the damage to Mugambi's building. [4 Marks]

(ii) Explain the position of Ben regarding insurer's compensation. [2 Marks]

(d) Discuss the circumstances under which the principle of uberrimae fidei does not apply in insurance contract. [10 Marks]

QUESTION THREE

(a) Michael owns a small plane that he flies on weekends. His agent informs him that aircraft are excluded as personal property under the home owner's policy. As an insured; he feels that his plane should be covered just like any other property he owns.

(i) Explain to Michael the rationale for excluding certain types of property, such as aircraft, under the home owner's policy. [4 Marks]

(ii) Explain some additional reasons why exclusions are present in insurance. [6 Marks]

(b) Explain the general rules of agency that govern the actions of agents and in their relationship to insured. [10 Marks]

QUESTION FOUR

(a) Explain how a contract of insurance may come to an end. [4 Marks]

(b) Explain the different categories of insureds. [8 Marks]

(c) Explain the legal effects of a cover note. [4 Marks]

(d) Explain the principle of causa proxima citing relevant case law. [4 Marks]

.....