

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

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

BCOM 344: PENSIONS MANAGEMENT**STREAMS: BCOM Y3S1****TIME: 2 HOURS****DAY/DATE: THURSDAY 25/03/2021****11.30 A.M. – 1.30 P.M.****INSTRUCTIONS:**

- *Answer question one and any other two questions*
- *Do not write anything on the question paper*

QUESTION ONE

One simple measure of a country's level of development is the penetration rate of the insurance industry. It is measured as premiums paid divided by the country's Gross Domestic Product. As a country develops, more wealth is created and insured. We should be bold enough to admit that the low insurance penetration rate in Kenya is an indicator of our level of development, and we've little to insure. Despite the tight legislation in the financial sector, insurance products, more so pension products have been on a trajectory. The secrets of insurance growth will depend on the confluence of economic growth, The regulation and understanding our behavior and motivations.

- (a) Explain the reasons for low uptake of insurance products in Kenya (10 marks)
- (b) Discuss five roles of Retirement Benefits Authority (RBA) in legislation of pension schemes in Kenya (10 marks)
- (c) Discuss any five innovative pension products on offer by insurance firms in Kenya (10 marks)

QUESTION TWO

- (a) Discuss the two most common types of pension plans in Kenya, outlining their distinctive characteristics (12 marks)
- (b) Explain the meaning of the term annuity, and discuss three types of annuity. (8 marks)

QUESTION THREE

- (a) Explain the different types of retirement as contained in the Retirement Benefits Act. (10 marks)
- (b) Over the last decade, there has been an upward trend in pension uptake by individuals in Kenya. Explain six motivating factors for this increasing trend. (10 marks)

QUESTION FOUR

- (a) Explain five risk factors considered by pension providers for Life assurance pension products. (10 marks)
 - (b) Explain five roles of a pension administrator. (10 marks)
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