

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

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

BCOM 345: LIABILITY INSURANCE

STREAMS: BCOM Y3S2

TIME: 2 HOURS

DAY/DATE: MONDAY 05/07/2021

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS:

- **Answer question ONE and any other TWO questions.**
- **Do not write on the question paper.**

QUESTION ONE

- (a) A Chinese Construction Company is building a warehouse for John. The construction firm routinely leaves some construction equipment at the building site overnight and on weekends. Late one night, Ken, age 11, began playing on some of Chinese's construction equipment. Ken accidentally released the brakes of a tractor on which he was playing and the tractor rolled down a hill and smashed into the building under construction. Ken was severely injured in the accident. Ken's parents sued both the Chinese Construction and John for the injury.
- (i) Based on the elements of negligence, describe the requirements that must be met for the Chinese construction Company to be held liable for negligence. (8 marks)
- (ii) Describe any two classes of persons that are recognized by the law with respect to entering upon the property of another, pointing out in which class Ken belong. (4 marks)
- (iii) Explain the other legal doctrine applicable in this case given Ken's age. (4 marks)
- (iv) Briefly explain the relevant policy that would apply in this case. (4 marks)

- (b) Explain any five general liability loss exposures that may necessitate any business enterprise to seek for various liability insurance policies. (10 marks)

QUESTION TWO

- (a) Explain the basic considerations in determining the right rate in any liability insurance policy. (12 marks)
- (b) Evaluate the elements that should be assessed in ascertaining the claims cost of a liability loss. (8 marks)

QUESTION THREE

- (a) Evaluate a commercial general liability (CGL) policy issued on a claims-made basis. (10 marks)
- (b) Demonstrate the role of property and liability insurance in promoting the Kenyan economy. (10 marks)

QUESTION FOUR

- (a) Assume you have been invited to give a presentation on terrorism insurance to a group of sales executives who want to specialize in selling this product. Show the areas you will cover that will form part of your presentation (14 marks)
- (b) Explain the coverage offered in cyber liability insurance. (6 marks)
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