

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS**

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

**BCOM 441: INSURANCE OF TRANSPORTATION II**

**STREAMS: BCOM Y4S1**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 23/03/2021**

**2.30 P.M – 4.30 P.M**

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**INSTRUCTIONS:**

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

**QUESTION ONE**

- (a) Assume you have been recruited as a senior underwriter of ABC Insurance Company Ltd and charged with the responsibility of managing aviation insurance class. Explain how you would classify aviation business based on level of exposure. [8 marks]
- (b) Analyze the circumstance in which an insured may claim a constructive total loss in marine insurance illustrating your answer with an example. [5 marks]
- (c) Explain what is deviation and its consequences as provided for in the marine insurance act, 2017. [6 marks]
- (d) Subject to the provisions of the marine insurance act, and unless the policy otherwise provides, the insurer is not liable for some losses. Explain three losses that are usually excluded. [6 marks]
- (e) Explain five specialist perils that are common to both aviation and marine businesses. [5 marks]

**QUESTION TWO**

- (a) Discuss the four ocean marine insurance coverages. [8 marks]
- (b) Explain four reasons why underwriters use a component schedule when insuring older aircrafts. [6 marks]
- (c) Distinguish between the three aircraft liability insurances. [6 marks]

**QUESTION THREE**

- (a) Describe how the following factors contained in a marine insurance policy affect determination of the rate of the premium.
  - (i) Double insurance clause [3 marks]
  - (ii) The consideration clause [4 marks]
- (b) Generally aviation Hull insurance policies are classified according to the use of the aircraft. Explain four aviation hull policies. [8 marks]
- (c) Evaluate the typical sections found in a aviation insurance policy. [5 marks]

**QUESTION FOUR**

- (a) Distinguish between the following coverages as used in transportation insurance.
    - (i) Excess liability [2 marks]
    - (ii) Umbrella liability [2 marks]
    - (iii) Business and pleasure coverages [3 marks]
  - (b) Analyze the following perils in a typical marine insurance policy
    - (i) Barratry [3 marks]
    - (ii) Perils of the sea [3 marks]
  - (c) Discuss the doctrines of partial and total losses in marine insurance. [4 marks]
  - (d) Show how the claim is settled when successive losses exceed insured loss. [3 marks]
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