

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

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

BCOM 441: LIFE AND HEALTH INSURANCE

STREAMS: BCOM (Y4S1)

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 06/12/2017

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

- ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS
- DO NOT WRIT ON THE QUESTION PAPER

QUESTION ONE

- (a) Explain the following clauses as used in life insurance contracts
- (i) Suicide [6 marks]
- (ii) Ownership [6 marks]
- (b) Discuss the contribution of life and health insurance towards the wellbeing of the Kenyan society. [12 marks]
- (c) Illustrate how critical illness and acute illness are handled in a permanent health insurance programme. [6 marks]

QUESTION TWO

- (a) Demonstrate the mathematical concept of endowment life assurance policy, clearly explaining its application in real life situations. [12 marks]
- (b) Discuss the benefits available in a personal accident insurance policy. [8 marks]

QUESTION THREE

- (a) The experience of the insurance industry in Kenya has been that the health insurance is a difficult class of business with high loss ratios. Explain why. [12 marks]
- (b) Assume you have been employed as an underwriter in a life office. Discuss the factors you would use in risk acceptance. [8 marks]

QUESTION FOUR

- (a) XYZ assurance company ltd is licensed to write group life insurance business only. The sales manager approaches you for advice on the possible market targets. Explain any four. [12 marks]
- (b) Explain the following types of annuities:
- (i) Pure life annuity [4 marks]
 - (ii) Annuity certain [4 marks]
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