

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EMBU, THARAKA AND CHUKA CAMPUSES

**EXAMINATION FOR THE AWARD OF DIPLOMA IN BUSINESS MANAGEMENT/
PROCUREMENT**

DIBM 0242: RISK AND INSURANCE

STREAMS:

TIME: 2 HOURS

DAY/DATE: THURSDAY 12/04/2018

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS:

- Answer question ONE and any other TWO questions

QUESTION ONE

- (a) Identify and describe techniques available to an insurance specialist in dealing with various types of pure risk. (10 marks)
- (b) Differentiate between the following terms
- (i) Certificate of Insurance and Premium receipt (2 marks)
- (ii) Moral and Morale Hazards (4 marks)
- (c) Explain how the negative effects of risk may be felt by business enterprises. (6 marks)
- (d) Discuss the various insurance coverages sold under home owners policy in Kenya. (8 marks)

QUESTION TWO

- (a) Explain the difference between pensions and annuities. (4 marks)
- (b) Explain the use of a proposal form and its content in aiding the insurance business. (6 marks)
- (c) Not all risks are insurable. Explain the characteristics of insurable risks. (10 marks)

QUESTION THREE

- (a) John your friend has attended an insurance awareness meeting in which one of the speakers said that the insurance principles of '*Uberima Fides*' imposes that the insured must disclose all material facts. Briefly, but clearly explain to him what the speaker meant. (8 marks)
- (b) How can Liability risk arise from each of the following?
- (i) Business goods and services (3 marks)
- (ii) Professional Liability of accountant (2 marks)
- (c) Explain how aircraft insurance coverage resembles marine insurance coverage. (3 marks)
- (d) Miss Mutheu has newly acquired a Toyota Pickup truck. Advise her on three insurances she can purchase for her Motor vehicle. (4 marks)

QUESTION FOUR

- (a) Briefly explain the argument for and against regulation of insurance by the government. (10 marks)
- (b) How does insurance create certainty from the standpoint of an insured individual? (10 marks)
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