

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: THURSDAY 12/04/2018

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS:

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

QUESTION ONE

- (a) What options an insurer have when considering terrorism exposure? (9 marks)
- (b) A surgeon is insured under a physicians, surgeons and dentists professional liability policy. Explain whether the following situations are covered by the professional liability policy.
- (i) An office nurse gives a patient a wrong drug. Both surgeon and the nurse are sued. (3 marks)
- (ii) The surgeon sets the broken arm of a patient. The patient sues because the arm becomes deformed and crooked. (3 marks)
- (iii) A patient waiting to see the doctor is injured when the leg of an office chair collapse. (3 marks)
- (c) Discuss in detail the scope of cover offered in the directors' and officers' liability insurance. (12 marks)

QUESTION TWO

- (a) Demonstrate how a proposal form can be used as a tool of risk assessment in liability insurance. (15 marks)
- (b) Summarize a typical product liability policy. (5 marks)

QUESTION THREE

- (a) The commercial general liability policy (CGL) occurrence form contains several coverages. Briefly explain each of them. (14 marks)
- (b) Explain the scope of cover offered under a cyber-liability policy. (6 marks)

QUESTION FOUR

- (a) Using practical examples explain the law of negligence, showing how it is applicable in liability insurance. (12 marks)
 - (b) Discuss the factors an underwriter has to consider when determining the correct rate for a risk in liability insurance. (8 marks)
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