
CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF
DIPLOMA IN INSURANCE AND RISK MANAGEMENT**

DIRM 0114: MOTOR INSURANCE

STREAMS: DIRM Y1 S2

TIME: 2 HOURS

DAY/DATE: THURSDAY 9/04/2020

8.30 A.M - 10.30 A.M.

INSTRUCTIONS:

- Answer Question **One** and any other **Two**
- Show all your workings
- Do not write on the question paper

QUESTION ONE

Sam effected a comprehensive motor insurance policy on his vehicle for a sum insured of Kshs.800,000/=, During the policy period, the vehicle got involved in an accident and the cost of repairs was estimated to be kshs.50,000/=

Required:

- (a) Show how the claim will be paid assuming a policy excess of 3% on the sum insured. [5 Marks]
- (b) Demonstrate on how the claim will be handled assuming a franchise of 7% of the sum insured. [5 Marks]
- (c) Analyse how a motor claim will be handled from the beginning to the end. [14 Marks]
- (d) Explain uninsured motorist. [6 Marks]

QUESTION TWO

- (a) Explain the rationale behind motor insurance. [10 Marks]
- (b) Analyse a typical renewal process of a motor insurance policy, clearly showing why this process is important for business growth. [10 Marks]

QUESTION THREE

- (a) Describe the level of coverages offered in respect of motor insurance. [12 Marks]
- (b) Evaluate the common questions in a motor proposal form and show how they aid in underwriting. [8 Marks]

QUESTION FOUR

- (a) Discuss the main classes of motor available vehicles for purposes of insurance. [12 Marks]
- (b) Briefly describe a motor insurance cover note showing its role in underwriting. [8 Marks]