

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

RESIT/SPECIAL EXAMINATION

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
COMMERCE/COOPERATIVE MANAGEMENT/PROCUREMENT AND LOGISTIC
MANAGEMENT**

BCOM 241: RISK AND INSURANCE

STREAMS: BCOM, BCOP, BPLM (Y2S2)

TIME: 2 HOURS

DAY/DATE: FRIDAY 05/11/2021

8.30 A.M – 10.30 A.M.

INSTRUCTIONS:

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

QUESTION ONE

(30 MARKS)

- (a) Using examples explain the following terms as used in risk and insurance;
- i) Moral hazard **(3 Marks)**
 - ii) Physical hazards **(3 Marks)**
 - iii) Peril **(2 Marks)**
 - iv) Morale hazards **(2 Marks)**
- (b) Explain the essential elements of a valid contract **(10 Marks)**
- (c) Using examples, illustrate any five ways on how risks can be effectively classified **(10 Marks)**

QUESTION TWO

(20 MARKS)

- (a) Discuss the requisites of insurability of risks **(10 Marks)**

(b) Citing examples, explain the role of insurance in promoting trade and industry in Kenya

(10

Marks)

QUESTION THREE

(20 MARKS)

(a) Evaluate the rationale behind regulation and supervision of the insurance industry in Kenya **(10 Marks)**

(b) Explain what you understand by the term “corollary”, demonstrating which principles of insurance are corollaries to each other **(10 Marks)**

QUESTION FOUR

(20 MARKS)

(a) Write brief notes on the following policies of insurance

i) Endowment life assurance **(3 Marks)**

ii) Public liability insurance **(2 Marks)**

iii) Domestic package insurance **(5 Marks)**

(b) Analyse a typical claims process of a non-life insurance company **(10 Marks)**
