MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF COMMERCE

BMS 101: INTRODUCTION TO INSURANCE

DATE: 24/7/2019 **TIME: 2:00 – 4:00 PM**

INSTRUCTIONS
Answer Question ONE And Any Other Two Questions

QUESTION ONE

a) Define the term insurance in financial terms. (2 marks)

b) Explain any THREE principles of insurance. (6 marks)

c) Problems of marketing insurance (6 marks)

d) The insurance industry has over the years developed and moved away from the traditional types of cover. Explain any THREE types of Crime Insurance Cover. (6 marks)

e) In many organizations, a written statement that sets out its approach to risk management is usually an objective meant to safeguard the organization's property, interest and certain interest of employees in the course of running the business. Outline any FIVE benefits of a risk management policy. (10 marks)

QUESTION TWO

With relevant examples, discuss the factors you would consider when underwriting a life insurance policy. (20 marks)

QUESTION THREE

a) Risk Management Process are the steps that should be followed in the accomplishment of managing risks. Briefly explain these steps. (12 marks)

b) Using relevant example, describe how the insurance mechanism works. (8 marks)

QUESTION FOUR

a) With the growth of risk management and the increased emphasis on finding the most appropriate techniques for dealing with risks, numerous methods like self insurance have been developed. Outline FOUR advantages and FOUR disadvantages of self insurance. (8 marks)

b) Insurance law is mainly derived from the general law of contract. Explain reasons for exclusions in insurance contracts. (12 marks)

QUESTION FIVE

a) Outline Four major facts that need to be disclosed under the principle of Uberrimae fidei (4 marks)

b) Differentiate between a bond and a contract of insurance. (16 marks)