MACHAKOS UNIVERSITY

University Examinations for 2024/2025 Academic Year

SCHOOL OF PURE AND APPLIED SCIENCES
DEPARTMENT OF MATHEMATICS, STATISTICS AND ACTUARIAL SCIENCES

SECOND YEAR FIRST SEMESTER EXAMINATION FOR DEGREE IN BACHELOR OF SCIENCE IN ACTUARIAL SCIENCE

SAC201: PRINCIPLES OF LAW

DATE: 13TH JANUARY, 2025 **TIME: 2.00 PM – 4.00 PM**

INSTRUCTIONS:
*Answer question **ONE (Compulsory)** and **any other TWO** questions*

QUESTION ONE *(COMPULSORY)* (30 MARKS)

a) State three consequences of breaching a warranty in an insurance contract. (3 marks)

b) State any three sources of law in Kenya. (3 marks)

c) What is the role of the Court of Appeal in the Kenyan judicial system? (2 marks)

d) How does African customary law influence the legal system in Kenya? (2 marks)

e) Provide an example of a public nuisance and explain the legal remedies available. (3 marks)

f) What is the doctrine of indemnity, and how does it apply in insurance contracts? (2 marks)

g) What constitutes a breach of contract under Kenyan law? (2 marks)

h) What is the jurisdiction of the High Court in Kenya? (2 marks)

i) Distinguish between common law and the doctrines of equity as sources of law in Kenya. (4 marks)

j) State any two types of agents recognized under Kenyan law. (2 marks)

k) In what ways does Islamic law function as a source of law in Kenya? (2 marks)

l) Mr. Smith purchases a home insurance policy that includes coverage for fire damage. Six months later, a fire caused by faulty wiring destroys his garage. However, the insurance company denies his claim, citing that Mr. Smith failed to disclose that he had recently added a workshop to the garage, which increased the fire risk. Discuss whether the

insurance company's denial of the claim is justified. What principles of the insurance contract are at play, and how does the duty of disclosure affect the outcome? (3 marks)

QUESTION TWO (20 MARKS)

a) Explain the roles and responsibilities of insurance agents in the insurance industry. (10 marks)

b) Discuss the concept of the supremacy of the Kenyan Constitution as captured in article 2 of the constitution. (10 marks)

QUESTION THREE (20 MARKS)

a) Explain any four maxims of Equity. (8 marks)

b) State any four differences between common law and Equity. (8 marks)

c) State any four characteristics of African Customary law. (4 marks)

QUESTION FOUR (20 MARKS)

a) Explain any three types of Contracts. (6 marks)

b) Describe the legislation process of Kenyan bills as enshrined in the Constitution. (10 marks)

c) State any four sources of third-party risks in Kenyan Insurance industry. (4 marks)

QUESTION FIVE (20 MARKS)

a) Explain any four challenges facing the insurance industry in Kenya. (8 marks)

b) Explain any three parties to Insurance contracts. (6 marks)

c) Discuss how the principles of subrogation and contribution operate in practice by providing an example for each. (6 marks)