MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)
University Examinations for 2015/2016 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ENTREPRENEURSHIP AND MANAGEMENT SCIENCES

SECOND SEMESTER EXAMINATION FOR DEGREE IN BACHELOR OF EDUCATION

BMS 101: INTRODUCTION TO INSURANCE

Date: 10/8/2016 **Time: 2:00 – 4:00 PM**

INSTRUCTIONS

Answer Question One and any Other Two Questions

QUESTION ONE

a) Define the following terms as used in insurance (8 marks)

i. Insurance
ii. Risk
iii. Hazard
iv. Peril

b) What are the material facts to be revealed by the insured under the principle of " ubbarima fides" in the following types of insurance: (12 marks)

i. Fire insurance
ii. Motor insurance
iii. Life insurance
iv. Personal accident insurance

c) Consider the following details contained in an insurance claim of A ltd after a loss

Actual value of property	:K sh.200000
Sum insured	: Ksh.150000
Loss assessed	: Ksh.100000

What will be the amount payable under the condition of average clause? (6 marks)

d) Discuss any four roles of an underwriting policy in Kenya. (4 marks)

SECTION TWO –ANSWER ANY TWO QUESTIONS

QUESTION TWO

a) Describe the process of taking up an insurance policy (8 marks)

b) Explain any four types of business insurance (12 marks)

QUESTION THREE

a) Describe any three reasons for business insurance (12 marks)

b) Differentiate between the following types of risks

   i) Pure Risk and Speculative risk (4 marks)

   ii) Dynamic Risks and Subjective Risks (4 marks)

QUESTION FOUR

a) What do you understand by personal risk management (8 marks)

b) Explain the steps involved in personal risk management (12 marks)

QUESTION FIVE

a) Discuss the steps of risk management process of any company of your choice in Kenya (12 marks)

b) Distinguish between:-

   i. Insurable risk and Non-insurable risk

   ii. Insurance and Assurance

   iii. Broker and Agent (8 marks)