



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: SCHOOL BASED

Time:

INSTRUCTIONS

Answer Question One and any Other Two Questions

SECTION ONE

QUESTION ONE

- a) Describe three reasons why insurance is known as special contracts agreement (9 marks)
- b) Briefly distinguish the following terms as used in insurance (6 marks)
- i. Risk
 - ii. Hazard
 - iii. Peril
- c) Bearing in mind how insurance mechanism operates ,you are required to:
- i) Describe the process of taking up an insurance policy (9 marks)
 - ii) Calculate amount payable as compensation from the following details contained in a certain insurance cover.

Actual value of property :Ksh.200000

Sum insured : Ksh.150000

Loss assessed : Ksh.100000 (6 marks)

SECTION TWO –ANSWER ANY TWO QUESTIONS

QUESTION TWO

- a) Briefly explain any four types of business insurance in Kenya. (8 marks)
- b) Discuss any four economic and social significance of Insurance Industry in Kenya. (12 marks)

QUESTION THREE

- a) Explain any six characteristics of fire Insurance Contract (12 marks)
- b) Explain briefly how hazards in fire risks can be reduced (8 marks)

QUESTION FOUR

- a) Discuss five differences between insurance and wagering (12 marks)
- b) Highlight the Nature of Contract of Insurance in order to justify or conquer the similarities between insurance and wagering. (8 marks)

QUESTION FIVE

- a) State and explain five principles of insurance (10 marks)
- b) Discuss a risk management process of any enterprise (10 marks)