The Co-operative University of Kenya

END OF SEMESTER EXAMINATION DECEMBER-2016

EXAMINATION FOR THE DEGREE OF BACHELOR OF CO-OPERATIVE BUSINESS
(YR III SEM II)

UNIT CODE: HCOB 2307

UNIT TITLE: PRINCIPLES OF INSURANCE FOR CO-OPERATIVES

DATE: 21ST DECEMBER, 2016 **TIME: 9:00 AM – 11:00 AM**

INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

QUESTION ONE

(a) Insurers indemnify insured's upon identification of the cause of loss. Define and explain the doctrine of proximate cause giving relevant example in your explanation. (8 Marks)

(b) There must be an agreement for any contract to be valid and parties to it must come to a meeting of the minds. In the law of contracts discuss how an offer may be terminated. (12 Marks)

(c) You are an insurance agent of NIC Insurance Company; your client calls you to report a claim. Noting your position as an agent advise him on the available methods of providing indemnity. (10 Marks)

QUESTION TWO

(a) Agriculture insurance is a special line of property insurance business. This class of business experiences high level of moral hazard. Outline the under writing considerations under Poultry Insurance. (10 Marks)

(b) The Workmens compensation was modified by an Act of Parliament 2007 and now referred to as Workmens Insurance Benefit Act (WIBA). Discuss the benefits provided under this class of insurance business. (10 Marks)

QUESTION THREE

(a) Discuss duties of an agent and remedies for breach of duty by an agent. (20 Marks)

QUESTION FOUR

(a) Describe FOUR levels of motor insurance cover available to the insuring public. (8 Marks)

(b) The principle of insurable interest ensures that the insurance contract is not used for wagering purposes and to mitigate against moral hazard. Explain the application of these principles to life, property and liability insurances. (12 Marks)

QUESTION FIVE

(a) Subrogation and contribution are referred to as corollaries of indemnity. Discuss, use motor insurance as an example. (12 Marks)

(b) Identify and explain the TWO classes of insurance where assignment of policies is freely done. (8 Marks)