



# THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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**MAIN EXAMINATION**

**JANUARY – APRIL 2019 TRIMESTER**

**FACULTY OF COMMERCE**

**DEPARTMENT OF MARKETING AND MANAGEMENT**

**REGULAR PROGRAMME**

**CMM 212: PRINCIPLES OF INSURANCE**

**Date: APRIL 2019**

**Duration: 2 Hours**

**INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions**

- Q1. a) Briefly discuss the major players in the insurance industry and clearly enumerate their roles. **(10 marks)**
- b) Explain the principles of Indemnity and Insurable interest as applied in insurance practice. **(12 marks)**
- c) Discuss the concept of Risk Management and explain its application in insurance practice. **(8 marks)**
- Q2. a) Differentiate between Marine insurance and Motor insurance. **(8 marks)**
- b) The insurance industry is central in the economic growth and social well being in any country. Justify the need for the insurance industry in a country **(12 marks)**
- Q3. a) Discuss the various types of liability insurance policies available to individuals and businesses. **(10 marks)**
- b) Job was driving home after work on Langata Road when his car veered off the road and landed in a ditch. He was injured and rushed to hospital where he was admitted. While in hospital he contracted pneumonia and died a few days later.

Required: Giving reasons, identify the proximate cause and the remote cause of his death. Advise whether this claim is payable under the Personal Accident Policy. **(10 marks)**

Q4. Write notes on the following:

- i) Coinsurance and Reinsurance **(5 marks)**
- ii) Insured peril and excepted peril **(5 marks)**
- iii) Subrogation principle **(5 marks)**
- iv) Contribution principle **(5 marks)**

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