



The Co-operative University of Kenya

SUPPLEMENTARY / SPECIAL EXAMINATION AUGUST-2019 EXAMINATION FOR THE DIPLOMA IN RISK MANAGEMENT

UNIT CODE: DMRI 1103

UNIT TITLE: FUNDAMENTALS OF GENERAL INSURANCE

DATE: 29TH AUGUST, 2019

TIME: 9:00 AM – 11:00 AM

INSTRUCTIONS:

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

QUESTION ONE

- (a) Briefly explain any FIVE roles of Insurance to the Community (10 marks)
- (b) Briefly explain three components of Risk (6 marks)
- (c) Identify the difference between
 - i) Fundamental and Particular Risks (2 marks)
 - ii) Pure and Speculative Risks (2 marks)
 - iii) Financial and Non Financial Risks (2 marks)
- (d) Outline four remedies for breach of contract (8 marks)

QUESTION TWO

- (a) Using Kenyan examples briefly explain Three types of compulsory insurance available in the Insurance market today (6 marks)
- (b) State and briefly explain four types of bond insurance (8 marks)
- (c) Risk is a combination of three components. Explain (6 marks)

QUESTION THREE

- (a) Explain Three examples of Moral Hazards (6 marks)
- (b) Briefly explain three examples of Speculative Risks (8 marks)
- (c) Explain three essentials of a valid insurance contract (6 marks)

QUESTION FOUR

- (a) Briefly explain **five** principles of Insurance (10 marks)
- (b) Outline and briefly explain two classes of insurance (10 marks)