



**The Co-operative University College of Kenya**  
(A Constituent College of Jomo Kenyatta University of Agriculture & Technology)

**END OF SEMESTER EXAMINATIONS APRIL - 2015**

**EXAMINATIONS FOR BACHELOR OF CO-OPERATIVE BUSINESS YEAR III**  
**SEMESTER II**

**UNIT CODE: HCOB 2307**

**UNIT TITLE: PRINCIPLES OF INSURANCE FOR CO-OPERATIVES**

**DATE:** \_\_\_\_\_ **TIME:** \_\_\_\_\_

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**INSTRUCTIONS:**

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

**QUESTION ONE**

- a) Define the following terms: -
- i. Insurance (2 Marks)
  - ii. Insurer (2 Marks)
  - iii. Insurable **intermit** (2 Marks)
  - iv. Indemnity (2 Marks)
  - v. Premium (2 Marks)
- b) Give the essentials of a valid insurance (12 Marks)
- c) Discuss the parties to an Insurance contract (8 Marks)

**QUESTION TWO**

- a) Every person who has a legal or equivalent interest/ right in a subject matter has an insurable interest in the lives of other under section 94(2) of the Insurance Act. Name these people (12 Marks)
- b) Explain FOUR (4) rules employed by the court to ascertain whether a person has insurable interest in subject matter (8 Marks)

**QUESTION THREE**

- a) Discuss various. Forms of general insurance (14 Marks)
- b) Differentiate between life insurance and general insurance (6 Marks)

**QUESTION FOUR**

- a) “No agency ever arises without some action or conduct on the part to the principal. The proposed agent carried by his conduct alone. Establish the relationship. An agency is a matter to be proved and third persons dealing with an agent do so at their peril. The duty rests upon the third party to ascertain the nature and extent of the agents authority”
- i. Explain the various ways in which agency relationship is established  
(14 Marks)
  - ii. The principal is always liable for the acts and omissions of his agent.  
Discuss (6 Marks)

#### **QUESTION FIVE**

- a) “A contract of insurance is a contract of Uberimae fidei” explain this statement  
(6 Marks)
- b) Explain the meaning and significance of the principle of double insurance (6 Marks)
- c) Discuss the consequences of non disclosure of material facts in a contract of insurance  
(8 Marks)