TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF ENGINEERING

DEPARTMENT OF MECHANICAL ENGINEERING

UNIVERSITY EXAMINATION FOR:

BACHELOR OF MECHANICAL ENGINEERING

BMS 4204: INSURANCE

END OF SEMESTER EXAMINATION

SERIES: AUGUST 2017

TIME: 2 HOURS

DATE: Aug 2017

Instructions to Candidates
You should have the following for this examination
-Answer Booklet, examination pass and student ID
This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.
Do not write on the question paper.

QUESTION ONE

a. The system of insurance depends on basic principles. Briefly explain at least five principles of insurance.   (10Mks)

b. Marine department mainly covers the insurance of ships and goods. Marine cargo section deals exclusively with the insurance of ships, offering policies covering goods in ships. Briefly explain the policies covered by this section.   (10Mks)

c.Explain briefly and give the chief purpose of each of the following:

   i.   Proposal form
  ii.   Policy
 iii.   Cover note
  iv.   Claim form   (10Mks)

QUESTION TWO

a. Write short notes on the following insurance terms:

   a) Loss
   b) Risk
   c) Insurer
   d) Premium
   e) Insured.   (10Mks)

b. Briefly explain the characteristics of insurable risk.   (10Mks)

QUESTION THREE

(i) Why is it possible for a trader to insure against risk of fire but not against risk of loss of profits consequent upon falling prices?   (10Mks)

ii. Distinguish between co-insurance and re-insurance.   (10Mks)

QUESTION FOUR

a. Identify and explain the principles of risk management.   (10Mks)

b. Explain the common methods of risk identification.   (10Mks)

QUESTION FIVE

.a. Identify and explain the limitations associated with risk management. (10Mks)

b. Briefly explain the different classes of insurance.   (10Mks)