School of Business

Department of Business Administration

ORDINARY UNIVERSIT EXAMINATION FOR:

BACHELOR OF SCIENCE IN CIVIL ENGINEERING

ACHELOR OF SENCE IN MECHANICAL ENGINEERING

BACHELOR OF TECHNOLOGY IN MARINE ENGINEERING

BMS 4204: INSURANCE FOR ENGINEERS

SPECIAL/SUPPLEMENTARY EXAMINATION

SERIES: JULY 2025

TIME:2HOURS

DATE: Pick DateJul2025

FIVE. question ONE (Compulsory) and any other TWO questions

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 THREE questions.

Do not write on the question paper.

Question ONE (Read the case and answer the questions below)

Wasini Enterprises Limited (WEL) is a large private Kenyan company dealing in manufacturing and distribution of building materials, plumbing and sanitary wares, terrazzo, electrical installation, paints and associated services in the Eastern African region. WEL was started some 20 years ago by two friends who were classmates taking a Bachelor's Degree in Civil Engineering from Baharini University. The company employs a large number of casuals to supplement the regular technical, marketing and administrative staff. As a means of cutting down on costs, the company has outsourced security, catering, cleaning and transportation services.

The company has warehouses and distribution outlets in most major towns and cities in the region. Further, WEL owns a large fleet of transportation trucks to facilitate the business. In each outlet, the company promotes the employment of locals as means of creating good will with the public. Some of the raw materials, equipment, tools and parts are sourced from Europe, China and Japan. Some specialist technical staff are expatriates. As a result, in changes in manufacturing and information communication technologies, the company has been forced to continuously procure new state-of-the art systems. The bulk of the support staff in the manufacturing and administrative offices are unionized. The company has recently faced a major conflict with some of its stakeholders on account of waste disposal and emissions to the environment. The local authorities are unhappy over the same matter, but have no waste systems the company can resort to.

During a recent board meeting, the board received a request to restructure and reengineer to boost its competitiveness in the market. The board engaged the services of a consultant, Mr. Juma who carried out an action research and made the survey research results available to the board with the following recommendations:

i. That WEL should scale down the operations to an optimal level by closing some of the branches and retrenchment of the staff
ii. To promote a unified customer value proposition, the company should focus on a particular market as its source of raw materials and equipment
iii. WEL to develop a new strategic plan, realign the employee policies and operations accordingly
iv. An enterprise risk management programme be put in place to mitigate the risks facing the organization
v. The management to table a report on the risk situation to the board every quarter

Question ONE

a) Identify the potential risks exposures inherent in the company and propose relevant insurance covers to mitigate the risks. (10 marks)
b) Assess the appropriateness of self-insurance to WEL. (10 marks)
c) Explain the steps to be followed to implement recommendation (iv) in WEL. (10 Marks)

Question TWO

a) Risk assessment matrices have become a popular approach to risk evaluation. What reasons could account for this increased use of the technique? (10 marks)
b) Discuss the role of Insurance Regulatory Authority (IRA) in the insurance sector in Kenya. (10 marks)

Question THREE

a) Explain unique features of insurance contracts. (10 marks)

b) The management of Kali-Mbuani Enterprises Limited has been advised to resort to risk control as a means of mitigating its risk exposures. Explain how the company could use risk retention to achieve this goal. (10 marks)

Question FOUR

a) Insurance is based upon the existence of an insurable interest. Highlight how insurable interest would arise in property insurance. (10 marks)

b) The insurance sector consists of several players. Explain any five service providers in the sector their roles. (10 marks)

Question FIVE

a) Explain the ways through which the Covid-19 pandemic has affected the insurance sector in Kenya. (12 marks)

b) Highlight the role of an insurance proposal form in the operation of an insurance contract. (8 Marks)